AVIALL INC
Form PRER14A
July 21, 2006
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Materials Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

AVIALL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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 transaction applies:
Common stock, par value $0.01 per share of Aviall, Inc.

(2) Aggregate number of securities to which transaction applies:
34,206,454 shares of Aviall common stock (as of June 12, 2006), 2,862,884 shares of Aviall common stock underlying outstanding options to purchase Aviall common stock, of which 2,862,884 shares underlie options with an exercise price of less than $48.00 (as of June 12, 2006), and 262,500 shares of Aviall common stock underlying outstanding and unexercised Aviall warrants (as of June 12, 2006).

(3) Per unit price or other underlying value of 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):
The filing fee of $191,736.32 was calculated pursuant to Exchange Act Rule 0-11(c) and is equal to $107.00 per million of the aggregate merger consideration of $1,791,928,224. The aggregate merger consideration is calculated as the sum of (a) the product of 34,206,454 shares of Aviall common stock and the merger consideration of $48.00 per share in cash, (b) the product of 2,862,884 shares of Aviall common stock underlying Aviall options that have an exercise price of less than $48.00 per share and the merger consideration of $48.00 in cash, and (c) the product of 262,500 shares of Aviall common stock underlying the warrants and the merger consideration of $48.00 in cash.

(4) Proposed maximum aggregate value of transaction:
$1,791,928,224

(5) Total fee paid:
$191,736.32

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Preliminary Copy Subject to Completion

, 2006

Dear Aviall Stockholder:

You are cordially invited to attend a special meeting of stockholders of Aviall, Inc. to be held on , 2006 at a.m., Dallas, Texas Time, at the Four Seasons Resort and Club, 4150 N. MacArthur Boulevard, Irving, Texas 75038.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of April 30, 2006, by and among The Boeing Company, Boeing-Avenger, Inc., a wholly owned subsidiary of Boeing, and Aviall, Inc. Pursuant to the merger agreement, Boeing will acquire Aviall through an approximately $1.8 billion cash merger. We are also asking that you grant the authority to vote your shares to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of adoption of the merger agreement at the time of the special meeting.

If the merger is completed, Aviall stockholders will receive $48.00 in cash, without interest, for each share of Aviall common stock owned by them as of the effective time of the merger, except for stockholders who properly exercise appraisal rights.

After careful consideration, our board of directors unanimously determined that the merger agreement and the merger are in the best interests of Aviall and its stockholders. Our board of directors has unanimously approved the merger agreement. **Our board of directors unanimously recommends that you vote FOR the adoption of the merger agreement at the special meeting.**

Our board of directors considered a number of factors in evaluating the transaction and consulted with its legal and financial advisors. Included in the attached proxy statement is the opinion of our financial advisor, Credit Suisse Securities (USA) LLC, relating to the fairness, from a financial point of view, to the holders of our common stock, other than Boeing and its affiliates, of the consideration provided for in the merger. The enclosed proxy statement also provides detailed information about the merger agreement and the merger. The description of the merger agreement and all other agreements described in the proxy statement are subject to the terms of the actual agreements. We encourage you to read this proxy statement carefully, including its annexes and the documents we refer to in this proxy statement.

Your vote is very important, regardless of the number of shares you own. The merger must be adopted by the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting. Therefore, if you do not return your proxy card, vote via the Internet or telephone or attend the special meeting and vote in person, it will have the same effect as if you voted AGAINST adoption of the merger agreement. Only stockholders who owned shares of Aviall common stock at the close of business on August 15, 2006, the record date for the special meeting, will be entitled to vote at the special meeting. To vote your shares, you may use the enclosed proxy card, vote via the Internet or telephone or attend the special meeting and vote in person. **On behalf of the board of directors, I urge you to complete, sign, date and return the enclosed proxy card, or vote via the Internet or telephone as soon as possible, even if you currently plan to attend the special meeting.**

Thank you for your support of our company. I look forward to seeing you at the special meeting.

Sincerely,

Paul E. Fulchino

Chairman, President and Chief Executive Officer

This proxy statement is dated , 2006 and is first being mailed to stockholders of Aviall on or about , 2006.

Table of Contents

AVIALL, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Date and Time:	:00 a.m. Dallas, Texas Time on , 2006.
Place:	The Four Seasons Resort and Club, 4150 N. MacArthur Boulevard, Irving, Texas 75038.
Items of Business:	1. Consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of April 30, 2006, by and among The Boeing Company, a Delaware corporation, Boeing-Avenger, Inc., a Delaware corporation and wholly owned subsidiary of Boeing, and Aviall, Inc., a Delaware corporation, as more fully described in the attached proxy statement, including its annexes and the documents referred to in the attached proxy statement; 2. Adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of adoption of the merger agreement at the time of the special meeting; and 3. Transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.
Who May Vote:	You can vote if you were a stockholder of record as of the close of business on August 15, 2006, the record date for the special meeting. Your vote is important. The affirmative vote of the holders of at least a majority of Aviall s outstanding common stock entitled to vote at the special meeting is required to adopt the merger agreement. A complete list of Aviall stockholders entitled to vote at the special meeting will be available for inspection at the principal executive offices of Aviall during regular business hours for a period of no less than ten days before the special meeting and at the special meeting.
Proxy Voting:	All stockholders are cordially invited to attend the special meeting in person. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or vote via the Internet or telephone and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of adoption of the merger agreement and in favor of adjournment or postponement of the special meeting, if necessary or appropriate, to permit solicitations of additional proxies. If you fail to return your proxy card, do not vote via the Internet or telephone, and do not attend the special meeting and vote in person, your shares will effectively be counted as a vote AGAINST adoption of the merger agreement and will not be counted for purposes of determining whether a quorum is present at the special meeting or for purposes of the vote to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.
Recommendations:	**The board of directors unanimously recommends that you vote FOR the adoption of the merger agreement at the special meeting. The board of directors also recommends that you vote FOR the approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of adoption of the merger agreement at the time of the special meeting.**
Appraisal Rights:	Aviall stockholders who do not vote in favor of adoption of the merger agreement may obtain payment in cash of the fair value of their shares of common stock under applicable provisions of Delaware law. In order to perfect their appraisal rights, stockholders must give written demand for appraisal of their shares before the taking of the vote on the merger at the special meeting and must not vote in favor of the merger. A copy of the applicable Delaware statutory provision is included as Annex C to the attached proxy statement and a summary of this provision can be found in the section entitled Appraisal

Rights for Aviall Stockholders beginning on page 63 of the attached proxy statement.

By Order of the Board of Directors,

Jeffrey J. Murphy

Senior Vice President, Law & Human Resources,
Secretary and General Counsel

Dallas, Texas

, 2006

Table of Contents

AVIALL, INC.

SPECIAL MEETING OF STOCKHOLDERS

TABLE OF CONTENTS

Table of Contents

Table of Contents

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the merger agreement and the merger, you should read carefully this entire proxy statement, the annexes to this proxy statement and the documents we refer to in this proxy statement. In addition, we encourage you to read the documents incorporated by reference by Aviall into this proxy statement, which have been filed with the SEC and include important business and financial information about Aviall. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in the section entitled Where You Can Find More Information on page 82. We encourage you to read the merger agreement, the legal document that governs the merger, which is attached as Annex A to this proxy statement.

The Companies (page 30)

Aviall, Inc.

2750 Regent Boulevard

DFW Airport, Texas 75261-9048

Telephone: (972) 586-1000

Aviall, Inc., a Delaware corporation formed in 1993, is the largest independent global provider to the aerospace aftermarket of new aviation parts, supply-chain management and other related value-added services. We serve this market through our two wholly owned subsidiaries, Aviall Services, Inc., or Aviall Services, and Inventory Locator Service, LLC, or ILS. Aviall Services provides new aerospace parts and related supply-chain management services to the global aviation industry, and ILS operates electronic marketplaces for buying and selling parts, equipment and services for the global aviation, defense and marine industries.

The Boeing Company

100 N. Riverside

Chicago, Illinois 60606-1596

Telephone: (312) 544-2000

The Boeing Company, a Delaware corporation formed in 1916, together with its subsidiaries, is one of the world s major aerospace firms. Boeing is organized based on the products and services it offers. Boeing operates in five principal segments:

Commercial Airplanes

Integrated Defense Systems, consisting of the following three segments:

Precision Engagement and Mobility Systems

Network Systems

Support Systems

Boeing Capital Corporation

Boeing s other segment classifications principally include the activities of Connexion by Boeing℠, a two-way data communications service for global travelers; and Boeing Technology, an advanced research and development organization focused on innovative technologies, improved processes and the creation of new products.

Boeing-Avenger, Inc.

100 N. Riverside

Chicago, Illinois 60606-1596

Telephone: (312) 544-2000

Table of Contents

Boeing-Avenger, Inc., a Delaware corporation and a wholly owned subsidiary of Boeing, was organized solely for the purpose of entering into the merger agreement with Aviall and completing the merger. Boeing-Avenger, Inc. has not conducted any business operations. If the merger is completed, Boeing-Avenger, Inc. will cease to exist following its merger with and into Aviall.

Merger Consideration (page 59)

If the merger is completed, you will receive $48.00 in cash, without interest, in exchange for each share of Aviall common stock that you own and for which you have not properly exercised appraisal rights. After the merger is completed, you will have the right to receive the merger consideration, but you will no longer have any rights as an Aviall stockholder and will have no rights as a Boeing stockholder as a result of the merger. Aviall stockholders will receive the merger consideration after exchanging their Aviall certificates in accordance with the instructions contained in the letter of transmittal to be sent to all Aviall stockholders shortly after the closing of the merger.

Treatment of Stock Based Awards (page 67)

Aviall Stock Options. Prior to the effective time of the merger, we will take all action necessary to cause each then-outstanding Aviall stock option to be cancelled immediately prior to the effective time of the merger. In consideration for such cancellation, each holder of our stock options will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the per share exercise price subject to such option, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Warrants. Prior to the effective time of the merger, we will take all action necessary to cause each then-outstanding warrant to purchase Aviall common stock to be either fully-exercised or cancelled immediately prior to the effective time of the merger. In consideration for such cancellation of any warrants, each holder of warrants to purchase our common stock will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the number of shares of Aviall common stock issuable upon exercise of such warrants, and the excess of the $48.00 per share merger consideration over the per share exercise price in effect for such warrant.

Aviall Restricted Stock. At the effective time of the merger, all of our then-unvested restricted stock will vest, and except for those who properly exercise appraisal rights, each holder of our restricted stock will receive, as soon as reasonably practicable after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such restrictions immediately prior to the effective time of the merger and the $48.00 per share merger consideration, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Stock Appreciation Rights. Except as otherwise provided in the amended and restated severance agreements, by and among Boeing, merger sub, Aviall and our executive officers, which are described in the section entitled The Merger Interests of Aviall s Executive Officers and Directors in the Merger beginning on page 42, immediately prior to the effective time of the merger, all of our stock appreciation rights will vest. Each holder of our stock appreciation rights will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment equal to the product of the total number of vested Aviall stock appreciation rights and the excess of the $48.00 per share merger consideration over the grant price of such Aviall stock appreciation rights, such cash payment to be reduced by any required deductions and withholding of taxes.

Table of Contents

Market Prices and Dividend Data (page 25)

Our common stock is quoted on the New York Stock Exchange under the symbol AVL. On April 28, 2006, the last full trading day before the public announcement of the merger, the closing price for our common stock was $37.70 per share and on , 2006, the latest practicable trading day before the printing of this proxy statement, the closing price for our common stock was $[PRICE] per share.

Material United States Federal Income Tax Consequences of the Merger (page 61)

The receipt of cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. For U.S. federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the merger and the stockholder s adjusted tax basis in the shares of Aviall common stock converted into the right to receive cash in the merger. For U.S. federal income tax purposes, if the shares of Aviall common stock are held by a stockholder as capital assets, gain or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if the stockholder s holding period for the shares of Aviall common stock exceeds one year. Capital gains recognized by an individual upon a disposition of a share of Aviall common stock that has been held for more than one year will be subject to a maximum U.S. federal income tax rate of 15% or, in the case of a share that has been held for one year or less, will be subject to U.S. federal income tax at ordinary income tax rates. In addition, for U.S. federal income tax purposes, there are limits on the deductibility of capital losses. **Because individual circumstances may differ, stockholders should consult their own tax advisors to determine the particular tax consequences to them (including the application and effect of any federal, state, local or foreign income and other tax laws) of the merger.**

Reasons for the Merger and Recommendation of Aviall s Board of Directors (page 36)

At a special meeting of our board of directors on April 30, 2006, after careful consideration, including consultation with financial and legal advisors, our board of directors unanimously determined that the merger agreement and the terms and conditions of the merger are in the best interests of Aviall and its stockholders. Our board of directors unanimously approved the merger agreement and recommends that you vote FOR the adoption of the merger agreement.

In the course of reaching its decision to approve the merger agreement and to recommend that Aviall stockholders vote to adopt the merger agreement, our board of directors consulted our senior management, its financial advisors and legal counsel, reviewed a significant amount of information and considered a number of factors, including, among others, the following:

- the business, competitive position, strategy and prospects of Aviall, the position of current and likely competitors and current industry, economic and market conditions;

- the timing of the merger and the potential for Boeing or another party to be interested in pursuing a transaction with Aviall in the future;

- the $48.00 per share in cash to be paid as merger consideration in relation to the then-current market price of Aviall common stock and the fact that the $48.00 per share in cash to be paid as merger consideration represented a significant premium to historical trading prices of Aviall common stock, including a premium of approximately 27% over the closing price of Aviall common stock on April 28, 2006, the last full day of trading prior to public announcement of the merger, and a premium of approximately 21% to the 52-week high trading price of Aviall s common stock, which is also the all-time high trading price;

Table of Contents

the financial analysis presented by representatives of Credit Suisse Securities (USA) LLC (which we refer to as Credit Suisse), as well as the opinion of Credit Suisse to the effect that, as of April 30, 2006, and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the $48.00 per share merger consideration was fair, from a financial point of view, to the holders of Aviall common stock (other than Boeing and its affiliates);

the value of the consideration to be received by Aviall stockholders and the fact that the consideration would be paid in cash, which provides certainty and immediate value to our stockholders;

the fact that the merger is not subject to any financing condition;

the possible alternatives to the merger (including the possibility of continuing to operate Aviall as an independent entity and the desirability and perceived risks of that alternative), the range of potential benefits to our stockholders of the possible alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, and our board of directors assessment that none of such alternatives were reasonably likely to present superior opportunities for Aviall or to create greater value for our stockholders, taking into account risks of execution as well as business, competitive, industry and market risks, than the merger;

that under the terms of the merger agreement, we can furnish information to, and negotiate with, a third party in response to an unsolicited bona fide acquisition proposal that our board of directors concludes in good faith is, or is reasonably likely to become, a superior offer and accept a superior offer should one be made and not matched by Boeing, upon payment to Boeing of a termination fee of $44.4 million and reimbursement of expenses of up to $2.5 million; and

the likelihood that the proposed acquisition would be completed in light of the conditions to closing in the merger agreement and financial capabilities and reputation of Boeing.

In the course of its deliberations, our board of directors also considered a variety of risks and other potentially negative factors, including the following:

Aviall will no longer exist as an independent public company and Aviall stockholders will forgo any future increase in our value that might result from our possible growth;

the risks and contingencies related to the announcement and pendency of the merger, including the impact of the merger on our employees, customers and our relationships with third parties;

after consulting with Credit Suisse regarding its conversation with Boeing management and considering other relevant factors, the assessment of management that further discussion was unlikely to cause Boeing to increase its valuation for Aviall;

the assessment of management and its legal counsel that, based on negotiations with Boeing, it was unlikely that additional discussions with Boeing would yield significantly more favorable contractual terms in the near term;

the conditions to Boeing s obligation to complete the merger and the right of Boeing to terminate the merger agreement in certain circumstances described under The Merger Agreement Termination of the Merger Agreement on page 74;

the risk that we might not receive necessary regulatory approvals and clearances to complete the merger;

that under the terms of the merger agreement, Aviall cannot solicit other acquisition proposals and must pay to Boeing a termination fee of $44.4 million plus up to $2.5 million of expenses if the merger agreement is terminated under certain circumstances;

that the income realized by stockholders as a result of the merger will be taxable to our stockholders;

Table of Contents

the interests that the directors and the executive officers of Aviall have in the merger, in addition to their interests as stockholders of Aviall generally, as described in The Merger Interests of Aviall s Executive Officers and Directors in the Merger beginning on page 42; and

that, pursuant to the merger agreement, we must generally conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to closing of the merger or termination of the merger agreement, which may delay or prevent us from pursuing business opportunities that may arise or preclude actions that would be advisable if we were to remain an independent company.

Our board of directors did not assign any particular weight or rank to any of the positive or potentially negative factors or risks discussed in this section, and our board of directors carefully considered all of these factors as a whole in reaching its determination and recommendation.

Opinion of Our Financial Advisor (page 38)

In connection with the merger, Credit Suisse delivered a written opinion to Aviall s board of directors to the effect that, as of April 30, 2006, and based upon and subject to the factors, assumptions and limitations set forth in its opinion, the merger consideration to be received by the holders of the outstanding shares of Aviall common stock other than Boeing and its affiliates pursuant to the merger agreement is fair, from a financial point of view, to those holders.

The full text of the written opinion of Credit Suisse, which is dated April 30, 2006 and sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with such opinion, is attached as Annex B to this proxy statement. We encourage you to read this opinion carefully in its entirety. Credit Suisse s opinion was provided to the Aviall board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any holder of Aviall common stock should vote with respect to the merger.

The Special Meeting of Aviall s Stockholders (page 26)

Date, Time and Place. A special meeting of our stockholders will be held on , 2006, at a.m., Dallas, Texas Time, at the Four Seasons Resort and Club, 4150 N. MacArthur Boulevard, Irving, Texas 75038, to:

consider and vote upon the proposal to adopt the merger agreement,

adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of adoption of the merger agreement at the time of the special meeting, and

transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Record Date and Voting Power. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on August 15, 2006, the record date for the special meeting. You will have one vote at the special meeting for each share of Aviall common stock you owned at the close of business on the record date. There are shares of our common stock entitled to be voted at the special meeting.

Vote Required. The adoption of the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote at the special meeting. Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies

Table of Contents

requires the affirmative vote of at least a majority of the votes cast by holders of our common stock present, in person or represented by proxy, at the special meeting, provided a quorum is present, in person or represented by proxy, at the special meeting.

Interests of Aviall s Executive Officers and Directors in the Merger (page 42)

When considering the recommendation of Aviall s board of directors, you should be aware that the members of our board of directors and our executive officers have interests in the merger other than their interests as Aviall stockholders generally, including those described below and in the section entitled The Merger Interests of Aviall s Executive Officers and Directors in the Merger. These interests may be different from, or in conflict with, your interests as an Aviall stockholder. The members of our board of directors were aware of these additional interests, and considered them, when they approved the merger agreement.

Mr. Fulchino, the current Chairman, President and Chief Executive Officer of Aviall, has entered into an amended and restated employment agreement with Boeing, merger sub and Aviall that will take effect upon the consummation of the merger. In addition, Mr. Fulchino will continue to serve as a member of the board of directors of Aviall after the effective time of the merger. If the merger agreement is terminated, the amended and restated employment agreement will be void and the existing employment agreement and severance agreement with Mr. Fulchino will be reinstated. The following is a summary of the key terms of the amended and restated employment agreement:

Term. Mr. Fulchino will remain employed until December 31, 2009.

Base Salary and Benefits. Mr. Fulchino is entitled to an annual base salary of not less than $650,000, which may be increased, but may not be decreased. In addition to his annual base salary, Mr. Fulchino will be eligible to participate in the current and any future management incentive program of Aviall on terms commensurate with Mr. Fulchino s position and level of responsibility; but his annual incentive opportunity will be not less than 100% of his annual base salary. In addition, he will receive three weeks vacation each year, $1.3 million of term life insurance coverage (to the extent commercially available) and supplemental disability coverage equal to 60% of base salary.

Termination Payments. If Mr. Fulchino is terminated by Aviall for cause or by himself for other than for good reason, or if he dies or becomes disabled, he will be entitled to receive the balance of his unpaid annual base salary earned through the date of termination and the value of any accrued and unused vacation days earned through that date. Additionally, upon permanent disability, Mr. Fulchino may receive other benefits pursuant to certain other benefit plans or programs as then in effect. If Mr. Fulchino s employment is terminated without cause or by himself for good reason, he is entitled to receive his unpaid base salary and accrued and unused vacation days, and a severance payment in an amount equal to the greater of his base salary for the remaining of the then-current amended and restated employment agreement term or three times his base salary, and three times his annual incentive payment, as defined in the amended and restated employment agreement. In addition, Mr. Fulchino will be entitled to receive, for the one year period after such termination of employment, health and life insurance benefits substantially identical to those benefits to which Mr. Fulchino, his dependents, and beneficiaries were receiving immediately prior to such termination of employment (or, if greater in the aggregate, the benefits to which Mr. Fulchino, his dependents and beneficiaries were receiving immediately prior to the effective time of the merger). Also, should Mr. Fulchino s employment terminate other than for cause or voluntary resignation without good reason, he shall be entitled to credit for years of service under the Aviall, Inc. Supplemental Executive Retirement Income Plan as if he had served through the end of the term of the amended and restated employment agreement.

Non-Compete and Non-Solicitation. During his term of employment and for a period of two years following the termination of his employment, Mr. Fulchino will be subject to a restrictive covenant that

Table of Contents

generally prohibits him from engaging in any business competitive directly with the business conducted by Aviall or any of its subsidiaries in any geographic area where such business of Aviall or any of its subsidiaries or affiliates is conducted. Mr. Fulchino will also be subject to another restrictive covenant that prohibits his solicitation of any employee of Aviall or any of its subsidiaries to give up employment with Aviall or any of its subsidiaries.

Confidentiality. During the term of his employment with Aviall or at all times thereafter, Mr. Fulchino is prohibited from intentionally and wrongfully disclosing certain confidential or proprietary information of Aviall to any person not employed by, representing, or engaged by, Aviall or any of its subsidiaries, or to any director of Aviall or any of its subsidiaries, or using such information in connection with engaging in competition with Aviall.

Each of our other executive officers entered into amended and restated severance agreements with Boeing, merger sub and Aviall that will take effect upon consummation of the merger pursuant to which they will each continue as an employee of Aviall following the effective time of the merger and have the right to receive certain severance amounts if they are terminated within three years following consummation of the merger without cause or if they voluntarily terminate their employment for good reason. If the merger agreement is terminated, each of the amended and restated severance agreements will be void and the existing severance agreements will be reinstated. The following is a summary of the key terms of the amended and restated severance agreements with Mr. Cohen, Ms. Collier, Mr. Kienzle, Mr. Koch, Mr. Komnenovich, Mr. Lacik, Mr. Langsen, Mr. Murphy and Mr. Quinn:

Base Salary and Benefits. The base salaries for our executive officers will be as follows: Mr. Cohen $286,229; Ms. Collier $191,800; Mr. Kienzle $211,197; Mr. Koch $150,000; Mr. Komnenovich $350,926; Mr. Lacik $194,429; Mr. Langsen $236,085; Mr. Murphy $218,210; and Mr. Quinn $218,076. Each of these executive officers also will be eligible for incentive bonuses, in addition to their base salaries, consistent with Aviall s existing incentive plans and the performance metrics related to those existing incentive plans, based upon Aviall s business plans for 2006, 2007 and 2008. For 2006, Aviall s board of directors has approved a target incentive bonus of 80% of base salary for each of these executive officers.

Termination Payments. If the executive officer s employment is terminated without cause or if the executive officer s employment is terminated by the executive officer with good reason within the three-year term of the agreement, such executive officer will be entitled to receive certain payments and benefits including a cash payment (after applicable taxes and withholdings) in an amount equal to three times (two times in the case of Mr. Koch) the sum of the executive officer s annual base salary as of the date of the termination of employment (or, if higher, the rate in effect immediately prior to the effective time of the merger) and the executive officer s annual incentive payment, as defined in the amended and restated severance agreement. In addition, the executive officer will be entitled to receive, for the one-year period after such termination of employment, health and life insurance benefits substantially identical to those benefits to which the executive officer, his or her dependents, and beneficiaries were receiving immediately prior to such termination of employment (or, if greater in the aggregate, the benefits to which the executive officer, his or her dependents and beneficiaries were receiving immediately prior to the effective time of the merger).

Restricted Stock Units. As of the effective time of the merger, each such executive officer is to be issued a number of Boeing restricted stock units equal in value to two times such executive officer s 2006 annual base salary. If the executive officer is still employed by Aviall at the end of the term of the amended and restated severance agreement, or if the executive officer s employment is terminated without cause, by death, for disability or is terminated by the executive officer with good reason during the term of the amended and restated severance agreement, he or she will receive the shares of Boeing stock attributable to the restricted stock units.

Table of Contents

Non-Compete and Non-Solicitation. Each of these executive officers has also executed a non-competition agreement which provides that for a period beginning at the effective time of the merger and continuing until two years after such executive officer s employment is terminated, he or she will be subject to a restrictive covenant that generally prohibits him or her from engaging in any business that competes with the distribution, marketing and sale of new or used aviation parts, components or supplies from original equipment manufacturers and selling or reselling them to government/military, general aviation/corporate and commercial airline customers (other than retail business with general aviation/corporate customers), including the following aviation and marine related value-added services provided to customers and suppliers: repair, supply-chain management, or information-gathering and delivery services, throughout the United States, on the Internet and in those foreign countries in which Aviall operates prior to the merger. In addition, during that same period of time, the non-competition agreement subjects each of these executive officers to a restrictive covenant that prohibits their solicitation for employment of any employee or any person who had, during the prior three-month period, been an employee of Boeing, Aviall or its subsidiaries or solicitation of any of Aviall s customers or contacts for any reason relating to Aviall s business.

In addition to the foregoing, the following is a summary of certain additional key terms of the amended and restated employment agreement with Mr. Fulchino and the amended and restated severance agreements with each of our other executive officers:

Common Stock. At the effective time of the merger, each share of Aviall common stock, including, but not limited to shares of restricted stock, held by each executive officer immediately prior to the effective time of the merger will be automatically converted into the right to receive $48.00 in cash without interest in accordance with the terms of the merger agreement, such cash payment to be reduced by any required deductions and withholding of taxes.

Stock Options. Immediately prior to the effective time of the merger, all then-outstanding stock options to purchase our common stock held by our executive officers will be cancelled, and each executive officer will receive a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the per share exercise price subject to such option, such cash payment to be reduced by any required deductions and withholding of taxes.

Stock Appreciation Rights. Immediately prior to the effective time of the merger, all stock appreciation rights held by our executive officers will be cancelled, and in substitution for such cancelled stock appreciation rights, each executive officer will receive a number of Boeing stock appreciation rights, payable in the common stock of Boeing, equal to the product of the number of cancelled Aviall stock appreciation rights and the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The Boeing stock appreciation rights will be granted on the fifth business day after the effective time of the merger. The Boeing stock appreciation rights will have a base price equal to the base price of the cancelled Aviall stock appreciation rights divided by the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The Boeing stock appreciation rights will be subject to the same vesting schedule as the cancelled Aviall stock appreciation rights and will accelerate and become exercisable in full upon the applicable executive officer s death, permanent and total disability, or in the event of his or her voluntary retirement under a retirement plan of Aviall, Boeing or one of their subsidiaries at or after the earliest retirement age provided for in such retirement plan or retirement at any earlier age with the consent of Aviall s board of directors.

Table of Contents

Accelerated Taxes. Should the executive officers incur taxes as a result of the waiver of the vesting of their cancelled Aviall stock appreciation rights, each executive officer is provided with payment to compensate him or her (on an after-tax basis) for the cost of paying such taxes prior to the exercise date of the substituted Boeing stock appreciation rights and an additional payment to reimburse such executive officer (on an after-tax basis) if the accelerated taxes due as a result of the waiver of the vesting of his or her cancelled stock appreciation rights exceed the taxes that would have been due if the substituted Boeing stock appreciation rights had been exercised immediately following the vesting thereof and no accelerated tax had been due as a result of the waiver.

Benefit Restoration Plan. Under Aviall s Benefit Restoration Plan, upon consummation of the merger each executive officer will be treated as fully vested in the executive officer s benefit under that plan. All of the executive officers are fully vested in the plan, except Mr. Cohen, who will not become vested before consummation of the merger. Consequently, each executive officer will be entitled to an immediate cash payment equal to the actuarial value of his or her monthly benefits determined as if the executive officer s employment had terminated as of the effective time of the merger, together with an additional payment such that, after application of federal income taxes, the executive officer will retain an amount equal to the underlying payment. In addition, in the event an executive officer terminates employment with Aviall within two years following the merger, he or she will be entitled to an additional immediate lump sum payment equal to the value of the benefit owing under the plan as of such executive officer s actual date of employment termination, reduced by the amount previously paid (plus the additional payment to cover federal income taxes). For a period of two years following the effective time of the merger, the Benefit Restoration Plan may not be terminated, the provisions regarding the entitlements upon a change of control may not be amended, and the plan may not otherwise be amended in any manner that would adversely affect an executive officer s existing or future benefit under the plan without his or her written consent. Payments owing to each executive officer will be determined in accordance with the terms of the plan, but the offset for benefits payable under the Aviall Inc. Retirement Plan will take into account the additional benefits provided by a recent amendment to the Retirement Plan, which provides additional benefits to certain named individuals including the executive officers, but which is not scheduled to take effect until the Internal Revenue Service approves the amendment. If the Retirement Plan amendment is not approved, Aviall will make an additional payment to each such executive officer (together with interest) in an amount equal to the amount that originally would have been paid had such amendment not been taken into account, less the amounts previously paid from the Retirement Plan (plus the additional payment to cover federal income taxes).

Supplemental Executive Retirement Income Plan. Under Aviall s Supplemental Executive Retirement Income Plan, upon consummation of the merger each executive officer will be treated as fully vested in the executive s benefit under that plan (and in any benefits accruing after consummation of the merger) if the executive officer s employment terminates in qualifying circumstances within three years after consummation of the merger. All of the executive officers are fully vested in the plan, other than Mr. Cohen, who will not become vested before consummation of the merger. If an executive officer terminates employment under qualifying circumstances within three years after consummation of the merger, such executive officer will be credited under the plan with an extra two years of age (but only if doing so will make the executive officer eligible for early retirement benefits), two years of continuing service, and an additional two years of credited service (four years in the case of Mr. Fulchino) subject to a cap of 25 years of service (16.6667 years of service in the case of Mr. Fulchino). The plan may not be adversely amended for two years following consummation of the merger without the consent of the executive officers. Moreover, the plan provides that, upon consummation of an event such as the merger, either the ultimate surviving entity, which in the case of the merger will be Boeing, must guarantee the payment of benefits under the plan or there must be established and funded an irrevocable grantor trust with the full amount of expected plan benefits; in this case, Boeing has agreed to guarantee

Table of Contents

the payment of the plan benefits if all affected participants waive the funding requirements under a trust adopted by our board of directors on March 23, 2006.

Benefit Plan Payments. In exchange for Boeing s promise to provide a written guarantee of payment of the benefits owing under the Aviall, Inc. Supplemental Executive Retirement Income Plan and the Aviall, Inc. Benefit Restoration Plan upon the waiver of the funding requirement by all affected participants, each of our executive officers has waived any provisions under the plans and under the trust to fund benefits under the plans adopted by the Aviall board of directors on March 23, 2006, that provide for Aviall to fund as of the effective time of the merger the then-present value of the benefits payable under the plans to the participants.

Tax Gross-Up and Attorneys Fees. In the event that it is determined that any payment or distribution by Boeing or Aviall or any of their affiliates to or for the benefit of an executive officer whether pursuant to the terms of the amended and restated employment agreement or amended and restated severance agreement, as applicable, or otherwise would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then the applicable executive officer will be entitled to receive an additional payment which will leave him or her, after payment of all taxes on the additional payment (including any excise taxes imposed on the additional payment), with the amount necessary to pay the excise taxes imposed on the amount the executive officer received prior to the additional payment. Each such executive officer also is entitled to payment of any and all attorneys and related fees and expenses incurred by him or her if he or she retains an attorney or attorneys to advise and represent him or her in connection with any interpretation, enforcement or defense of rights under the amended and restated employment agreement or amended and restated severance agreement, as applicable, so long as the executive officer has not acted in bad faith or with no colorable claim of success.

The following table summarizes certain of the payments and benefits described above for each of our executive officers, including:

the expected annual base salary each executive officer initially will receive from Aviall after the effective time of the merger;

the aggregate target bonus each executive officer is eligible to receive for Aviall s fiscal years 2006, 2007 and 2008;

the aggregate amount of cash payable at closing in exchange for cancelled Aviall stock options;

the aggregate amount of cash payable at closing in exchange for shares of Aviall common stock;

the aggregate dollar value of Boeing restricted stock units granted at closing;

the lump sum cash amount payable to each executive from the Benefit Restoration Plan (along with the estimated amounts necessary to cover all federal income taxes owing on the benefits and these amounts) immediately upon the effective time of the merger; and

the dollar value of Boeing stock appreciation rights granted after closing.

Table of Contents

Name of Executive Officer	Initial Annual Base Salary	Aggregate Target Bonuses for Aviall s Fiscal Years 2006, 2007 & 2008	Aggregate Amount of Cash Payable at Closing in Exchange for Cancelled Options (3)	Aggregate Amount of Cash Payable at Closing in Exchange for Shares of Common Stock (4)	Dollar Value of Boeing Restricted Stock Units Granted at Closing (5)	Lump Sum Cash Amount Payable from the Benefit Restoration Plan Upon the Effective Time of the Merger (6) (7)	Dollar Value of Boeing Stock Appreciation Rights Granted After Closing (8)
Paul E. Fulchino	$ 650,000	$ 1,950,000(1)	$ 17,033,033	$ 10,705,152			$ 4,515,300
Colin M. Cohen	$ 286,229	$ 686,950(2)	$ 3,054,820	$ 822,192(9)	$ 572,458	$ 181,000	$ 252,234
Jacqueline K. Collier	$ 191,800	$ 460,320(2)	$ 4,347,441	$ 1,251,840	$ 383,600		$ 252,234
Charles M. Kienzle	$ 211,197	$ 506,873(2)	$ 1,983,700	$ 2,435,760(10)	$ 422,394		$ 278,703
Louis F. Koch	$ 150,000	$ 360,000(2)	$ 2,318,047	$ 445,248	$ 300,000	$ 18,100	$ 252,234
Dan P. Komnenovich	$ 350,926	$ 842,222(2)	$ 2,802,544	$ 2,506,608	$ 701,852		$ 635,256
Joseph Y. Lacik, Jr.	$ 194,429	$ 466,630(2)	$ 1,210,088	$ 607,344	$ 388,858	$ 63,300	$ 278,703
Bruce Langsen	$ 236,085	$ 566,604(2)	$ 4,531,391	$ 3,289,680	$ 472,170	$ 42,600	$ 370,566
Jeffrey J. Murphy	$ 218,210	$ 523,704(2)	$ 7,963,184	$ 2,225,328(11)	$ 436,420		$ 252,234
James T. Quinn	$ 218,076	$ 523,382(2)	$ 4,053,794	$ 1,793,568(12)	$ 436,152		$ 278,703

(1) The amended and restated employment agreement entered into by Mr. Fulchino provides that his bonus is based on annual incentive opportunities of not less than 100% of his current annual base salary. The table assumes that Mr. Fulchino s annual base salary for these three years equals his initial base salary. The table only shows the minimum bonus opportunity, in the aggregate, for these years and does not reflect any required deductions or withholding of taxes. Pursuant to the terms of Mr. Fulchino s amended and restated employment agreement, additional bonus amounts are payable for each year up to and including December 31, 2009.

(2) The board of directors has established a target bonus award opportunity for each executive officer equal to 80% of his or her annual base salary. The table assumes that each executive officer s target bonus opportunity for 2006, 2007 and 2008 will equal 80% of his or her current annual base salary, which is consistent with Aviall s bonus plans and target bonus opportunities for prior years, but assumes no increase in the initial base salary set forth in the table. The table also only shows the target bonus opportunity, in the aggregate, for these years and does not reflect any required deductions or withholdings of taxes.

(3) The table assumes, in accordance with the merger agreement, that each stock option will be cancelled in exchange for the excess of the $48.00 per share merger consideration over the per share exercise price for such option. These amounts do not reflect any required deductions or withholdings of taxes.

(4) Amounts in this column assume that each share of common stock, including shares of restricted stock, will be exchanged and/or cancelled for the $48.00 per share merger consideration, in accordance with the merger agreement. Amounts shown do not reflect any required deductions or withholdings of taxes.

(5) Amounts in this column assume that each executive officer (other than Mr. Fulchino) will be issued a number of Boeing restricted stock units equal in value to two times such executive officer s 2006 annual base salary. Amounts shown do not reflect any required deductions or withholdings of taxes.

(6) Amounts in this column give effect to an amendment to the Retirement Plan, which provides for the transfer to the Retirement Plan of certain benefit obligations otherwise payable pursuant to the terms of the Benefit Restoration Plan to the Retirement Plan. The effectiveness of this amendment to the Retirement Plan is conditioned upon the receipt of a favorable letter ruling from the Internal Revenue Service, which has not been received as of the date of this proxy statement. Aviall submitted an application for a determination letter to the Internal Revenue Service on May 8, 2006. If such favorable letter ruling is not received for any reason, the executive officers will be entitled to an additional lump sum payment (plus interest) equal to the additional benefits payable from the Benefit Restoration Plan without giving effect to the amendment, less any amounts actually paid since the effective time of the merger.

(7) Amounts in this column include associated tax payments.

(8) The table assumes, in accordance with the merger agreement, that all stock appreciation rights held by our executive officers will be cancelled, and in substitution for such cancelled stock appreciation rights, each

Table of Contents

executive officer will receive Boeing stock appreciation rights after the effective time of the merger with an aggregate in-the-money value equal to the excess of the $48.00 per share merger consideration over the $32.43 base price applicable to such Aviall stock appreciation rights. Amounts shown do not reflect any required deductions or withholdings of taxes.

(9) Includes 750 shares of common stock held by Mr. Cohen as custodian for his daughter under the Uniform Gift to Minors Act.

(10) Includes 160 shares of common stock held by Mr. Kienzle s son.

(11) Includes 10,782 shares of common stock held for the account of Mr. Murphy under Aviall s 401(k) plan.

(12) Includes 651 shares of common stock held for the account of Mr. Quinn under Aviall s 401(k) plan.

The following summarizes the interests of our non-employee directors in the merger:

Common Stock. Each non-employee director holding common stock will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment equal to the product of the total number of shares held by such non-employee director immediately prior to the effective time of the merger and the $48.00 per share merger consideration, such cash payment to be reduced by any required withholding of taxes. In addition, pursuant to the terms of the Aviall, Inc. 1998 Directors Stock Plan, restricted stock granted to non-employee directors of Aviall vested upon filing of the Form 8-K announcing the signing of the merger agreement.

Stock Options. In accordance with the merger agreement, immediately prior to the effective time of the merger, all then-outstanding stock options to purchase Aviall common stock held by members of Aviall s board of directors will be cancelled. In consideration for such cancellation, each non-employee director will receive a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the exercise price per share subject to such option, such cash payment to be reduced by any required deductions and applicable withholdings.

Warrants. Carlyle High Yield Partners, L.P., which has representatives serving as members of our board of directors, holds warrants to purchase 262,500 shares of Aviall common stock that will be either fully-exercised or cancelled immediately prior to the effective time of the merger. As a result, Carlyle High Yield Partners, L.P., will receive, upon completion of the merger, a cash payment from Boeing or Aviall equal to $12,597,375, resulting from the product of the total number of shares of Aviall common stock issuable upon exercise of such warrants and the excess of the $48.00 per share merger consideration over the $0.01 exercise price per share in effect for such warrants.

Insurance. Boeing has agreed to, or will cause the surviving corporation to, obtain and maintain a six year tail policy on terms and conditions no less advantageous than our existing directors and officers liability insurance for the benefit of our current directors.

The following table summarizes certain of the payments described above for each of the directors of Aviall, including:

the aggregate amount of cash payable at closing in exchange for cancelled Aviall stock options; and

the aggregate amount of cash payable at closing in exchange for shares of Aviall common stock.

Table of Contents

Directors Name	Aggregate Amount of Cash Payable at Closing in Exchange for Cancelled Options (1)	Aggregate Amount of Cash Payable at Closing in Exchange for Common Stock
Peter J. Clare	$ 450,735	$ 211,584
Chris A. Davis	$ 78,750	$ 66,960
Alberto F. Fernandez	$ 450,735	$ 333,120
Allan M. Holt	$ 450,735	$ 211,584
Donald R. Muzyka	$ 177,450	$ 943,248
Richard J. Schnieders	$ 792,476	$ 1,285,056
Jonathan M. Schofield	$ 663,570	$ 923,952
Arthur E. Wegner	$ 177,450	$ 574,320
Bruce N. Whitman	$ 792,476	$ 3,003,024

(1) Amounts shown do not reflect any required deductions or withholdings of taxes.

Conditions to the Closing of the Merger (page 73)

The merger is subject to the satisfaction or waiver of various conditions, which include the following:

Boeing and we are not obligated to effect the merger unless the following conditions are satisfied or waived:

- the merger agreement is adopted by our stockholders at the special meeting;
- no governmental entity has obtained, enacted, or enforced any statute, rule, decree, judgment, injunction, arbitration award, or other order (whether temporary, preliminary or permanent), in any case that is in effect and prevents or prohibits consummation of the merger; and
- any applicable waiting periods, together with any extensions thereof, under the HSR Act and other applicable antitrust laws required to consummate the merger shall have expired or been terminated.

Boeing and merger sub are not obligated to effect the merger unless the following conditions are satisfied or waived:

- the representations and warranties we made in the merger agreement related to our organization, capitalization, authority to enter into the merger agreement, necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);
- our remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by us pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not, individually or in the aggregate, have a material adverse effect on Aviall;

we have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with on or prior to the effective time of the merger;

there has not occurred any material adverse effect with respect to Aviall;

Table of Contents

there is no pending or threatened action, suit or proceeding in which any governmental entity is a party wherein an unfavorable injunction, judgment or ruling would prevent, restrain or interfere with the consummation of the merger, adversely affect the right or powers of Boeing to own, operate or control us or any portion of the business or assets of us or Boeing, and no such injunction, judgment or ruling is in effect;

our principal executive officer and principal financial officer have not failed to provide the certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002; and

we have delivered to Boeing a certificate, signed by our chief executive officer and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied.

We are not obligated to effect the merger unless the following conditions are satisfied or waived:

Boeing s and merger sub s representations and warranties in the merger agreement related to Boeing s and merger sub s organization, authority to enter into the merger agreement and complete the merger, necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);

Boeing s and merger sub s remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by Boeing or merger sub pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect on Boeing, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not, individually or in the aggregate, have a material adverse effect on Boeing;

Boeing has performed or complied with, in all material respects, all agreements and covenants required by the merger agreement to be performed or complied with by Boeing on or prior to the effective time of the merger; and

Boeing has delivered to us a certificate, signed by an authorized officer of Boeing and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied.

Limitation on Considering Other Acquisition Proposals (page 71)

We have agreed that we will not, and will not permit any of our subsidiaries to, and will use all reasonable efforts to ensure that our or our subsidiaries representatives do not, directly or indirectly:

solicit, initiate, entertain or induce any acquisition proposal or the making of any inquiry or proposal that could reasonably be expected to lead to an acquisition proposal;

enter into, continue, maintain or otherwise participate in any communications or negotiations regarding, or furnish to any person any non-public information in response to or in connection with, any acquisition proposal;

agree to, accept, approve or recommend any acquisition proposal;

enter into any letter of intent or any other contract relating to any acquisition proposal;

submit any acquisition proposal to the vote of our stockholders;

withhold or modify, in a manner adverse to Boeing, the approval of our board of directors of the merger agreement; or

Table of Contents

take any action or position that is inconsistent with, or withdraw or modify, in a manner adverse to Boeing, the unanimous recommendation of our board of directors that our stockholders vote in favor of the adoption of the merger agreement.

At any time prior to obtaining stockholder approval, subject to certain restrictions, our board of directors may nevertheless in response to an acquisition proposal that our board of directors concludes in good faith (after consultation with outside legal and financial advisors) is, or is reasonably likely to become, a superior offer:

enter into discussions with the person making the acquisition proposal; and

furnish to the person making the acquisition proposal information with respect to us and our subsidiaries pursuant to a confidentiality agreement.

Provided:

our board of directors concludes in good faith that such action is reasonably required for our board to comply with its fiduciary obligations to our stockholders; and

we first notify Boeing in writing of the identity of the person making the acquisition proposal and the material terms and conditions of the acquisition proposal.

Subject to the satisfaction of certain conditions, our board may withdraw or modify its recommendation to our stockholders for adoption of the merger agreement or terminate the merger agreement. In the event that our board of directors withdraws or modifies its recommendation in a manner adverse to Boeing and the merger agreement is terminated, we may be required to pay a termination fee of $44.4 million to Boeing and to reimburse Boeing for up to $2.5 million of its fees and expenses incurred in connection with the transactions contemplated by the merger agreement.

Termination of the Merger Agreement (page 74)

Boeing and we can terminate the merger agreement under certain circumstances, including:

by mutual written consent of Boeing and us;

by either Boeing or us, if the merger has not been completed before November 30, 2006, provided that such date may be extended by Boeing or us up to and including February 28, 2007 if all conditions to effect the merger other than one or more of certain regulatory conditions have been or are capable of being satisfied at the time of such extension, and the regulatory conditions have been or are reasonably capable of being satisfied on or prior to February 28, 2007. However, the right to terminate the merger agreement under this circumstance will not be available to any party whose failure to fulfill any of its obligations under the merger agreement has been the cause of, or resulted in, the failure of the merger to be consummated on or before such date;

by either Boeing or us, if any governmental entity has issued any statute, rule, decree, judgment, injunction, arbitration award, or other order (whether temporary, preliminary or permanent) that is in effect and that prevents or prohibits consummation of the merger;

by either Boeing or us, if our stockholders do not adopt the merger agreement at the special meeting and, in the case of a termination by us, the failure to obtain stockholder approval is not the result of our violation of the merger agreement. We must pay to Boeing a termination fee of $44.4 million and reimburse Boeing for up to $2.5 million for its fees and expenses incurred in connection with the merger if the merger agreement is terminated because our stockholders do not adopt the merger agreement and, at the time of such

termination, Boeing was entitled to terminate for the reasons set forth in the following bullet;

Table of Contents

by Boeing, if prior to the receipt of our stockholder approval, we or our board of directors, as applicable:

withdraw or modify in a manner adverse to Boeing our board of director s recommendation to our stockholders in favor of adoption of the merger agreement;

fail to include that recommendation in this proxy statement;

approve or recommend any other acquisition proposal;

enter into any letter of intent or other contract for any other acquisition proposal;

materially breach any of our covenants relating to our obligation to hold the stockholder meeting, our board of directors obligation to recommend the adoption of the merger agreement or our obligation not to solicit other acquisition proposals; or

fail to make a statement recommending the rejection of a tender or exchange offer for our common stock within 10 business days after such offer is first made;

by Boeing, if there is a material adverse effect with respect to Aviall or if any of our covenants, agreements, representations or warranties are materially breached and not cured within 20 business days and, as a result of our breach or misrepresentation, the conditions to closing would not be satisfied;

by us, if any of the covenants, agreements, representations or warranties of Boeing or merger sub is materially breached and not cured within 20 business days and, as a result, the conditions to closing would not be satisfied; and

by us, if prior to the receipt of our stockholder approval:

we have not violated any of the covenants with respect to considering other acquisition proposals,

a superior offer is made to us and is not withdrawn,

we have promptly provided written notice to Boeing advising them that we have received a superior offer and our board of directors intends to change its recommendation or to terminate the merger agreement,

Boeing has not, within four days of their receipt of the notice of superior offer, made an offer that our board determines in good faith to be at least as favorable to our stockholders as such superior offer, and

our board of directors concludes in good faith that it is required to withdraw or modify its recommendation, or to terminate the merger agreement to comply with its fiduciary obligations and pay to Boeing a termination fee of $44.4 million plus up to $2.5

million for fees and expenses incurred by Boeing in connection with the transactions contemplated by the merger agreement.

Termination Fees and Expenses (page 75)

The merger agreement provides that we will pay Boeing the sum of the fees and expenses Boeing incurred in connection with the transactions contemplated by the merger agreement, in an amount up to $2.5 million, if the merger agreement is terminated under certain circumstances.

In addition to payment of Boeing s fees and expenses, we must pay Boeing a termination fee of $44.4 million if the merger agreement is terminated:

by Boeing, if prior to the receipt of our stockholder approval, we or our board of directors, as applicable:

withdraw or modify in a manner adverse to Boeing our board s recommendation to our stockholders in favor of adoption of the merger agreement;

fail to include that recommendation in this proxy statement;

Table of Contents

approve or recommend any other acquisition proposal;

enter into any letter of intent or other contract for any other acquisition proposal;

materially breach any of our covenants relating to our obligation to hold the stockholder meeting, our board of directors obligation to recommend the adoption of the merger agreement or our obligation not to solicit other acquisition proposals; or

fail to make a statement recommending the rejection of a tender or exchange offer for our common stock within 10 business days after such offer is first made;

by us, if our stockholders do not adopt the merger agreement at the special meeting, and if at such time Boeing was entitled to terminate for any of the reasons listed in the immediately preceding bullet points;

by us, if prior to the receipt of our stockholder approval:

we have not violated any of the covenants with respect to considering other acquisition proposals,

a superior offer is made to us and is not withdrawn,

we have promptly provided written notice to Boeing advising them that we have received a superior offer and our board of directors intends to change its recommendation or to terminate the merger agreement,

Boeing has not, within four days of their receipt of the notice of superior offer, made an offer that our board determines in good faith to be at least as favorable to our stockholders as such superior offer, and

our board of directors concludes in good faith that it is required to withdraw or modify its recommendation, or to terminate the merger agreement to comply with its fiduciary obligations and pay to Boeing a termination fee of $44.4 million plus up to $2.5 million for fees and expenses incurred by Boeing in connection with the transaction contemplated by the merger agreement; or

by Boeing or us, if our stockholders do not adopt the merger agreement, and an alternative acquisition proposal has been publicly announced before the vote on the merger agreement at the special meeting, and we enter into an alternative acquisition transaction involving at least 50% of our stock or assets within twelve months after the termination of the merger agreement.

Regulatory Matters (page 62)

The HSR Act prohibits us from completing the merger until we have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. The waiting period under the HSR Act expired on June 16, 2006 without a request for additional information having been made. The merger is also subject to review by the governmental authorities of various foreign jurisdictions under the antitrust laws of those jurisdictions. In the European Union, we have applied for a referral of the transaction to the European Commission and, if such referral is successful, the European Commission will have sole jurisdiction over the transaction to the extent relating to the member states of the European Union. In addition, we have made a filing in Brazil and expect to make filings in China and the Ukraine in accordance with the antitrust laws of these jurisdictions, and we will pursue any required approval of the merger in these and any other jurisdictions, to the extent that such approval is required to consummate the merger.

Appraisal Rights For Aviall Stockholders (page 63)

Under Delaware law, you are entitled to appraisal rights in connection with the merger.

You will have the right under Delaware law to have the fair value of your shares of Aviall common stock determined by the Delaware Chancery Court. This value could be more than, less than or the same as the merger

Table of Contents

consideration for the Aviall common stock. This right to appraisal is subject to a number of restrictions and technical requirements. In order to exercise your appraisal rights you must:

send a written demand to Aviall for appraisal in compliance with Delaware law before the vote on the merger;

not vote in favor of the merger; and

continuously hold your Aviall common stock, from the date you make the demand for appraisal through the closing of the merger.

Merely voting against the merger will not protect your rights to an appraisal, which requires compliance with all the steps provided under Delaware law. Requirements under Delaware law for exercising appraisal rights are described in further detail in the section entitled Appraisal Rights for Aviall Stockholders beginning on page 63 of this proxy statement. In addition, the relevant section of Delaware law regarding appraisal rights is reproduced and attached as Annex C to this proxy statement. We encourage you to read these provisions carefully and in their entirety. Failure to follow the steps required by law for perfecting appraisal rights may lead to the loss of those rights, in which case the dissenting stockholder will be treated in the same manner as a non-dissenting stockholder. Because of the complexity of the law relating to appraisal rights, stockholders who are considering objecting to the merger are encouraged to read these provisions carefully and consult their own legal advisors.

IF YOU VOTE FOR THE MERGER, YOU WILL WAIVE YOUR RIGHTS TO SEEK APPRAISAL OF YOUR SHARES OF AVIALL COMMON STOCK UNDER DELAWARE LAW.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

The following Q&A is intended to address some commonly asked questions regarding the merger. These questions and answers may not address all questions that may be important to you as an Aviall stockholder. We urge you to read carefully the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents we refer to in this proxy statement.

Except as otherwise specifically noted in this proxy statement, we, our, us and similar words in this proxy statement refer to Aviall, Inc. and its consolidated subsidiaries as a whole. In addition, we refer to Aviall, Inc. as Aviall and to The Boeing Company as Boeing.

Q: Why am I receiving this proxy statement?

A: Aviall and Boeing have agreed to the acquisition of Aviall by Boeing under the terms of the merger agreement that is described in this proxy statement. A copy of the merger agreement is attached to this proxy statement as Annex A. In order to complete the merger, Aviall stockholders must vote to adopt the merger agreement. Aviall will hold a special meeting of its stockholders to obtain this adoption. You are receiving this proxy statement in connection with the solicitation of proxies to be voted at the special meeting, or at any adjournments, postponements or continuations of the special meeting.

You should carefully read this proxy statement, including its annexes and the other documents we refer to in this proxy statement, because they contain important information about the merger, the merger agreement and the special meeting of the stockholders of Aviall. The enclosed voting materials allow you to vote your shares without attending the special meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: What am I being asked to vote on?

A: You are being asked to vote to adopt the merger agreement that provides for the acquisition of Aviall by Boeing. The proposed acquisition would be accomplished through a merger of Boeing-Avenger, Inc., a wholly owned subsidiary of Boeing (which we refer to as merger sub), with and into Aviall. As a result of the merger, Aviall will become a wholly owned subsidiary of Boeing, and Aviall common stock will cease to be listed on the New York Stock Exchange, will not be publicly traded and will be deregistered under the Securities Exchange Act of 1934, as amended.

In addition, you are being asked to grant Aviall management discretionary authority to adjourn or postpone the special meeting. If, for example, we do not receive proxies from stockholders holding a sufficient number of shares to adopt the merger agreement, we could adjourn or postpone the special meeting and use the additional time to solicit additional proxies in favor of adoption of the merger agreement.

Q: What will I receive in the merger?

A: As a result of the merger, our stockholders will receive $48.00 in cash, without interest, for each share of Aviall common stock they own as of the date of the merger, except for stockholders who properly exercise appraisal rights. For example, if you own 100 shares of Aviall common stock, you will receive $4,800.00 in cash, without interest, in exchange for your 100 shares.

Q: When do Aviall and Boeing expect the merger to be completed?

A:

Aviall and Boeing are working to complete the merger as quickly as practicable. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions. See The Merger Agreement Conditions to the Closing of the Merger beginning on page 73 and The Merger Regulatory Matters beginning on page 62. We hope to complete the merger by September 30, 2006.

Table of Contents

Q: What do I need to do now?

A: We urge you to carefully read this proxy statement, including its annexes and the other documents we refer to in this proxy statement, and consider how the merger affects you. Then mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible, or vote via the Internet or telephone, so that your shares can be voted at the special meeting of our stockholders. **Please do not send your stock certificates with your proxy card.**

Q: How does Aviall s board of directors recommend that I vote?

A: At a meeting held on April 30, 2006, Aviall s board of directors unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Aviall and its stockholders. **Our board of directors unanimously recommends that you vote FOR the adoption of the merger agreement and FOR the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of the adoption of the merger agreement at the time of the special meeting. For a more complete description of the recommendation of our board of directors, see the section entitled The Merger Reasons for the Merger and Recommendation of the Aviall Board of Directors beginning on page 36.**

Q: What vote is required to adopt the merger agreement?

A: Adoption of the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote at the special meeting. As of August 15, 2006, the record date for determining who is entitled to vote at the special meeting, there were shares of Aviall common stock issued and outstanding.

Q: Where and when is the special meeting of stockholders?

A: The special meeting of stockholders of Aviall will be held on , 2006, at a.m., Dallas, Texas Time, at the Four Seasons Resort and Club, 4150 N. MacArthur Boulevard, Irving, Texas 75038.

Q: Who is entitled to vote at the special meeting?

A: Only stockholders of record as of the close of business on August 15, 2006 are entitled to receive notice of the special meeting and to vote the shares of our common stock that they held at that time at the special meeting, or at any adjournments or postponements of the special meeting.

Q: May I vote in person?

A: Yes. If your shares are not held in street name through a broker or bank you may attend the special meeting and vote your shares in person, rather than signing and returning your proxy card or voting via the Internet or telephone. If your shares are held in street name, you must get a proxy from your broker or bank in order to attend the special meeting and vote in person. Even if you plan to attend the special meeting in person, we urge you to complete, sign, date and return the enclosed proxy or vote via the Internet or telephone to ensure that your shares will be represented at the special meeting.

Q: May I vote via the Internet or telephone?

A: If your shares are registered in your name, you may vote your shares via the Internet at http://www.eproxy.com/avl/ or by telephone by calling 1-800-560-1965. Proxies submitted via the Internet or telephone must be received by 11:59 p.m. Dallas, Texas Time on , 2006.

Table of Contents

In order to submit a proxy via the Internet or telephone, you must have the enclosed proxy card available and follow the instructions on the proxy card.

If your shares are held in street name through a broker or bank, you may vote via the Internet or telephone if your broker or bank provides such a service. To vote via the Internet or telephone through your broker or bank, you should follow the instructions on the voting form provided by your broker or bank.

Q: What happens if I do not return my proxy card, vote via the Internet or telephone or attend the special meeting and vote in person?

A: The adoption of the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote at the special meeting. Therefore, if you do not return your proxy card, vote via the Internet or telephone or attend the special meeting and vote in person, it will have the same effect as if you voted AGAINST adoption of the merger agreement. The proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, requires the affirmative vote of at least a majority of the votes cast by holders of our common stock present, in person or represented by proxy, at the special meeting, provided a quorum is present, in person or represented by proxy, at the special meeting.

Q: May I change my vote after I have voted?

A: Yes. You may change your vote at any time before your proxy card is voted at the special meeting. If your shares are registered in your name, you may revoke your proxy in one of the three following ways:

First, you can deliver to the Secretary of Aviall a written notice bearing a date later than the proxy you delivered to Aviall stating that you would like to revoke your proxy, provided the notice is received by 11:59 p.m. Dallas, Texas Time on , 2006.

Second, you can complete, execute and deliver to the Secretary of Aviall a new, later-dated proxy card for the same shares. If you submitted the proxy you are seeking to revoke via the Internet or telephone, you may submit this later-dated new proxy using the same method of transmission (Internet or telephone) as the proxy being revoked, provided the new proxy is received by 11:59 p.m. Dallas, Texas Time on , 2006.

Third, you can attend the special meeting and vote in person. Your attendance at the special meeting alone will not revoke your proxy. Any written notice of revocation or subsequent proxy should be delivered to Aviall, Inc., 2750 Regent Boulevard, DFW Airport, Texas, 75261-9048, Attention: Secretary, or hand-delivered to our Secretary at or before the taking of the vote at the special meeting.

If you have instructed a broker or bank to vote your shares, you must follow directions received from your broker or bank to change your vote.

Q: If my broker or bank holds my shares in street name, will my broker or bank vote my shares for me?

A: Your broker or bank will not be able to vote your shares without instructions from you. You should instruct your broker or bank to vote your shares following the procedure provided by your bank or broker. Without instructions, your shares will not be voted, which will have the same effect as if you voted AGAINST adoption of the merger agreement.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. If you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold

Table of Contents

shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return (or vote via the Internet or telephone with respect to) each proxy card and voting instruction card that you receive.

Q: What happens if I sell my shares of Aviall common stock before the special meeting?

A: The record date for the special meeting is earlier than the date of the special meeting and the date the merger is expected to be completed. If you transfer your shares of Aviall common stock after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will transfer the right to receive the merger consideration.

Q: Will the merger be taxable to me?

A: Yes. The receipt of cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. For U.S. federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the merger and the stockholder s adjusted tax basis in the shares of Aviall common stock converted into the right to receive cash in the merger. For U.S. federal income tax purposes, if the shares of Aviall common stock are held by a stockholder as capital assets, gain or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if the stockholder s holding period for the shares of Aviall common stock exceeds one year. Capital gains recognized by an individual upon a disposition of a share of Aviall common stock that has been held for more than one year will be subject to a maximum U.S. federal income tax rate of 15% or, in the case of a share that has been held for one year or less, will be subject to U.S. federal income tax at ordinary income tax rates. In addition, for U.S. federal income tax purposes, there are limits on the deductibility of capital losses. Because individual circumstances may differ, you should consult your own tax advisor to determine the particular tax consequences to you. See the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 61.

Q: Will I have appraisal rights as a result of the merger?

A: Yes. Under Delaware law, stockholders are entitled to appraisal rights in connection with the merger, subject to the conditions discussed more fully elsewhere in this proxy statement. If a stockholder properly exercises appraisal rights, then the stockholder has the right to litigate a proceeding in the Court of Chancery of the State of Delaware, at the conclusion of which the stockholder will receive the judicially determined fair value of their shares of Aviall common stock. The fair value of the Aviall common stock may be more than, equal to or less than the merger consideration to be paid to non-dissenting stockholders in the merger. To preserve your appraisal rights, if you wish to exercise them, you must not vote in favor of the adoption of the merger agreement and you must follow specific procedures. Failure to follow the steps required by law for perfecting appraisal rights may lead to the loss of those rights, in which case the dissenting stockholder will be treated in the same manner as a non-dissenting stockholder. For a more complete description of your appraisal rights and related procedures, see the section entitled Appraisal Rights for Aviall Stockholders beginning on page 63 and Annex C for a reproduction of Section 262 of the Delaware General Corporation Law, which relates to the appraisal rights of dissenting stockholders. Because of the complexity of the law relating to appraisal rights, stockholders who are considering objecting to the merger are encouraged to read these provisions carefully and consult their own legal advisors.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive written instructions for exchanging your shares of Aviall common stock for the merger consideration of $48.00 in cash, without interest.

22

Table of Contents

Q: Who can help answer my questions?

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Aviall, Inc.

2750 Regent Boulevard

DFW Airport, Texas 75261-9048

Telephone: (972) 586-1000

Attn: Secretary

or

Morrow & Co., Inc.

470 West Avenue

Stamford, Connecticut 06902

Email: Aviall.info@morrowco.com

Banks and Brokers Please Call: (203) 658-9400

Stockholders Please Call: (800) 607-0088

Neither the Securities and Exchange Commission (which we refer to as the SEC), nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosures in this proxy statement. Any representation to the contrary is a criminal offense.

Table of Contents

FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, beliefs, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, plan, project, should and such words or similar expressions.

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Factors that may affect those forward-looking statements include, among other things:

- the risk that the merger may not be consummated in a timely manner, if at all;
- the risk that the merger agreement may be terminated in circumstances which require us to pay Boeing a termination fee of $44.4 million and up to $2.5 million in fees and expenses incurred by Boeing in connection with the transactions contemplated by the merger agreement;
- risks regarding a loss of or substantial decrease in purchases by our major customers;
- risks regarding termination of existing distribution agreements or our ability to sign up new distribution agreements;
- risks related to diverting management s attention from ongoing business operations;
- risks regarding employee retention; and
- other risks detailed in our current filings with the SEC, including our most recent filings on Form 10-K or Form 10-Q, which discuss these and other important risk factors concerning our operations.

Table of Contents

MARKET PRICES AND DIVIDEND DATA

Our common stock is traded on the New York Stock Exchange under the symbol AVL. This table shows, for the periods indicated, the range of intraday high and low per share sales prices for our common stock as reported on the New York Stock Exchange.

	Fiscal Quarters			
	First	Second	Third	Fourth
Fiscal Year 2006				
High	$ 39.99	$ [47.52]	N/A	N/A
Low	$ 28.50	$ 35.60	N/A	N/A
Fiscal Year 2005				
High	$ 30.40	$ 34.07	$ 35.92	$ 36.98
Low	$ 21.04	$ 27.45	$ 30.25	$ 27.00
Fiscal Year 2004				
High	$ 16.44	$ 19.27	$ 22.30	$ 24.00
Low	$ 14.40	$ 15.22	$ 18.00	$ 19.80

The following table sets forth the closing price per share of our common stock, as reported on the New York Stock Exchange on April 28, 2006, the last full trading day before the public announcement of the merger, and on , 2006, the latest practicable trading day before the printing of this proxy statement:

	Common Stock
	Closing Price
April 28, 2006	$ 37.70
[DATE]	$ [AMOUNT]

Following the merger there will be no further market for our common stock and our common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended.

Our policy has been to reinvest earnings to fund future growth. Accordingly, we did not pay cash dividends on our common stock during 2006, 2005 or 2004. Except in limited circumstances, under the terms of our senior secured credit facility, we may not declare, pay or set aside cash dividends without the consent of the various parties thereto. Accordingly, we do not anticipate paying cash dividends on our common stock in the foreseeable future.

Table of Contents

THE SPECIAL MEETING

The enclosed proxy is solicited on behalf of the board of directors of Aviall for use at the special meeting of stockholders or at any adjournment or postponement thereof.

Date, Time and Place

We will hold the special meeting on , 2006, at a.m., Dallas, Texas Time, at the Four Seasons Resort and Club, 4150 N. MacArthur Boulevard, Irving, Texas 75038.

Purpose of the Special Meeting

At the special meeting, we will ask the stockholders of our common stock to adopt the merger agreement, and, if there are not sufficient votes in favor of the adoption of the merger agreement, to adjourn or postpone the special meeting to a later date to solicit additional proxies in favor of adoption of the merger agreement. We will also transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of our common stock at the close of business on August 15, 2006, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting. On the record date, shares of our common stock were issued and outstanding and held by approximately holders of record. Holders of record of our common stock on the record date are entitled to one vote per share at the special meeting on the proposal to adopt the merger agreement and the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement.

A quorum of stockholders is necessary to hold a valid special meeting. Under our amended and restated by-laws, a quorum is present at the special meeting if a majority of the shares of our common stock entitled to vote on the record date are present, in person or represented by proxy. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed to solicit additional proxies. For purposes of determining the presence or absence of a quorum, votes withheld, abstentions and broker non-votes (where a broker or nominee does not or cannot exercise discretionary authority to vote on a matter) will be counted as present.

Vote Required

The adoption of the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote at the special meeting. Adoption of the merger agreement is a condition to the closing of the merger. If an Aviall stockholder abstains from voting or does not vote, either in person or represented by proxy, it will count as a vote AGAINST the adoption of the merger agreement. Each broker non-vote will also count as a vote AGAINST the adoption of the merger agreement. Under the rules of the New York Stock Exchange, brokers holding stock for the accounts of their clients who have not given them specific voting instructions are not allowed to vote client proxies on the proposal to adopt the merger agreement.

Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement requires the affirmative vote of at least a majority of the votes cast by holders of our common stock present, in person or represented by proxy, at the special meeting provided a quorum is present, in person or represented by proxy, at the special meeting. Abstentions and broker non-votes will not be counted as votes cast and will not have an effect on the outcome of this proposal.

Table of Contents

Voting of Proxies

If your shares are registered in your name, you may vote by returning a signed proxy card or voting in person at the special meeting. Additionally, you may submit a proxy authorizing the voting of your shares via the Internet at http://www.eproxy.com/avl/ or by telephone by calling 1-800-560-1965.

Proxies submitted via the Internet or telephone must be received by 11:59 p.m. Dallas, Texas Time on , 2006. You must have the enclosed proxy card available, and follow the instructions on the proxy card, in order to submit a proxy via the Internet or telephone.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. If your shares are registered in your name, you are encouraged to vote by proxy even if you plan to attend the special meeting in person.

Voting instructions are included on your proxy card. All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in accordance with the instructions of the stockholder. Properly executed proxies that do not contain voting instructions will be voted FOR the adoption of the merger agreement and FOR the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement.

If your shares are held in street name through a broker or bank, you may vote by completing and returning the voting form provided by your broker or bank or via the Internet or telephone if your broker or bank provides such a service. To vote via the Internet or telephone through your broker or bank, you should follow the instructions on the voting form provided by your broker or bank. If you plan to attend the special meeting, you will need a proxy from your broker or bank in order to vote the shares. If you do not return your bank s or broker s voting form, vote via the Internet or telephone through your broker or bank, if possible, or attend the special meeting and vote in person with a proxy from your broker or bank, it will have the same effect as if you voted AGAINST adoption of the merger agreement.

Revocability of Proxies

Any proxy you give pursuant to this solicitation may be revoked by you at any time before it is voted at the special meeting. If your shares are registered in your name, you may revoke your proxy in one of the three following ways:

First, you can deliver a written notice to the Secretary of Aviall bearing a date later than the proxy you delivered to Aviall stating that you would like to revoke your proxy, provided the notice is received by 11:59 p.m. Dallas, Texas Time on , 2006.

Second, you can complete, execute and deliver to the Secretary of Aviall a new, later-dated proxy card for the same shares. If you submitted the proxy you are seeking to revoke via the Internet or telephone, you may submit this later-dated new proxy using the same method of transmission (Internet or telephone) as the proxy being revoked, provided the new proxy is received by 11:59 p.m. Dallas, Texas Time on , 2006.

Third, you can attend the special meeting and vote in person. Your attendance at the special meeting alone will not revoke your proxy. Any written notice of revocation or subsequent proxy should be delivered to Aviall, Inc., 2750 Regent Boulevard, DFW Airport, Texas 75261-9048, Attention: Secretary, or hand-delivered to our Secretary at or before the taking of the vote at the special meeting.

If you have instructed a broker or bank to vote your shares, you must follow directions received from your broker or bank to change your vote.

Table of Contents

Board of Directors Recommendations

At a meeting held on April 30, 2006, after careful consideration, our board of directors unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Aviall and its stockholders. **Our board of directors unanimously recommends that Aviall stockholders vote FOR the proposal to adopt the merger agreement and also unanimously recommends that stockholders vote FOR the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to permit the solicitation of additional proxies in favor of adoption of the merger agreement.**

Voting by Aviall Directors and Executive Officers

As of the record date for the special meeting, the directors and executive officers of Aviall as a group beneficially owned and were entitled to vote approximately 719,950 shares of Aviall common stock, or approximately % of the aggregate voting power for all outstanding shares of Aviall common stock on that date. Each executive officer has indicated his or her present intention to vote, or cause to be voted, the shares of Aviall common stock owned by him or her FOR the adoption of the merger agreement and FOR the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to permit the solicitation of additional proxies in favor of adoption of the merger agreement.

Abstentions and Broker Non-Votes

Stockholders that abstain from voting on a particular matter and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter will not be counted as votes in favor of such matter, but will be counted to determine whether a quorum is present at the special meeting and will be counted as voting power present at the special meeting. Abstentions and broker non-votes will have the effect of a vote AGAINST the proposal to adopt the merger agreement because adoption of this proposal requires the affirmative vote of a majority of all outstanding shares of our common stock. For the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, abstentions and broker non-votes will have no effect on the outcome of the proposal.

Solicitation of Proxies

The expense of soliciting proxies will be borne by Aviall. We have retained Morrow & Company, Inc., a proxy solicitation firm, to solicit proxies in connection with the special meeting at a cost of approximately $7,500 plus expenses. In addition, we may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and employees personally or by telephone, facsimile or other means of communication. No additional compensation will be paid for such services.

Multiple Stockholders Sharing One Address

In accordance with Rule 14a-3(e)(1) under the Securities Exchange Act of 1934, as amended, one proxy statement may be delivered to two or more stockholders who share an address, unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly upon written or oral request a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the proxy statement was delivered. Requests for additional copies of the proxy statement, and requests that in the future separate proxy statements be sent to stockholders who share an address, should be directed to our Secretary, Aviall, Inc., 2750 Regent Boulevard, DFW Airport, Texas 75261-9048, or at telephone number (972) 586-1000. In addition, stockholders who share a single address but receive multiple copies of the proxy statement may request that in the future they receive a single copy by contacting us at the address and phone number set forth in the prior sentence.

Table of Contents

Postponement or Adjournment of Meeting

Although it is not expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies or if a quorum is not present. Aviall s amended and restated by-laws permit adjournment without notice other than an announcement of the new time and place of the re-convened special meeting as required by law by a majority vote of the shares entitled to vote at the special meeting that are present in person or represented by proxy and vote for or against the adjournment. In the event that there are insufficient shares represented in person or by proxy at the special meeting to constitute a quorum required for conduct of business at the special meeting, or to solicit additional proxies, the special meeting may be postponed or adjourned one or more times until a quorum is present or represented by proxy, or sufficient proxies have been solicited to adopt the merger agreement.

Stockholder List

A list of our stockholders entitled to vote at the special meeting will be available for examination by any Aviall stockholder at the special meeting. For ten days prior to the special meeting, this stockholder list will be available for inspection during ordinary business hours at our principal executive offices located at 2750 Regent Boulevard, DFW Airport, Texas 75261-9048.

Table of Contents

THE COMPANIES

Aviall, Inc.

Aviall, Inc., or Aviall, is the largest independent global provider to the aerospace aftermarket of new aviation parts, supply-chain management and other related value-added services. We serve this market through our two wholly owned subsidiaries, Aviall Services, Inc., or Aviall Services, and Inventory Locator Service, LLC, or ILS. Aviall Services provides new aerospace parts and related supply-chain management services to the global aviation industry, and ILS operates electronic marketplaces for buying and selling parts, equipment and services for the global aviation, defense and marine industries.

Aviall Services purchases a broad range of new aviation parts, components and supplies from approximately 220 original equipment manufacturers, or OEMs, and resells them to over 19,000 government/military, general aviation/corporate and commercial airline customers, including over 300 airlines. Aviall Services also provides value-added services to our customers and suppliers, such as repair services, supply-chain management services and information-gathering and delivery services.

ILS operates electronic marketplaces for buying and selling parts, equipment and services for the global aviation, defense and marine industries. With more than 16,500 users in over 90 countries, ILS s electronic marketplaces contain more than 58 million line items representing over 5 billion parts for sale. ILS also maintains databases of over 150 million cross-referenced United States, or U.S., government records, allowing users to research manufacturers and prices for specific parts, locate alternate parts, find additional uses and markets for parts and review U.S. government procurement histories. ILS has been the leader in aerospace electronic marketplaces for more than two decades.

Between 1932 and 1934, three aircraft service and parts supply organizations combined their operations to form a company that would eventually be the core business unit in the formation of our corporate predecessor in 1981. In 1993, both Aviall and Aviall Services were incorporated as Delaware corporations, and then Ryder System, Inc. distributed the stock of Aviall to its stockholders. ILS was originally incorporated in 1979 as a Tennessee corporation and became a subsidiary of Aviall in 1993. ILS was reorganized as a Delaware limited liability company in March 2001. We have a number of trademarks, including our registered trademarks, Aviall and ILS, and our common law trademarks, Bid Quest and Contact to Contract.

Our principal executive offices are located at 2750 Regent Boulevard, DFW Airport, Texas 75261-9048. Our telephone number is (972) 586-1000. Our website is located at *www.aviall.com*. Additional information regarding Aviall is contained in our filings with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page 82.

The Boeing Company

The Boeing Company, a Delaware corporation formed in 1916, together with its subsidiaries, is one of the world s major aerospace firms. Boeing is organized based on the products and services it offers. Boeing operates in five principal segments:

- Commercial Airplanes
- Integrated Defense Systems (IDS), consisting of the following three segments:
  - Precision Engagement and Mobility Systems
  - Network and Space Systems
  - Support Systems

Boeing Capital Corporation (BCC)

Table of Contents

Boeing s other segment classifications principally include the activities of Connexion by Boeing℠, a two-way data communications service for global travelers; and Boeing Technology, an advanced research and development organization focused on innovative technologies, improved processes and the creation of new products.

Boeing was originally incorporated in the State of Washington in 1916 and reincorporated in Delaware in 1934. Boeing s principal executive offices are located at 100 N. Riverside, Chicago, Illinois 60606-1596 and its telephone number is (312) 544-2000. Additional information regarding Boeing is contained in Boeing s filings with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page 82.

Boeing-Avenger, Inc.

Boeing-Avenger, Inc., a Delaware corporation and a wholly owned subsidiary of Boeing, was organized solely for the purpose of entering into the merger agreement with Aviall and completing the merger. Boeing-Avenger, Inc. was incorporated on April 24, 2006 and has not conducted any business operations. Its principal executive offices are located at 100 N. Riverside, Chicago, Illinois 60606-1596 and its telephone number is (312) 544-2000. If the merger is completed, Boeing-Avenger, Inc. will cease to exist following the merger with and into Aviall.

Table of Contents

THE MERGER

The following discussion summarizes the material terms of the merger. We urge you to read carefully the merger agreement, which is attached as Annex A to this proxy statement.

Background to the Merger

As part of the ongoing evaluation of our business, we consider a variety of strategic alternatives. In that regard, representatives of Aviall have from time to time discussed potential business relationships with representatives of various companies in the aviation industry that might expand our business, improve our competitive position and enhance stockholder value. At the time the discussions with Boeing described below commenced, Aviall did not consider itself for sale.

On January 31, 2006, Alan R. Mulally, Executive Vice President of Boeing, and President and Chief Executive Officer of Boeing Commercial Airplanes, contacted Paul E. Fulchino, our Chairman, President and Chief Executive Officer, to discuss a possible business combination transaction between Boeing and Aviall.

During the course of their discussions, Mr. Mulally indicated to Mr. Fulchino that Boeing was interested in a transaction in which Boeing would acquire Aviall in a manner that would allow Aviall to continue with its current business strategies, business model, and such processes, systems and management so as to maintain the Aviall name and brand. Mr. Mulally indicated that Aviall would become a wholly owned subsidiary of Boeing. Mr. Fulchino indicated that, while Aviall was not for sale, he and Aviall s board of directors would consider a potential sale of Aviall, consistent with their fiduciary duties, to the extent it would enhance stockholder value. No specific terms of a transaction were discussed at this meeting and Mr. Mulally declined to give Mr. Fulchino an initial valuation range, advising of Boeing s need to first commence a due diligence review of Aviall.

On February 1, 2006, at a meeting of our board of directors, Mr. Fulchino apprised members of our board of directors regarding his conversation with Mr. Mulally and solicited their preliminary views on a potential transaction with Boeing. The board of directors discussed, among other things, Aviall s strategic plan as an independent entity, whether Boeing would be an appropriate strategic alliance partner and the short and long-term prospects for Aviall. The board of directors authorized Mr. Fulchino to inform Boeing that, while the board of directors current intention was to maintain Aviall s independence, it would consider a proposal from Boeing regarding a possible business combination transaction.

On February 14, 2006, Mr. Fulchino and Mr. Mulally had a telephone conversation during which the possibility of a business combination between Aviall and Boeing was again raised. During this conversation, Mr. Fulchino indicated that Aviall was willing to consider all of its potential strategic alternatives, including the possibility of entering into a business combination transaction with Boeing. Mr. Fulchino and Mr. Mulally agreed to speak again after Mr. Fulchino had an opportunity to meet with, and receive further guidance from, our board of directors.

On February 23, 2006, at a meeting of our board of directors, Mr. Fulchino updated members of our board of directors regarding his conversation with Mr. Mulally and again solicited their views on a potential transaction with Boeing. The board of directors discussed, among other things, its views of Aviall s prospects and how best to proceed with discussions with Boeing.

On February 28, 2006, Mr. Mulally and Mr. Fulchino had a telephone conversation during which they discussed scheduling an in-person meeting to discuss in more detail the possibility of a business combination between Aviall and Boeing. Mr. Mulally and Mr. Fulchino arranged for the meeting to be held at our DFW Airport facilities on March 8, 2006, subject to Boeing agreeing to enter into a confidentiality agreement with Aviall.

Table of Contents

On March 3, 2006, Aviall entered into a confidentiality agreement with Boeing. On the same day, Mr. Fulchino telephoned Mr. Mulally regarding our board of directors desire to receive an initial indicative valuation from Boeing.

On March 7, 2006, Mr. Fulchino met with Mr. Mulally in advance of an informational meeting between our representatives and representatives of Boeing scheduled for the following day. At their meeting, Mr. Fulchino and Mr. Mulally discussed in broad terms the potential transaction between us and Boeing.

At the informational meeting on March 8, 2006, which was held at Aviall s facilities at DFW Airport, James T. Quinn, our Senior Vice President of Sales and Marketing, with Mr. Fulchino s assistance, made a presentation on our business and organization and Mr. Mulally made a presentation covering the business of Boeing, including certain elements of Boeing s plans and strategies. During this meeting, the parties discussed each of Boeing s and Aviall s business strategies and position in the marketplace. No specific terms of a transaction were discussed. Mr. Fulchino indicated that he would need to have guidance from our board of directors regarding whether to engage in more detailed discussions with respect to a potential transaction with Boeing.

On March 8, 2006, on a conference call with our board of directors, Mr. Fulchino briefed our board of directors on his meetings with Mr. Mulally and other members of Boeing s management team and discussed plans for the due diligence process. Mr. Fulchino noted that Boeing had not yet specified a valuation. Our board of directors expressed its interest in receiving a valuation range in order to determine whether to continue discussions with Boeing and authorized Aviall s management to continue discussions with Boeing pending receipt of a valuation from Boeing.

On March 9, 2006, Mr. Fulchino and Mr. Mulally had a telephone conversation during which Mr. Fulchino informed Mr. Mulally that our board of directors had authorized Aviall s management to continue discussions regarding a possible business combination transaction between Aviall and Boeing. Mr. Fulchino and Mr. Mulally also determined to meet on March 15 and 16, 2006.

On March 11, 2006, Mr. Fulchino and Mr. Mulally had a telephone conversation to further discuss the strategic rationale for a possible business combination transaction between Aviall and Boeing.

As part of Boeing s diligence process, on March 15 and 16, 2006, representatives of Boeing interviewed all of our executive officers, Sean Elliott, our Assistant General Counsel, Shannon Hall, our Assistant Treasurer, and David Leedy, our Director of Investor Relations at the Dallas offices of Haynes and Boone LLP, one of Aviall s outside legal counsel.

On March 17, 2006, Mr. Mulally and Mr. Fulchino had a telephone conversation to recap the Dallas meetings and discuss next steps.

On March 22, 2006, regular committee meetings of our board of directors took place and, thereafter, our board of directors met informally and discussed the potential transaction.

On March 23, 2006, at a regular meeting of our board of directors, Mr. Fulchino updated our board of directors on the status of discussions with Boeing. Our board of directors again expressed its interest in the valuation range being considered by Boeing, which had not yet been provided by Boeing.

On March 24, 2006, Mr. Mulally and Mr. Fulchino had a telephone conversation during which they discussed Boeing s preliminary views on valuation and other terms related to the proposed transaction, including Boeing s interest in conducting an exclusive process. Mr. Fulchino requested that Boeing provide us with a written proposal for consideration by our board of directors.

On March 27, 2006, Boeing delivered to us a written, non-binding expression of interest, which described Boeing s proposal to acquire us for $50.00 per share in cash. After reviewing publicly available information,

Table of Contents

publicly available research analysts financial projections and preliminary due diligence materials provided by Aviall to Boeing, Boeing determined to offer $50.00 per share by considering a number of factors, including a discounted cash flow analysis performed by Boeing, the expected synergies that might result from the merger, its review of historical trading prices for Aviall s common stock and the premiums paid in similar transactions, and the premium that such a valuation represented to the trading price of Aviall s common stock. Boeing indicated that its valuation and proposed offer price were subject to execution of acceptable retention arrangements for Aviall s management to ensure their continuity, engagement and alignment with Boeing following completion of any acquisition, confirmation of the assumptions underlying Boeing s expected synergies and completion of Boeing s due diligence. As part of its proposal, Boeing stated that it expected that Aviall would deal exclusively with Boeing and would enter into an exclusivity agreement while Boeing conducted its due diligence.

On March 27, 2006, Aviall retained as its financial advisor Credit Suisse, whom they had retained on prior occasions. On the same day, our board of directors met with Credit Suisse and Skadden, Arps, Slate, Meagher & Flom LLP (which we refer to as Skadden), one of its outside counsel, to consider Boeing s written proposal. At that meeting, representatives of Skadden advised our board of directors of their fiduciary duties and management updated our board of directors on its discussions with Boeing and described Boeing s proposal to our board of directors. Our board of directors requested that management and Credit Suisse conduct a preliminary financial assessment of Boeing s proposal.

On March 30, 2006, our board of directors met to discuss Boeing s proposal. Skadden reviewed with our board of directors its fiduciary duties and Credit Suisse reviewed the financial aspects of the proposal set forth in Boeing s proposal letter of March 27, 2006, a copy of which had been provided to the board of directors. Our board of directors then engaged in extensive discussions about the Boeing proposal, the valuation for the transaction, as well as various potential alternatives for Aviall. In an examination as to whether a higher price could likely be obtained from Boeing or elsewhere, our board of directors considered, among other things, the possibility of conducting an auction or other non-exclusive process to sell Aviall and the likely impact an auction or such other process at this point would have on Boeing s offer and our business. Mr. Mulally had on several occasions indicated to Mr. Fulchino in their discussions that Boeing would not participate in an auction or other non-exclusive process. Our board of directors therefore decided against initiating an auction or other non-exclusive process at this point and authorized management to negotiate a short-term exclusivity agreement with Boeing, the terms of which had been reviewed with our board of directors, and to proceed with discussions on the basis described in Boeing s March 27, 2006 proposal letter, including with respect to any management retention agreements to be entered into in connection with the proposed transaction with Boeing.

On March 31, 2006, Aviall and Boeing negotiated the terms of and entered into an exclusivity agreement under which Aviall agreed that it would not pursue a business combination other than with Boeing until April 25, 2006.

From April 4, 2006 to April 9, 2006, representatives of Boeing and its advisors conducted business, legal and financial due diligence on Aviall at the offices of Haynes and Boone LLP. Boeing s due diligence continued from this time through the signing of the merger agreement, including numerous follow-up diligence telephone calls between Boeing, Aviall and each of their respective advisors.

On April 6, 2006, Boeing s outside legal counsel, Sheppard, Mullin, Richter & Hampton, LLP, provided Aviall s legal counsel with the first draft of the merger agreement. The initial draft of the merger agreement indicated that Boeing contemplated that certain of our stockholders would enter into voting agreements in connection with the merger. Boeing later proposed that The Carlyle Group and unspecified members of management enter into voting agreements. In the course of negotiating the merger agreement, the parties agreed that voting agreements would not be entered into. The draft merger agreement also indicated that it was a material condition to Boeing s willingness to enter into the merger agreement that certain of our senior executives, who had yet to be specified, would enter into non-competition and retention agreements in connection with the merger. Boeing s outside legal counsel subsequently delivered drafts of forms of such agreements to our outside legal counsel.

Table of Contents

On April 13, 2006, our board of directors met with our financial and legal advisors to discuss the terms of the proposed merger agreement. Our outside legal counsel advised our board of directors of their fiduciary duties and reviewed the material provisions of the proposed merger agreement. Mr. Fulchino reported to our board of directors his conversations with Mr. Mulally, including the general terms on which Boeing would propose to retain our senior management following completion of the merger. Our board of directors provided guidance to our management and financial and legal advisors with respect to the material terms of the proposed merger agreement and authorized them to continue negotiations with Boeing, including negotiations of valuation and other key terms.

During the last two weeks of April 2006, Boeing and Aviall and their advisors participated in negotiations regarding the merger agreement, including with respect to the consideration to be paid to the holders of our common stock in the merger and other key terms of the merger agreement. Senior management of Aviall, including Mr. Fulchino, Colin M. Cohen, Jacqueline K. Collier, Charles M. Kienzle, Louis F. Koch, Dan P. Komnenovich, Joseph Y. Lacik, Jr., Bruce Lansen, Jeffrey J. Murphy and Mr. Quinn, and representatives of Boeing separately negotiated the terms of non-competition and retention agreements that Boeing required be put in place, which agreements would become effective on the effective date of the merger, as a condition to its willingness to enter into the merger agreement. In addition, Boeing and Aviall and their advisors participated in frequent discussion with respect to business, legal and financial due diligence matters.

On April 21, 2006, our board of directors was updated on the status of the negotiations on the merger agreement and discussions relating to Boeing s proposal relating to management retention. Certain individual directors, with experience in negotiation and financial matters, provided additional guidance to management and its legal and financial advisors with respect to tactics and possible negotiating positions.

Shortly before the exclusivity period between Boeing and Aviall expired on April 25, 2006, Mr. Mulally contacted Mr. Fulchino to inform him that Boeing had substantially completed its due diligence investigation and that Boeing s original valuation of Aviall would be reduced from $50.00 per share to $48.00 per share. Mr. Mulally explained to Mr. Fulchino that Boeing felt it was appropriate to revise the proposed per share valuation to $48.00 per share, due, among other things, to Boeing s revised assessment with respect to the level and timing of operational synergies that it could achieve from the merger. Mr. Mulally also advised Mr. Fulchino that Boeing s due diligence indicated that Aviall s actual indebtedness and number of fully-diluted shares outstanding were higher than those initially assumed by Boeing in its initial proposal.

Our board of directors met on April 25, 2006 with our legal and financial advisors to discuss Boeing s revised proposal. Our outside legal counsel reviewed with our board of directors its fiduciary duties and summarized the status of negotiations on the merger agreement. Management updated our board of directors on the discussions relating to the non-competition and retention agreements. Our financial advisor, Credit Suisse, gave a financial presentation based upon the revised $48.00 per share valuation of Aviall. Our board of directors concluded that the $48.00 per share proposed by Boeing warranted a continuation of discussions with Boeing, but requested that the conditions to the closing of the merger be minimized in order to achieve certainty of closing. Accordingly, our board of directors instructed management and its advisors to continue to discuss valuation with Boeing and to continue negotiations with Boeing towards a definitive merger agreement.

Following the board meeting, on April 25, 2006, Mr. Fulchino spoke with Mr. Mulally and W. James McNerney, Chairman of the Board, President and Chief Executive Officer of Boeing, to discuss valuation and the status of negotiations relating to the transaction. Mr. McNerney declined to increase the merger consideration from $48.00 per share at that time, but agreed to consider valuation further and to assist in resolving key outstanding issues in the merger agreement.

Between April 25 and 30, 2006, Aviall and its legal counsel and Boeing and its legal counsel continued to negotiate the terms of a definitive merger agreement, including the termination fee. Simultaneously, members of our senior management and their legal counsel and representatives of Boeing negotiated the terms of definitive non-competition and retention agreements.

Table of Contents

On April 28, 2006, Mr. Fulchino and Mr. Mulally had a telephone conversation during which they discussed certain outstanding matters relating to the merger agreement. At that time, Mr. Mulally informed Mr. Fulchino that Boeing would not increase the proposed price beyond $48.00 per share.

On April 30, 2006, the board of directors of Boeing met and approved the terms of the merger agreement and the non-competition and retention agreements. Also on April 30, 2006, our board of directors met to consider the proposed acquisition of Aviall by Boeing at a price of $48.00 per share in cash upon the terms set forth in the definitive merger agreement. During this meeting, Mr. Fulchino updated our board of directors on developments since the April 25th meeting. Our outside legal counsel advised our board of directors of its fiduciary duties and discussed other legal and regulatory matters with our board of directors. Our board of directors was again apprised of the interests of certain members of our management in the transaction. Management advised our board of directors that the members of senior management that had been requested to do so by Boeing had signed non-competition and retention agreements on the terms previously described to our board of directors and as stipulated in the merger agreement. Senior management who signed such agreements included Mr. Fulchino, Mr. Cohen, Ms. Collier, Mr. Kienzle, Mr. Koch, Mr. Komnenovich, Mr. Lacik, Mr. Lansen, Mr. Murphy and Mr. Quinn. Credit Suisse reviewed its financial analysis of the proposed transaction with Boeing and delivered its oral opinion, later confirmed in writing, to the effect that, as of that date and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the $48.00 per share merger consideration was fair, from a financial point of view, to the holders of Aviall common stock (other than Boeing and its affiliates). Our legal counsel then reviewed the terms and conditions of the most recent draft of the merger agreement, a copy of which had been provided to the board of directors.

After extensive discussion and deliberation relating to the proposed transaction, our board of directors unanimously approved the non-competition and retention agreements and unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Aviall and its stockholders. Thereafter, Aviall and Boeing and their respective advisors finalized the documentation for the transaction for execution and the parties signed the merger agreement.

Aviall and Boeing publicly announced the transaction through the issuance of separate press releases on May 1, 2006.

Reasons for the Merger and Recommendation of the Aviall Board of Directors

At a special meeting of our board of directors on April 30, 2006, after careful consideration, including consultation with financial and legal advisors, our board of directors unanimously determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Aviall and its stockholders. Our board of directors unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and recommends that you vote FOR the adoption of the merger agreement.

In the course of reaching its decision to approve the merger agreement and to recommend that Aviall stockholders vote to adopt the merger agreement, our board of directors consulted our senior management, including Mr. Fulchino, Mr. Komnenovich, Mr. Murphy, Mr. Cohen and Mr. Quinn, its financial advisors and legal counsel, reviewed a significant amount of information and considered a number of factors, including, among others, the following:

- the business, competitive position, strategy and prospects of Aviall, which the board believed had been and were currently favorable, but, due in part to the increased competition for Aviall may be difficult to maintain in the future; the position of current and likely competitors of Aviall, including the possibility that Boeing or other original equipment manufacturers might acquire a competitor or otherwise enter the market; and current industry, economic and market conditions, which the board of directors considered to be favorable but subject to the risk of deterioration;

Table of Contents

the favorable timing of the merger, in that the aerospace industry was in a favorable position in its business cycle, that Boeing was interested in making a strategic acquisition of Aviall at this time, and the potential that Boeing or another party might not be interested in pursuing a transaction with Aviall in the future;

the $48.00 per share in cash to be paid as merger consideration in relation to the then-current market price of Aviall shares and the fact that the $48.00 per share in cash to be paid as merger consideration represents a significant premium to historical trading prices of Aviall common stock, including a premium of approximately 27% over the closing price of Aviall common stock on April 28, 2006, the last full day of trading prior to public announcement of the merger, and a premium of approximately 21% to the 52-week high trading price of Aviall s common stock, which is also the all-time high trading price;

the financial analysis presented by representatives of Credit Suisse, as well as the opinion of Credit Suisse to the effect that, as of April 30, 2006, and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the $48.00 per share merger consideration was fair, from a financial point of view, to the holders of Aviall common stock (other than Boeing and its affiliates);

that although the $48.00 per share merger consideration is below $52.34, which is the top end of the valuation range for Aviall indicated by Credit Suisse s discounted cash flow analysis, the board of directors did not believe there was sufficient certainty of achieving such hypothetical values and noted that $48.00 was in excess of the ranges for all other analyses performed by Credit Suisse and that, in any event, the analyses performed by Credit Suisse in connection with its opinion must be considered as a whole, as described more fully in the section of this proxy statement entitled The Merger Opinion of Our Financial Advisor beginning on page 38;

the value of the consideration to be received by Aviall stockholders and the fact that the consideration would be paid in cash, which provides certainty and immediate value to our stockholders;

the fact that the merger is not subject to any financing condition;

the possible alternatives to the merger (including the possibility of continuing to operate Aviall as an independent entity, the possibility of seeking a superior offer from a potential buyer other than Boeing, and the desirability and perceived risks of those alternatives), the range of potential benefits to our stockholders of the possible alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, the risk, which was perceived to be significant, of losing Boeing s offer if Aviall sought another offer, and our board of directors assessment that none of such alternatives were reasonably likely to present superior opportunities for Aviall or to create greater value for our stockholders, taking into account risks of execution as well as business, competitive, industry and market risks, than the merger;

that under the terms of the merger agreement, we can furnish information to, and negotiate with, a third party in response to an unsolicited bona fide acquisition proposal that our board of directors concludes in good faith is, or is reasonably likely to become, a superior offer and accept a superior offer should one be made and not matched by Boeing, upon payment to Boeing of a termination fee of $44.4 million and reimbursement of expenses up to $2.5 million; and

the likelihood that the proposed acquisition would be completed in light of the conditions to closing in the merger agreement, and financial capabilities and reputation of Boeing.

In the course of its deliberations, our board of directors also considered a variety of risks and other potentially negative factors, including the following:

Aviall will no longer exist as an independent public company and Aviall stockholders will forgo any future increase in our value that might result from our possible growth;

the risks and contingencies related to the announcement and pendency of the merger, including the impact of the merger on our employees, customers and our relationships with third parties;

after consulting with Credit Suisse regarding its conversation with Boeing management and considering other relevant factors, the assessment of management that further discussion was unlikely to cause Boeing to increase its valuation for Aviall;

Table of Contents

the assessment of management and its legal counsel that, based on negotiations with Boeing, it was unlikely that additional discussions with Boeing would yield significantly more favorable contractual terms in the near term;

the conditions to Boeing s obligation to complete the merger and the right of Boeing to terminate the merger agreement in certain circumstances described under The Merger Agreement Termination of the Merger Agreement on page 74;

the risk that we might not receive necessary regulatory approvals and clearances to complete the merger;

that under the terms of the merger agreement, Aviall cannot solicit other acquisition proposals and must pay to Boeing a termination fee of $44.4 million plus up to $2.5 million of expenses if the merger agreement is terminated under certain circumstances;

that the income realized by stockholders as a result of the merger will be taxable to our stockholders;

the interests that certain directors and executive officers of Aviall may have in the merger, in addition to their interests as stockholders of Aviall generally, as described in The Merger Interests of Aviall s Executive Officers and Directors in the Merger beginning on page 42; and

that, pursuant to the merger agreement, we must generally conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to closing of the merger or termination of the merger agreement, which may delay or prevent us from pursuing business opportunities that may arise or preclude actions that would be advisable if we were to remain an independent company.

Our board of directors did not assign any particular weight or rank to any of the positive or potentially negative factors or risks discussed in this section, and our board of directors carefully considered all of these factors as a whole in reaching its determination and recommendation.

Opinion of Our Financial Advisor

Credit Suisse has acted as financial advisor to Aviall in connection with the merger.

In connection with Credit Suisse s engagement, the board of directors of Aviall requested that Credit Suisse evaluate the fairness, from a financial point of view, to the holders of Aviall s common stock (other than Boeing and its affiliates), of the merger consideration to be received by those stockholders pursuant to the merger. On April 30, 2006, at a meeting of the board of directors held to evaluate the merger, Credit Suisse delivered to the board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated April 30, 2006, to the effect that, as of that date and based upon and subject to the factors, assumptions and limitations set forth in its opinion, the merger consideration to be received pursuant to the merger agreement is fair, from a financial point of view, to the holders of Aviall s common stock (other than Boeing and its affiliates).

The full text of Credit Suisse s written opinion to the board of directors, dated April 30, 2006, which sets forth the procedures followed, assumptions made, matters considered and limitations of the review undertaken, is attached as Annex B to this proxy statement and is incorporated by reference into this proxy statement. Holders of Aviall s common stock are encouraged to read this opinion carefully and in its entirety. Credit Suisse s opinion was provided to the board of directors in connection with its evaluation of the merger consideration and addresses only the fairness, from a financial point of view, of the merger consideration to be received by the holders of Aviall s common stock (other than Boeing and its affiliates), and does not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise, and does not constitute a recommendation to any Aviall stockholder as to any matter relating to the merger, including how such stockholder should vote or act with respect to any matters relating to the merger. The summary of Credit Suisse s opinion in this proxy statement is qualified in its entirety by reference to the full text of the opinion.

38

Table of Contents

In arriving at its opinion, Credit Suisse reviewed the merger agreement as well as certain publicly available business and financial information relating to Aviall. Credit Suisse also reviewed certain other information relating to Aviall, including financial forecasts, provided to or discussed with Credit Suisse by the management of Aviall, and met with the management of Aviall to discuss the business and prospects of Aviall. Credit Suisse also considered certain financial and stock market data of Aviall, and compared that data with similar data for other publicly held companies Credit Suisse deemed similar to that of Aviall and considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been effected or announced. Credit Suisse also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

In connection with its review, Credit Suisse did not assume any responsibility for independent verification of any of the information that it reviewed or considered and relied on that information being complete and accurate in all material respects. With respect to the financial forecasts for Aviall, Credit Suisse was advised by management of Aviall, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of Aviall s management as to the future financial performance of Aviall. Credit Suisse also assumed, with the consent of the board of directors, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Aviall or the merger and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Aviall, nor was Credit Suisse furnished with any such evaluations or appraisals. Credit Suisse s opinion was necessarily based upon information made available to it as of the date thereof and upon financial, economic, market and other conditions as they existed and could be evaluated on the date thereof. Aviall s board of directors has not requested an update to Credit Suisse s opinion, and Credit Suisse is under no obligation to update its opinion. Credit Suisse s opinion did not address the merits of the merger as compared to alternative transactions or strategies that might be available to Aviall, nor did it address the underlying decision of Aviall to proceed with the merger. Credit Suisse was not requested to, and did not, solicit third party indications of interest in acquiring all or any part of Aviall.

In preparing its opinion to the board of directors, Credit Suisse performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse s analyses described below is not a complete description of the analyses underlying Credit Suisse s opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Credit Suisse arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Aviall. No company, transaction or business used in Credit Suisse s analyses as a comparison is identical to Aviall, its business or the proposed transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse s analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or

Table of Contents

values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Credit Suisse s analyses are inherently subject to substantial uncertainty.

Credit Suisse s opinion and financial analyses were only one of many factors considered by the board of directors in its evaluation of the proposed transaction and should not be viewed as determinative of the views of the board of directors or Aviall s management with respect to the transaction or the merger consideration. Although Credit Suisse evaluated the merger consideration from a financial point of view, it was not requested to, and did not, determine or recommend the specific consideration to be paid in the transaction.

Analyses Performed in Connection with the Preparation of the Fairness Opinion by Credit Suisse Securities (USA) LLC

The following is a summary of the material financial analyses Credit Suisse presented to the board of directors on April 30, 2006 in connection with the merger. The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse s financial analyses.

Selected Public Companies Analysis. Using publicly available information, Credit Suisse reviewed the market values and trading multiples of the following publicly traded companies in the distribution and aerospace supply industries:

Precision Castparts Corp.

Goodrich Corporation

Crane Co.

Hexcel Corporation

BE Aerospace, Inc.

Moog Inc.

W.W. Grainger, Inc.

MSC Industrial Direct Co., Inc.

Barnes Group Inc.

AAR Corp.

Interline Brands, Inc.

Multiples were based on closing stock prices as of April 28, 2006. Estimated data for the selected companies were based on publicly available research analysts estimates. Credit Suisse compared enterprise values, calculated as equity value plus net debt, as a multiple of calendar year 2006 estimated earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. Credit Suisse then applied ranges of selected EBITDA multiples for the selected companies to corresponding financial data of Aviall. Estimated data for Aviall were based on internal estimates of Aviall s management. This analysis indicated the following implied per share equity reference range for Aviall, as compared to the merger consideration:

Implied Per Share Equity Reference Range for Aviall, Inc.		Per Share Merger Consideration
$34.37	$42.97	$ 48.00

40

Table of Contents

Selected Acquisitions Analysis. Using publicly available information, Credit Suisse reviewed information relating to the following selected acquisitions and announced offers to acquire, which Credit Suisse deemed relevant to arriving at its opinion:

Acquiror	Target
Dubai International Capital LLC	Doncasters Group Limited
Greenbriar Equity and Vestar Capital Partners	Argo-Tech Corporation
DRS Technologies Inc.	Engineered Support Systems, Inc.
Eaton Corporation	Aerospace Fluid & Air Division of Cobham plc
Aurora Capital Group	K & F Industries Holdings, Inc.
Meggitt PLC	Design and Manufacturing Business of Dunlop Standard Aerospace Group Limited
L-3 Communications Integrated Systems L.P.	Vertex Aerospace LLC
Precision Castparts Corp.	SPS Technologies, Inc.
Warburg Pincus Private Equity VIII, L.P.	TransDigm Inc.
Alcoa Inc.	Fasteners Business of The Fairchild Corporation
Goodrich Corporation	Aeronautical Systems business of TRW Inc.
General Electric Company	Unison Industries, LLC
MSC Industrial Direct Co., Inc.	J&L Industrial Supply business of Kennametal Inc.
The Home Depot, Inc.	Hughes Supply, Inc.
WESCO International, Inc.	Carlton-Bates Company
The Home Depot, Inc.	National WaterWorks, Inc.
Hughes Supply, Inc.	Century Maintenance Supply, Inc.
BE Aerospace, Inc.	M&M Aerospace Hardware, Inc.
Wilmar Industries, Inc.	Barnett Inc.
Parthenon Capital, LLC and Chase Capital Partners	Wilmar Industries, Inc.
Leonard Green & Partners LP	White Cap Industries, Inc.
Avnet, Inc.	Marshall Industries
Reptron Electronics, Inc.	All American Semiconductor, Inc.
Marshall Industries	Sterling Electronics Corporation
Unisource Worldwide, Inc.	National Sanitary Supply Company
Bell Industries, Inc.	Milgray Electronics, Inc.
Royal Pakhoed N.V.	Univar Corporation

Multiples for the selected transactions were based on publicly available financial information at the time of announcement of the relevant transactions. Credit Suisse compared enterprise values in the selected transactions as multiples of latest twelve months EBITDA. Credit Suisse then applied ranges of selected multiples derived from the selected transactions to the estimated EBITDA of Aviall for the twelve month period ending June 30, 2006, a portion of which included estimated data based on internal estimates of Aviall s management. This analysis indicated the following implied per share equity reference range for Aviall, as compared to the merger consideration:

Implied Per Share Equity Reference Range for Aviall, Inc.		Per Share Merger Consideration
$34.30	$42.06	$ 48.00

Discounted Cash Flow Analysis. Credit Suisse calculated the estimated present value of the stand-alone, unlevered, after-tax free cash flows that Aviall could generate over calendar years 2006 through 2008. Estimated financial data for Aviall were based on internal estimates of Aviall s management. Credit Suisse also calculated a range of estimated terminal values for Aviall by multiplying Aviall s calendar year 2008 estimated EBITDA, by selected multiples ranging from 11.0x to 13.0x. The estimated after-tax free cash flows and terminal values were

Table of Contents

then discounted to the present value using discount rates of 11.5% to 13.5%. This analysis indicated the following implied per share equity reference range for Aviall as compared to the merger consideration:

Implied Per Share Equity Reference Range for Aviall, Inc.		Per Share Merger Consideration
$39.92	$52.34	$ 48.00

Miscellaneous. Aviall selected Credit Suisse based on Credit Suisse s experience and reputation, and its familiarity with Aviall and its business. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Aviall has agreed to pay Credit Suisse a fee currently estimated to be approximately $12.2 million for its financial advisory services in connection with the merger, contingent upon consummation of the merger. Aviall has agreed to reimburse Credit Suisse for its expenses, including reasonable fees and expenses of legal counsel and any other advisor retained by Credit Suisse, and to indemnify Credit Suisse and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse has advised Aviall that the inclusion of its opinion letter, dated April 30, 2006, to the board of directors of Aviall as Annex B to the proxy statement and the related disclosure in this section of the proxy statement entitled The Merger Opinion of Our Financial Advisor are permitted under the engagement letter between Aviall and Credit Suisse.

Credit Suisse and its affiliates in the past have provided, are currently providing and may in the future provide investment banking and other financial services to Aviall and Boeing, for which services Credit Suisse and its affiliates have received, and would expect to receive, compensation. In February of 2005, Credit Suisse served as underwriter for the sale of Aviall common stock by an Aviall stockholder, and in connection with such sale Credit Suisse agreed on February 8, 2005 to purchase 4 million shares of Aviall common stock from the Aviall stockholder at a price of $28.29 per share, which was $0.16 less than the closing price of Aviall common stock on February 8, 2005. In addition, an affiliate of Credit Suisse participates in the credit facility of Aviall Services and has earned approximately $190,000 in the aggregate over the past two years for its participation in the credit facility. Credit Suisse is a full service securities firm, engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its or its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Aviall, Boeing and any other company that may be involved in the merger, as well as provide investment banking and other financial services to such companies.

Interests of Aviall s Executive Officers and Directors in the Merger

When considering the recommendation of our board of directors, you should be aware that the members of our board of directors and our executive officers have interests in the merger other than their interests as Aviall stockholders generally. These interests arise under certain of our existing benefit agreements and, in the case of the executive officers, pursuant to either an amended and restated employment agreement (in the case of Mr. Fulchino) or amended and restated severance agreements (in the case of all other executive officers) entered into with Boeing, merger sub and Aviall. These interests may be different from, or in conflict with, your interests as an Aviall stockholder. The members of our board of directors were aware of these additional interests, and considered them, when they approved the merger agreement.

Overview

As a material inducement to the willingness of Boeing and merger sub to enter into the merger agreement, Paul E. Fulchino, our Chairman, President and Chief Executive Officer, entered into an amended and restated

Table of Contents

employment agreement, with Boeing, merger sub and Aviall. Mr. Fulchino s amended and restated employment agreement will take effect upon the consummation of the merger and replace his existing employment agreement and his existing severance agreement with Aviall. In addition, Mr. Fulchino has certain rights and benefits under other pre-existing arrangements with Aviall which survive the merger. If the merger agreement is terminated, the amended and restated employment agreement will be void and the existing employment agreement and severance agreement with Mr. Fulchino will be reinstated. Mr. Fulchino will also continue to serve as a member of Aviall s board of directors after the effective time of the merger.

Our other executive officers, consisting of Colin M. Cohen, Jacqueline K. Collier, Charles M. Kienzle, Louis F. Koch, Daniel P. Komnenovich, Joseph Y. Lacik, Jr., Bruce Langsen, Jeffrey J. Murphy and James T. Quinn, entered into amended and restated severance agreements with Boeing, merger sub and Aviall, which will supersede and replace his or her existing severance agreement with Aviall, and each executive officer will waive the provisions of his or her existing severance agreement, in each case upon consummation of the merger. If the merger agreement is terminated, each of the amended and restated severance agreements will be void and the existing severance agreements will be reinstated. Pursuant to the amended and restated severance agreements, each of Aviall s executive officers will continue as an employee of Aviall following the effective time of the merger.

Under their respective amended and restated employment agreement or amended and restated severance agreement, as applicable, with Boeing, merger sub and Aviall, our executive officers will continue to be employed with Aviall as follows:

Name	Offices
Paul E. Fulchino	President and Chief Executive Officer of Aviall
Dan P. Komnenovich	President and Chief Operating Officer of Aviall Services
Bruce Langsen	President of ILS
Colin M. Cohen	Senior Vice President and Chief Financial Officer of Aviall
Jacqueline K. Collier	Senior Vice President and Chief Accounting Officer of Aviall
Jeffrey J. Murphy	Senior Vice President of Law and Human Resources of Aviall
Charles M. Kienzle	Senior Vice President of Operations of Aviall Services
James T. Quinn	Senior Vice President of Sales and Marketing of Aviall Services
Joseph Y. Lacik	Senior Vice President of Information Services of Aviall Services
Louis F. Koch	Vice President of Human Resources of Aviall

In addition, we maintain certain other arrangements (described below) under which our executive officers will receive additional payments or benefits as a result of the consummation of the merger or upon a subsequent involuntary termination of employment other than for cause or voluntary termination for good reason following the consummation of the merger.

Mr. Fulchino s Amended and Restated Employment Agreement

The following is a summary of the terms of Mr. Fulchino s amended and restated employment agreement. For a summary of the differences between Mr. Fulchino s amended and restated employment agreement and his current employment and severance agreements with us, see Summary of Changes below.

Term of Employment Agreement. Mr. Fulchino s amended and restated employment agreement requires that he remain employed until December 31, 2009.

Salary, Vacation, Life Insurance and Disability Insurance. Mr. Fulchino is entitled to an annual base salary of not less than $650,000, which may be increased, but may not be decreased. Mr. Fulchino also will receive three weeks vacation each year, $1.3 million of term life insurance coverage (to the extent commercially available) and supplemental disability coverage equal to 60% of his base salary.

Table of Contents

Annual Incentive Compensation. In addition to his annual base salary, Mr. Fulchino will be eligible to participate in the current and any future management incentive program of Aviall on terms commensurate with Mr. Fulchino s position and level of responsibility, but his annual incentive opportunity will be not less than 100% of his annual base salary.

Termination Payments. Upon a termination of Mr. Fulchino s employment, Mr. Fulchino or Mr. Fulchino s estate or beneficiaries, as appropriate, will receive the unpaid balance of his base salary through the date of his termination and any accrued and unused vacation days (in addition to other benefit plans or programs then in effect). Mr. Fulchino also is entitled to additional payments and benefits if Mr. Fulchino s employment is terminated by Aviall without cause, or by Mr. Fulchino with good reason, with each of those terms having the meaning as defined in the amended and restated employment agreement, as described below. Upon Mr. Fulchino s involuntary termination without cause or his voluntary termination with good reason, Mr. Fulchino will be entitled to: his unpaid base salary through his termination date, any accrued and unused vacation days, a severance payment in an amount equal to the greater of his base salary for the remaining of the then-current amended and restated employment agreement term or three times his base salary, and three times his annual incentive payment, as defined in the amended and restated employment agreement, as described below. In addition, Mr. Fulchino will be entitled to receive, for the one-year period after such termination of employment, health and life insurance benefits substantially identical to those benefits to which Mr. Fulchino, his dependents, and beneficiaries were receiving immediately prior to such termination of employment (or, if greater in the aggregate, the benefits to which Mr. Fulchino, his dependents and beneficiaries were receiving immediately prior to the effective time of the merger). Also, should Mr. Fulchino s employment terminate other than for voluntary resignation not for good reason or cause, Mr. Fulchino will be entitled to credit for years of service under our Supplemental Executive Retirement Income Plan as if Mr. Fulchino had served through the end of the term of the amended and restated employment agreement. Any payments upon termination of Mr. Fulchino s employment are payable in a lump sum payment and must be paid within 30 days after Mr. Fulchino s termination date, except to the extent a delayed payment is required in order to comply with Section 409A of the Internal Revenue Code.

Certain Definitions. Good reason is defined in Mr. Fulchino s amended and restated employment agreement as termination of Mr. Fulchino s employment for any of the following reasons: Aviall has breached any material provision of the amended and restated employment agreement and within 30 days after notice thereof from Mr. Fulchino, Aviall fails to cure such breach; a successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Aviall fails to assume liability under the amended and restated employment agreement; the failure to elect or reelect or otherwise to maintain Mr. Fulchino as President, Chief Executive Officer and as a director of Aviall (or any successor entity by operation of law or otherwise); if the employment of Mr. Fulchino is terminated by reason of the failure of Aviall to renew or extend the amended and restated employment agreement on December 31, 2009; a significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with Aviall which Mr. Fulchino holds at the effective time of the merger, a reduction in Mr. Fulchino s base salary set forth in the amended and restated employment agreement (and described above) received from Aviall and the annual incentive opportunity (but not the guarantee of achievement) available to Mr. Fulchino during such year of termination under Aviall s short-term incentive program applicable to Mr. Fulchino, or the termination or denial of Mr. Fulchino s rights to employee benefits or a reduction in employee benefits (other than reductions in such employee benefits which in the aggregate are not material) to which Mr. Fulchino, his dependents and beneficiaries are entitled to participate in at the effective time of the merger, any of which is not remedied by Aviall within 30 calendar days after receipt by Aviall of written notice from Mr. Fulchino of such change, reduction or termination, as the case may be; without Mr. Fulchino s prior written consent, Aviall relocates its principal executive offices (if such offices are the principal location of Mr. Fulchino s work), or requires Mr. Fulchino to have his principal location of work changed, to any location that, in either case, is in excess of 25 miles from the location thereof at the effective time of the merger, or requires Mr. Fulchino to travel away from his office in the course of discharging his responsibilities or duties at least 20% or more (in terms of aggregate days in any calendar year or in any calendar quarter when annualized

Table of Contents

for purposes of comparison to any prior year) than was required of Mr. Fulchino in any of the three full years immediately prior to the effective time of the merger. In certain circumstances, good reason also includes Aviall s discontinuance of its Benefit Restoration Plan or Supplemental Executive Retirement Income Plan before Mr. Fulchino is eligible for retirement and fully vested without providing Mr. Fulchino with a plan or plans that provide equivalent benefit opportunities.

Cause is defined in Mr. Fulchino s amended and restated employment agreement, as the willful breach or habitual neglect of assigned duties related to Aviall, including compliance with Aviall s policies, and such breach or neglect is materially detrimental to Aviall; the conviction (including any plea of nolo contendere) of Mr. Fulchino of any felony or crime involving dishonesty or moral turpitude; any act of personal dishonesty knowingly taken by Mr. Fulchino in connection with his responsibilities as an employee and intended to result in personal enrichment of Mr. Fulchino or any other person; bad faith conduct that is materially detrimental to Aviall; the inability of Mr. Fulchino to perform his duties due to alcohol or illegal drug use; Mr. Fulchino s failure to comply with any material legal written directive of Aviall s board of directors; any act or omission of Mr. Fulchino which is of substantial detriment to Aviall because of Mr. Fulchino s intentional failure to comply with any statute, rule or regulation, except any act or omission believed by Mr. Fulchino in good faith to have been in or not opposed to the best interest of Aviall (without intent of Mr. Fulchino to gain, directly or indirectly, a profit to which Mr. Fulchino was not legally entitled) excluding bad judgment or negligence other than habitual neglect of duty; or a material breach by Mr. Fulchino of the restrictive covenants relating to confidentiality, non-competition and non-solicitation set forth in the amended and restated employment agreement. However, cause does not exist unless Aviall provides Mr. Fulchino with written notice accompanied by a resolution of Aviall s board of directors adopted by an affirmative vote of the majority of the board members (excluding Mr. Fulchino) finding cause and terminating Mr. Fulchino s employment for cause .

Annual incentive payment means the greater of the dollar amount of the annual incentive payment that will be payable to Mr. Fulchino if Aviall reaches its target performance for the year in which Mr. Fulchino is terminated under Aviall s short term incentive plan applicable to Mr. Fulchino, as if all requirements for full payment for reaching target performance of such incentive had been met (determined without regard to any reduction in incentive payments that results in good reason termination) and the dollar amount of the annual incentive actually paid or payable to Mr. Fulchino for the most recently completed fiscal year prior to the date of such termination. The annual incentive payment will include, in addition to cash incentive payments, the cash value of any restricted stock awards, which will be equal to the lesser of the value of any restricted stock that is awarded as part of an annual incentive plan of Aviall or Boeing when awarded and the current market value of such restricted stock as of the date of Mr. Fulchino s termination of employment with Aviall.

Stock Appreciation Rights. Immediately prior to the effective time of the merger, all stock appreciation rights held by Mr. Fulchino will be cancelled. In substitution for such cancelled stock appreciation rights, Mr. Fulchino will receive a number of Boeing stock appreciation rights, payable in the common stock of Boeing, equal to the product of the number of cancelled Aviall stock appreciation rights and the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The base price for the Boeing stock appreciation rights will be determined by dividing the per stock appreciation right base price applicable to the cancelled Aviall stock appreciation rights by the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The Boeing stock appreciation rights will be subject to the same vesting schedule as the cancelled Aviall stock appreciation rights. The Boeing stock appreciation rights will accelerate and become exercisable in full upon Mr. Fulchino s death, if such death occurs while he is employed by Aviall, Boeing or one of their subsidiaries, Mr. Fulchino s permanent and total disability, if he becomes totally disabled while an employee of Aviall, Boeing or one of their subsidiaries, or in the event of Mr. Fulchino s voluntary retirement under a retirement plan of Aviall, Boeing or one of their subsidiaries at or after the earliest retirement age provided for in such retirement plan or retirement at any earlier age with the consent of Aviall s board of directors.

Table of Contents

Accelerated Taxes Resulting from Cancelled Stock Appreciation Rights. Should Mr. Fulchino incur taxes as a result of the waiver of the vesting of his cancelled Aviall stock appreciation rights, Mr. Fulchino s amended and restated employment agreement provides for a payment to compensate him (on an after-tax basis) for the cost of paying such taxes prior to the exercise date of the substituted Boeing stock appreciation rights. In addition, the amended and restated employment agreement provides for a payment to reimburse Mr. Fulchino (on an after-tax basis) if the accelerated taxes due as a result of the waiver of the vesting of his cancelled stock appreciation rights exceed the taxes that would have been due if the substituted Boeing stock appreciation rights had been exercised immediately following the vesting thereof and no accelerated tax had been due as a result of the waiver.

Stock Options. In accordance with the merger agreement, immediately prior to the effective time of the merger, all then-outstanding stock options to purchase our common stock held by Mr. Fulchino will be cancelled. In consideration for such cancellation, Mr. Fulchino will receive a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the exercise price per share subject to such option, such cash payment to be reduced by any required deductions and applicable withholdings. See the table on page 56 for more information regarding this payment to Mr. Fulchino.

Common Stock. At the effective time of the merger, each share of Aviall common stock, including, but not limited to shares of restricted stock, held by Mr. Fulchino immediately prior to the effective time of the merger will be automatically converted into the right to receive $48.00 in cash without interest and less applicable withholding tax, in accordance with the terms of the merger agreement. See the tables on pages 56 and 57 for further information regarding the number of shares of Aviall common stock and restricted stock held by Mr. Fulchino as of June 12, 2006 and the value of the shares at $48.00 per share.

Benefit Restoration Payments. Mr. Fulchino s amended and restated employment agreement provides that payments owing to Mr. Fulchino under the Benefit Restoration Plan will be paid upon the effective time of the merger in accordance with the terms of the Benefit Restoration Plan. The amount to be received will give effect to an amendment to the Retirement Plan which is not scheduled to take effect until the Internal Revenue Service approves the amendment. Although the amendment was submitted to the Internal Revenue Service on May 8, 2006, approval has not yet been obtained and it is anticipated that such approval will not be obtained for a number of months (if at all). If the amendment is not approved by the Internal Revenue Service, Aviall will make an additional payment to Mr. Fulchino (together with interest) in an amount equal to the amount that originally would have been paid had the amendment not been taken into account, less the amounts previously paid from the Benefit Restoration Plan. For a more complete description of the Benefit Restoration Plan, see Other Compensation and Benefit Arrangements beginning on page 52.

Non-Competition and Non-Solicitation. Mr. Fulchino s amended and restated employment agreement provides that during his term of employment with Aviall and for a period of two years following the termination of his employment, Mr. Fulchino will be subject to a restrictive covenant that generally prohibits him, without prior written consent of Aviall, from engaging in any business competitive directly with the business conducted by Aviall or any of its subsidiaries in any geographic area where such business of Aviall or any of its subsidiaries or affiliates is conducted. In addition, during that same period of time, Mr. Fulchino will be subject to a restrictive covenant that prohibits his solicitation of any employee of Aviall or its subsidiaries to give up employment with Aviall or its subsidiaries, without prior written consent of Aviall.

Confidentiality. Mr. Fulchino s amended and restated employment agreement provides that during his term of employment with Aviall or at all times thereafter, Mr. Fulchino will be subject to a restrictive covenant that prohibits him from intentionally and wrongfully disclosing certain confidential or proprietary information of Aviall to any person not employed by, representing, or engaged by, Aviall or any of its subsidiaries, or to any director of Aviall or any of its subsidiaries, or using such information in connection with engaging in competition with Aviall.

Section 409A of the Internal Revenue Code. Section 409A of the Internal Revenue Code of 1986, as amended, imposes an additional income tax on certain payments that are made within six months following

Table of Contents

separation from service of certain specified employees (as defined in Section 409A and the regulations and guidance issued thereunder). Mr. Fulchino s amended and restated employment agreement provides that, to the extent any payment to which Mr. Fulchino becomes entitled under the agreement in connection with his termination of employment constitutes deferred compensation subject to Section 409A and Mr. Fulchino is deemed at the time of such termination of employment to be a specified employee (as defined in Section 409A and the regulations and guidance issued thereunder), then such payment will be delayed. During any period of delay, Mr. Fulchino would be entitled to interest at a per annum rate equal to the highest rate of interest applicable to six month money market accounts offered by the following institutions on the date of such termination of employment: Citibank N.A., Wells Fargo Bank, N.A. or Bank of America.

Tax Gross-Up. In the event that it is determined that any payment or distribution by Boeing or Aviall or any of their affiliates to or for the benefit of Mr. Fulchino, whether pursuant to the terms of the amended and restated employment agreement or otherwise would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then Mr. Fulchino will be entitled to receive an additional payment such that after payment of all taxes on the additional payment (including any excise taxes imposed on the additional payment), Mr. Fulchino retains an amount of the additional payment equal to the excise taxes imposed on the amount Mr. Fulchino received prior to the additional payment.

Payment of Legal Fees and Expenses. In the event Mr. Fulchino retains an attorney or attorneys to advise and represent him in connection any interpretation, enforcement or defense of his rights under the amended and restated employment agreement, Aviall will pay and be solely financially responsible for any and all attorneys and related fees and expenses incurred by Mr. Fulchino, so long as Mr. Fulchino has not acted in bad faith or with no colorable claim of success.

Summary of Changes. Mr. Fulchino s amended and restated employment agreement grants him the same rights and benefits he has under his existing employment agreement and severance agreement, except as follows:

- severance amounts must be paid within 30 days of termination, rather than over a 24 month period after termination or within 15 days of termination;
- Boeing stock appreciation rights are being provided in substitution of Aviall stock appreciation rights and a tax gross up provision is included to compensate Mr. Fulchino for taxes incurred as a result of the cancellation of the Aviall stock appreciation rights;
- Aviall and Boeing agree to continue the Benefit Restoration Plan and the Supplemental Executive Retirement Income Plan until Mr. Fulchino is eligible for retirement or fully vested (or to provide equivalent benefit opportunities) and if they fail to do so, Mr. Fulchino can voluntarily resign for good reason; and
- Boeing has agreed to provide a written guarantee of payment under the Supplemental Executive Retirement Income Plan and the Benefit Restoration Plan if all affected participants waive the funding requirements under a trust adopted by our board of directors on March 23, 2006.

Amended and Restated Severance Agreements of Our Other Executive Officers

The following is a summary of the amended and restated severance agreements with Colin M. Cohen, Jacqueline K. Collier, Charles M. Kienzle, Louis F. Koch, Daniel P. Komnenovich, Joseph Y. Lacik, Jr., Bruce Langsen, Jeffrey J. Murphy and James T. Quinn. For a summary of the differences between these executive officers amended and restated severance agreements and their current severance agreements with Aviall, see Summary of Changes below.

Term of Severance Agreements. The amended and restated severance agreement of each of the executive officers is for a term of three years from the effective time of the merger, although certain provisions survive the term of the agreement. However, each of the executive officer s employment is at-will and may be terminated at any time for any reason, subject to the obligations described below.

Table of Contents

Salary. The base salaries for our executive officers would be as follows: Mr. Cohen $286,229; Ms. Collier $191,800; Mr. Kienzle $211,197; Mr. Koch $150,000; Mr. Komnenovich $350,926; Mr. Lacik $194,429; Mr. Langsen $236,085; Mr. Murphy $218,210; and Mr. Quinn $218,076.

Annual Incentive Compensation. Each executive officer will be eligible for incentive bonuses, in addition to their base salaries, consistent with Aviall s existing incentive plans with respect to amount, terms and the performance metrics related to those existing incentive plans, based upon Aviall s business plans for 2006, 2007 and 2008. For 2006, Aviall s board of directors has approved a target incentive bonus of 80% of base salary for each of these executive officers.

Termination Payments. Under the amended and restated severance agreements, each executive officer is entitled to the payments and benefits described below if, during the three-year period following the effective time of the merger, the executive officer terminates his or her employment for good reason or if the executive s employment with Aviall is terminated for any reason other than death, cause, disability, or voluntary resignation, with each of those terms having the meaning as defined in each of the amended and restated severance agreements, as described below. Upon the executive officer s termination of employment with Aviall for any reason other than his or her death, disability, or voluntary resignation without good reason or for cause, the executive officer will be entitled to receive, subject to applicable federal, state and/or local taxes and other amounts required by governmental authorities to be withheld or deducted, the payment by Aviall of an amount equal to three times (two times in the case of Mr. Koch) the sum of the executive officer s annual base salary as of the date of the termination of employment (or, if higher, the rate in effect immediately prior to the effective time of the merger) and the executive officer s annual incentive payment, which has the meaning as defined in each of the amended and restated severance agreements, as described below. In addition, the executive officer will be entitled to receive, for the one-year period after such termination of employment, health and life insurance benefits substantially identical to those benefits to which the executive officer, his or her dependents, and beneficiaries were receiving immediately prior to such termination of employment (or, if greater in the aggregate, the benefits to which the executive officer, his or her dependents and beneficiaries were receiving immediately prior to the effective time of the merger). Any payments upon termination of an executive officer s employment are payable in a lump sum payment and must be paid within 30 days after the executive officer s termination date, except to the extent a delayed payment is required in order to comply with Section 409A of the Internal Revenue Code.

Certain Definitions. Good reason is defined in the amended and restated severance agreements, as failure to elect or reelect or otherwise to maintain the executive officer in the office or the position, or a substantially equivalent office or position, of or with Aviall (or any successor thereto by operation of law or otherwise), as the case may be, which the executive officer holds at the effective time of the merger; a significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with Aviall which the executive officer holds at the effective time of the merger, a reduction in the executive officer s annual base salary (as defined in the amended and restated severance agreements and set forth above) received from Aviall and the annual incentive opportunity (but not the guarantee of achievement) available to the executive officer for the year in which his or her termination of employment for any reason other than death, cause, disability, voluntary resignation or good reason (with each of those terms having the meaning as defined in each of the amended and restated severance agreements, as described herein) occurs under Aviall s short-term incentive program applicable to the executive officer, or the termination or denial of the executive officer s rights to employee benefits or a reduction in employee benefits (other than reductions in such employee benefits which in the aggregate are not material) to which the executive officer, his or her dependents and beneficiaries are entitled to participate at the effective time of the merger, any of which is not remedied by Aviall within 30 calendar days after the receipt by Aviall of written notice from the executive officer of such change, reduction, or termination, as the case may be; without the executive officer s prior written consent, Aviall relocates its principal executive offices (if such offices are the principal location of executive officer s work) or requires the executive officer to have his or her principal location of work changed, to any location that, in either case, is in excess of 25 miles from the location thereof at the effective time of the merger, or requires the

Table of Contents

executive officer to travel away from his or her office in the course of discharging his or her responsibilities or duties at 20% or more (in terms of aggregate days in any calendar year or in any calendar quarter when annualized for purposes of comparison or any prior year) than was required of the executive officer in any of the three full years immediately prior to the effective time of the merger; or without limiting the generality or effect of the foregoing, any material breach of the amended and restated severance agreement by Aviall or any successor thereto which is not remedied by Aviall within 30 calendar days after receipt by Aviall of written notice from the executive officer of such breach. However, cause does not exist unless Aviall provides the applicable executive officer with written notice accompanied by a resolution of Aviall s board of directors adopted by an affirmative vote of three quarters of the board members finding cause and terminating the applicable executive officer s employment for cause. In certain circumstances, good reason also includes Aviall s discontinuance of its Benefit Restoration Plan or Supplemental Executive Retirement Income Plan before the executive officer is eligible for retirement and fully vested without providing the executive officer with a plan or plans that provide equivalent benefit opportunities.

Cause is defined in the amended and restated severance agreements, as the willful breach or habitual neglect of assigned duties related to Boeing or Aviall, including compliance with Aviall policies; conviction (including any plea of nolo contendere) of the executive officer of any felony or crime involving dishonesty; any act of personal dishonesty knowingly taken by the executive officer in connection with his or her responsibilities as an employee and intended to result in personal enrichment of the executive officer or any other person; bad faith conduct that is materially detrimental to Boeing or Aviall; inability of the executive officer to perform the executive officer s duties due to alcohol or illegal drug use; the executive officer s failure to comply with any legal written directive of Aviall s board of directors; or any act or omission of the executive officer which is of substantial detriment to Boeing or Aviall because of the executive officer s intentional failure to comply with any statute, rule or regulation, except any act or omission believed by the executive officer in good faith to have been in or not opposed to the best interest of Boeing or Aviall (without the intent of the executive officer to gain directly or indirectly, a profit to which the executive officer was not legally entitled) and except that cause will not mean bad judgment or negligence other than habitual neglect of duty.

Disability is defined in the amended and restated severance agreements as the absence of the executive officer from the full-time performance of his or her duties with Aviall for six consecutive months as a result of incapacity due to physical or mental illness.

Voluntary Resignation is defined in the amended and restated severance agreements as any termination of the executive officer s employment with Aviall upon such executive officer s own initiative, including the executive officer s retirement other than termination of the executive officer s employment for good reason.

Annual incentive payment means the greater of the dollar amount of the annual incentive payment that will be payable to the applicable executive officer if Aviall reaches its target performance for the year in which a post-closing termination (other than a termination for cause or good reason or due to the applicable executive officer s death, disability or voluntary resignation) occurs under Aviall s short term incentive plan applicable to such executive officer, as if all requirements for full payment for reaching target performance of such incentive had been met (determined without regard to any reduction in incentive payments that results in good reason termination) and the dollar amount of the annual incentive actually paid or payable to the executive officer for the most recently completed fiscal year prior to a post-closing termination (other than a termination for cause or good reason or due to the applicable executive officer s death, disability or voluntary resignation). The annual incentive payment will include, in addition to cash incentive payments, the cash value of any restricted stock awards, which will be equal to the lesser of the value of any restricted stock that is awarded as part of an annual incentive plan of Aviall or Boeing when awarded and the current market value of such restricted stock as of the date of the applicable executive officer s termination of employment with Aviall.

Restricted Stock Units. As of the effective time of the merger, Boeing will issue to each executive officer a number of restricted stock units covering shares of Boeing common stock with a value equal to two times the

Table of Contents

executive s 2006 annual base salary divided by the average of the high and low per share trading prices of Boeing s common stock on the New York Stock Exchange during regular session trading as reported by *The Wall Street Journal* on the date of grant. The date of grant of these awards will be the closing date of the merger. The Boeing restricted stock units will vest and become payable in shares of Boeing common stock only if the executive officer remains employed until the third anniversary of the effective time of the merger or if the executive officer s employment terminates before that time by reason of death or disability. However, if the executive officer is involuntarily terminated without cause, dies, suffers disability or voluntarily terminates for good reason, prior to vesting of the Boeing restricted stock units, Aviall will, on the 30th day following such termination, issue to the executive officer all shares of Boeing common stock covered by the restricted stock units.

Stock Appreciation Rights. Immediately prior to the effective time of the merger, all stock appreciation rights held by our executive officers will be cancelled. In substitution for such cancelled stock appreciation rights, each executive officer will receive a number of Boeing stock appreciation rights, payable in the common stock of Boeing, equal to the product of the number of cancelled Aviall stock appreciation rights and the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The base price for the Boeing stock appreciation rights will be determined by dividing the per stock appreciation right base price applicable to the cancelled Aviall stock appreciation rights by the quotient obtained by dividing $48.00 by the closing price of a share of Boeing common stock listed on the New York Stock Exchange for the last trading day that precedes the effective time of the merger. The Boeing stock appreciation rights will be subject to the same vesting schedule as the cancelled Aviall stock appreciation rights. The Boeing stock appreciation rights will accelerate and become exercisable in full upon the applicable executive officer s death, if such death occurs while the applicable executive is employed by Aviall, Boeing, or one of their subsidiaries, the applicable executive officer s permanent and total disability, if the executive officer becomes totally disabled while an employee of Aviall, Boeing, or one of their subsidiaries, or in the event of the executive officer s voluntary retirement under a retirement plan of Aviall, Boeing, or one of their subsidiaries at or after the earliest retirement age provided for in such retirement plan or retirement at any earlier age with the consent of Aviall s board of directors.

Accelerated Taxes Resulting from Cancelled Stock Appreciation Rights. Should the executive officers incur taxes as a result of the waiver of the vesting of their cancelled Aviall stock appreciation rights, each executive officer s amended and restated severance agreement provides for a payment to him or her to compensate him or her (on an after-tax basis) for the cost of paying such taxes prior to the exercise date of the substituted Boeing stock appreciation rights. In addition, each amended and restated severance agreement provides for a payment to reimburse the executive officer (on an after-tax basis) if the accelerated taxes due as a result of the waiver of the vesting of his or her cancelled stock appreciation rights exceed the taxes that would have been due if the substituted Boeing stock appreciation rights had been exercised immediately following the vesting thereof and no accelerated tax had been due as a result of the waiver.

Stock Options. In accordance with the merger agreement, immediately prior to the effective time of the merger, all then-outstanding stock options to purchase our common stock, including those held by our executive officers, will be cancelled. In consideration for such cancellation, each executive officer will receive a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the exercise price per share subject to such option, such cash payment to be reduced by any required deductions and applicable withholdings.

Common Stock. At the effective time of the merger, each share of Aviall common stock, including, but not limited to shares of restricted stock, held by each executive officer immediately prior to the effective time of the merger will be automatically converted into the right to receive $48.00 in cash without interest and less applicable withholding tax, in accordance with the terms of the merger agreement. See the tables on pages 56 and

Table of Contents

57 for further information regarding the number of shares of common stock and restricted stock held by the executive officers as of June 12, 2006 and the value of the shares at $48.00 per share.

Benefit Restoration Payments. Each amended and restated severance agreement provides that payments owing to each executive officer under the Benefit Restoration Plan upon the effective time of the merger will be paid in accordance with the terms of the Benefit Restoration Plan. The amount to be received will give effect to an amendment to the Retirement Plan which is not scheduled to take effect until the Internal Revenue Service approves the amendment. Although the amendment was submitted to the Internal Revenue Service on May 8, 2006, approval has not yet been obtained and it is anticipated that such approval will not be obtained for a number of months (if at all). If the amendment is not approved by the Internal Revenue Service, Aviall will make an additional payment to each executive officer (together with interest) in an amount equal to the amount that originally would have been paid had the amendment not been taken into account, less the amounts previously paid from the Benefit Restoration Plan. For a more complete description of the Benefit Restoration Plan, see Other Compensation and Benefit Arrangements beginning on page 52.

Section 409A of the Internal Revenue Code. Section 409A of the Internal Revenue Code of 1986, as amended, imposes an additional income tax on certain payments that are made within six months following separation from service of certain specified employees (as defined in Section 409A and the regulations and guidance issued thereunder). The amended and restated severance agreements provide that, to the extent any payment to which an executive officer becomes entitled under the agreements in connection with his or her termination of employment constitute deferred compensation subject to Section 409A and the executive officer is deemed at the time of such termination of employment to be a specified employee (as defined in Section 409A and the regulations and guidance issued thereunder), then such payments will be delayed. During any period of delay, the affected executive officer would be entitled to interest at a per annum rate equal to the highest rate of interest applicable to six month money market accounts offered by the following institutions: Citibank N.A., Wells Fargo Bank, N.A. or Bank of America, on the date of such termination of employment.

Tax Gross-Up. In the event that it is determined that any payment or distribution by Boeing or Aviall or any of their affiliates to or for the benefit of an executive officer, whether pursuant to the terms of the amended and restated severance agreement or otherwise would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then the applicable executive officer will be entitled to receive an additional payment such that after payment of all taxes on the additional payment (including any excise taxes imposed on the additional payment) such executive officer retains an amount of the additional payment equal to the excise taxes imposed on the amount the executive officer received prior to the additional payment.

Payment of Legal Fees and Expenses. In the event an executive officer retains an attorney or attorneys to advise and represent him or her in connection any interpretation, enforcement or defense of his or her rights under his or her amended and restated severance agreement, Aviall will pay and be solely financially responsible for any and all attorneys and related fees and expenses incurred by such executive officer, so long as the executive officer has not acted in bad faith or with no colorable claim of success.

Non-Competition and Non-Solicitation. Each of our executive officers, other than Mr. Fulchino, have executed a Non-Competition Agreement which provides that for a period beginning at the effective time of the merger and continuing for two years following termination of employment for any reason, each such executive officer will be subject to a restrictive covenant that generally prohibits him or her from engaging in any business that competes with the distribution, marketing and sale of new or used aviation parts, components or supplies from original equipment manufacturers and selling or reselling them to government/military, general aviation/corporate and commercial airline customers (other than retail business with general aviation/corporate customers), including the following aviation and marine related value-added services provided to customers and suppliers: repair, supply-chain management, or information-gathering and delivery services, throughout the United States, on the Internet or in those foreign countries in which Aviall operates prior to the merger. In addition, during that same period of time, the Non-Competition Agreement subjects each of our executive

Table of Contents

officers to a restrictive covenant that prohibits their solicitation for employment of any employee or any person who had during the prior 3 month period been an employee of Boeing, Aviall or its subsidiaries or solicitation of any of Aviall s customers or contacts for any reason relating to Aviall s business.

Summary of Changes. The amended and restated severance agreements entitle the executive officers to receive the same severance benefits upon termination except for cause or voluntary termination for good reason that would have been received under the existing severance agreements, except as follows:

- the executive officers are expressly eligible to receive annual incentive bonuses based on performance metrics tied to Aviall s business plans;
- the period during which severance payments are payable to these executive officers has been extended from two years to three years;
- Aviall and Boeing agree to continue the Benefit Restoration Plan and the Supplemental Executive Retirement Income Plan until the executive officers are eligible for retirement or fully vested (or to provide equivalent benefit opportunities) and, if they fail to do so, the executive officers can voluntarily resign for good reason;
- there is a grant of Boeing restricted stock units having a value equal to two times the executive officers 2006 annual base salary, and Boeing stock appreciation rights are granted in substitution for Aviall stock appreciation rights cancelled in the merger;
- a tax gross up benefit is provided for any taxes incurred in connection with the cancellation of the Aviall stock appreciation rights; and
- the executive officers must agree to certain non-competition, non-solicitation and confidentiality provisions.

Other Compensation and Benefit Arrangements

Retirement Plan. Aviall covers all employees who earn one year of eligibility service and attain the age of 21, including each of the executive officers (10 persons), under the Aviall, Inc. Retirement Plan. This Retirement Plan provides certain additional benefits and protections to participants (including each of the executive officers) upon consummation of the merger, including the following:

- each participant will be treated as fully vested in his or her accrued benefit under the Retirement Plan;
- participants who have attained age 45 or who have ten years of service are entitled to subsidized early retirement and enhanced pre-retirement death benefits if they terminate employment upon or after attaining age 55;
- basic compensation for plan benefit purposes includes any severance payable under change in control severance agreements, including the amended and restated employment agreement entered into by Mr. Fulchino and the amended and restated severance agreements entered into by the other executive officers, if employment is terminated on or within one year following the effective time of the merger; and
- during the two-year period beginning at the time of the merger, the Retirement Plan cannot be terminated or amended in a manner that is adverse to plan participants without their consent.

Upon consummation of the merger, all participants, including the executive officers, will be fully vested for purposes of eligibility for benefits under the Retirement Plan. All of the executive officers are fully vested in the Retirement Plan, other than Mr. Cohen, who will not become vested before consummation of the merger.

Termination of employment after consummation of the merger due to death, disability, involuntary termination with cause or voluntary termination without good reason will also not result in additional benefits under the Retirement Plan due to the merger, unless the executive has attained age 45 or has ten years of service and terminates employment on or after attaining age 55, in which case he or she shall be eligible for subsidized early retirement or enhanced pre-retirement death benefits as described above.

Table of Contents

Benefit Restoration Plan. Aviall also maintains a non-qualified, unfunded benefit plan, called the Aviall, Inc. Benefit Restoration Plan, which currently covers participants in the Retirement Plan, including the executive officers (10 persons), whose annual compensation under the Retirement Plan in any year exceeded the annual compensation limit prescribed under the Internal Revenue Code for that year (for 2006, such limit is $220,000), whose annual retirement benefit under the Retirement Plan currently exceeds $175,000, or who has received a bonus award of restricted stock under the Aviall, Inc. Bonus Plan. A participant in the Benefit Restoration Plan who is vested in his or her benefits under the Retirement Plan is entitled to a benefit equal to the difference between the amount of benefits that the participant would be entitled to under the Retirement Plan if no statutory reductions applied to such benefits and if basic compensation under the Retirement Plan included, if applicable, the award value of any restricted stock rights awarded to the participant under the Aviall, Inc. Bonus Plan at the time the restrictions lapse; and the amount of benefits the participant is entitled to under the Retirement Plan and the Ryder System, Inc. Retirement Plan. Benefits under the Benefit Restoration Plan are paid in the same manner, as of the same date and subject to the same conditions as the benefits payable under the Retirement Plan.

Upon consummation of the merger, all participants, including the executive officers, will be fully vested for purposes of eligibility for benefits under the Benefit Restoration Plan. All of the executive officers are fully vested in the plan, except Mr. Cohen, who will not become vested before consummation of the merger. In addition, upon consummation of the merger pursuant to the terms of the Benefit Restoration Plan, the lump sum value of the benefits owing under the Benefit Restoration Plan will be paid immediately to each participant as if the participant had terminated employment as of the effective time of the merger (along with the amounts necessary to cover all federal income taxes owing on the benefits and these amounts). In addition, in the event a participant terminates employment with Aviall within two years following the merger, the participant will be entitled to an additional immediate lump sum payment equal to the lump sum value of the benefit owing in the plan as of the participant s actual date of employment termination, reduced by the amount previously paid (plus the additional payment to cover all U.S. federal income taxes owing on the additional payment and these amounts). For a period of two years following the merger, the Benefit Restoration Plan may not be terminated, the provisions regarding the entitlements upon a change of control may not be amended, and the plan may not otherwise be amended in any manner that would adversely affect a participant s existing or future benefit under the plan without the participant s written consent. See the table on page 58 for information regarding the lump sum cash payment to be made upon the effective time of the merger.

Supplemental Executive Retirement Income Plan. Aviall also maintains another non-qualified, unfunded pension benefit plan, the Aviall, Inc. Supplemental Executive Retirement Income Plan, for Mr. Fulchino and key officers of Aviall designated by its board of directors, consisting currently of each of our executive officers (10 persons). Monthly benefits payable under the Supplemental Executive Retirement Income Plan are equal to 2%, or 3% in the case of Mr. Fulchino, of the participant s greatest average monthly rate of compensation for three successive calendar years, out of the six previously completed calendar years, that give the highest average monthly rate of compensation, multiplied by the participant s number of years of Credited Service (as defined in the Supplemental Executive Retirement Income Plan), not to exceed 25 years, or in the case of Mr. Fulchino, 16 2/3 years, less the sum of the participant s monthly benefits under the Retirement Plan, the Benefit Restoration Plan, the Ryder System, Inc. Retirement Plan and Social Security. Mr. Fulchino s years of Credited Service is equal to two times his actual number of years of service with Aviall, but in no event will it exceed 16 2/3 years.

Upon the consummation of the merger, certain participants, including our executive officers, who, within three years of the effective time of the merger, are involuntarily terminated other than for cause (as defined in the Supplemental Executive Retirement Income Plan) or voluntarily terminate employment because his or her annual compensation is not substantially similar to the annual compensation he or she received for the fiscal year ending immediately prior to the merger will be fully vested in their benefits, receive two additional years of Credited Service, or in the case of Mr. Fulchino, four additional years of Credited Service and have two years added to their age and two additional years added to continuous service, or in the case of Mr. Fulchino, four additional years added to continuous service, for certain early retirement purposes. In addition, upon consummation of the merger pursuant to the terms of the plan, Aviall must establish a trust or other funding

Table of Contents

arrangement that is subject to the claims of Aviall s general creditors for the purpose of funding the benefits payable under the Supplemental Executive Retirement Income Plan, and Aviall also must contribute to the trust the amount necessary to fund 100% of the then present value of the benefits payable under the Supplemental Executive Retirement Income Plan to the participants when they reach age 65. For a period of two years following the merger, the Supplemental Executive Retirement Income Plan may not be terminated, the provisions regarding the entitlements upon a change of control may not be amended, and the plan may not otherwise be amended in any manner that would adversely affect a participant s existing or future benefit under the plan without the participant s written consent.

On March 23, 2006, prior to the execution of the merger agreement and unrelated thereto, the Aviall board of directors adopted a trust to fund benefits under the Supplemental Executive Retirement Income Plan and the Benefit Restoration Plan and authorized the execution of a trust agreement substantially in the form presented to the board of directors. Among the provisions of the form trust agreement authorized by the board of directors was a requirement to fund the trust to a specified level as soon as possible following a potential change of control (as defined in the authorized form of trust agreement), but not later than 30 days following the potential change of control, and a requirement to fund the trust further as soon as possible but not later than 30 days following the effective time of the merger. In exchange for Boeing s promise to provide a written guarantee of payment of the benefits owing under the Supplemental Executive Retirement Income Plan and the Benefit Restoration Plan, Mr. Fulchino and each of our other executive officers has waived any provisions under the Supplemental Executive Retirement Plan, and under the trust adopted by the Aviall board of directors on March 23, 2006, that provide for Aviall to fund as of the effective time of the merger (or similar transaction) the then present value of the benefits payable under the Benefit Restoration Plan and the Supplemental Executive Retirement Income Plan to the participants. Similar waivers must be obtained from the other participants in these plans before Boeing is required to execute this guarantee.

Summary of Retirement Benefits. The following table sets forth, for each of the executive officers of Aviall, the annual retirement benefits payable at age 65 under the Retirement Plan, the Supplemental Executive Retirement Income Plan and the Benefit Restoration Plan to each such executive officer if each such executive officer terminated employment immediately prior to consummation of the merger and the annual retirement benefits payable under the three plans to each such executive officer if each such executive officer terminated employment immediately following consummation of the merger. For purposes of calculating benefits, the following table assumes that the merger will be consummated on September 1, 2006.

Name	Annual Retirement Benefit Prior to Merger (1)	Annual Retirement Benefit Following Consummation of the Merger (2)
Paul E. Fulchino	$ 414,800	$ 414,800
Colin M. Cohen		$ 55,500
Jacqueline K. Collier	$ 119,800	$ 119,786
Charles M. Kienzle	$ 134,100	$ 152,800
Louis F. Koch	$ 20,100	$ 29,958
Dan P. Komnenovich	$ 263,600	$ 263,600
Joseph Y. Lacik, Jr.	$ 32,100	$ 51,600
Bruce Langsen	$ 81,200	$ 98,600
Jeffrey J. Murphy	$ 127,100	$ 148,868
James T. Quinn	$ 77,200	$ 77,300

(1) The benefit in this column is based on salary and related information used for purposes of calculating accrued benefits under the current terms of the three plans, assuming a normal retirement expressed as an annual retirement benefit payment for the life of the participant.

(2) The benefit in this column is based on the initial base salaries set forth in the chart on page 58 of this proxy statement. In addition, the annual incentive payment for Mr. Fulchino is based on 100% of his annual base salary, which is the minimum provided for in his amended and restated employment agreement, and for

Table of Contents

each of the other executive officers is based on 80% of his or her annual base salary, which is the percentage that historically has been paid for achievement of the target goals of the business plan. The benefit also assumes that the executive officer s employment is terminated after the merger either involuntarily without cause or voluntarily under terms that would constitute good reason, as such terms are defined in accordance with the provisions of these three plans. Actual date of termination may result in material increases in these amounts as a result of various factors, including increases in annual compensation and bonus amounts.

Compensation of Non-Employee Directors

Common Stock. Each non-employee director holding common stock will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment equal to the product of the total number of shares held by such non-employee director immediately prior to the effective time of the merger and the $48.00 per share merger consideration, such cash payment to be reduced by any required withholding of taxes. In addition, pursuant to the terms of the Aviall, Inc. 1998 Directors Stock Plan, restricted stock granted to non-employee directors of Aviall vested upon filing of the Form 8-K announcing the signing of the merger agreement.

Stock Options. In accordance with the merger agreement, immediately prior to the effective time of the merger, all then-outstanding stock options to purchase our common stock, including those held by members of our board of directors, will be cancelled. In consideration for such cancellation, each non-employee director will receive a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such stock option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the exercise price per share subject to such option, such cash payment to be reduced by any required deductions and withholding of taxes.

Warrants. Additionally, Carlyle High Yield Partners, L.P., which has representatives serving as members of our board of directors, holds warrants to purchase 262,500 shares of Aviall common stock that will be either fully-exercised or cancelled immediately prior to the effective time of the merger. As a result, Carlyle High Yield Partners, L.P., will receive, upon completion of the merger, a cash payment from Boeing or Aviall equal to $12,597,375, resulting from the product of the total number of shares of Aviall common stock issuable upon exercise of such warrants and the excess of the $48.00 per share merger consideration over the $0.01 exercise price per share in effect for such warrants.

Compensation Summary

The following tables summarize the amounts to be paid to our executive officers and directors attributable to stock options, common stock, restricted stock and warrants held by them as a result of the consummation of the merger under the terms of the merger agreement, the amended and restated employment agreement entered into by Mr. Fulchino, the amended and restated severance agreements entered into by the other executive officers or the equity benefit plans maintained by Aviall.

Options. The following table sets forth, for each of the directors of Aviall, and for each of the executive officers of Aviall, the number of options held as of June 12, 2006 and the dollar value of the options assuming for hypothetical purposes, that each director and executive officer exercises all in-the-money options and receives $48.00 per share. As of June 12, 2006, our executive officers and non-employee directors did not have any unvested options.

Table of Contents

Name	Total Number of Options	Aggregate Amount of Cash Payable at Closing in Exchange for Cancelled Options (1)
Directors:		
Peter J. Clare	18,000	$ 450,735
Chris A. Davis	5,000	$ 78,750
Alberto F. Fernandez	18,000	$ 450,735
Allan M. Holt	18,000	$ 450,735
Donald R. Muzyka	10,000	$ 177,450
Richard J. Schnieders	27,000	$ 792,476
Jonathan M. Schofield	24,000	$ 663,570
Arthur E. Wegner	10,000	$ 177,450
Bruce N. Whitman	27,000	$ 792,476
Executive Officers:		
Paul E. Fulchino	472,029	$ 17,033,033
Colin M. Cohen	87,100	$ 3,054,820
Jacqueline K. Collier	121,270	$ 4,347,441
Charles M. Kienzle	60,300	$ 1,983,700
Louis F. Koch	62,200	$ 2,318,047
Dan P. Komnenovich	93,600	$ 2,802,544
Joseph Y. Lacik, Jr.	40,071	$ 1,210,088
Bruce Langsen	137,644	$ 4,531,391
Jeffrey J. Murphy	218,100	$ 7,963,184
James T. Quinn	117,235	$ 4,053,794

(1) Amounts shown do not reflect any required deductions or withholdings of taxes.

Common Stock. The following table sets forth, for each of the directors of Aviall and for each of the executive officers of Aviall, the number of shares of common stock held as of June 12, 2006 and the aggregate amount of cash payable at closing in exchange for such shares of Aviall common stock.

Name	Total Number of Shares of Common Stock	Aggregate Amount of Cash Payable at Closing in Exchange for Common Stock (1)
Directors:		
Peter J. Clare	4,408	$ 211,584
Chris A. Davis	1,395	$ 66,960
Alberto F. Fernandez	6,940	$ 333,120
Allan M. Holt	4,408	$ 211,584
Donald R. Muzyka	19,651	$ 943,248
Richard J. Schnieders	26,772	$ 1,285,056
Jonathan M. Schofield	19,249	$ 923,952
Arthur E. Wegner	11,965	$ 574,320
Bruce N. Whitman	62,563	$ 3,003,024
Executive Officers:		
Paul E. Fulchino	200,524	$ 9,625,152
Colin M. Cohen	6,048	$ 290,304(2)
Jacqueline K. Collier	18,900	$ 907,200
Charles M. Kienzle	42,008	$ 2,016,384(3)
Louis F. Koch	5,916	$ 283,968
Dan P. Komnenovich	37,687	$ 1,808,976
Joseph Y. Lacik, Jr.	5,360	$ 257,280
Bruce Langsen	60,139	$ 2,886,672

Jeffrey J. Murphy	37,611	$	1,805,328(4)
James T. Quinn	28,353	$	1,360,944(5)

Table of Contents

(1) Amounts shown do not reflect any required deductions or withholdings of taxes.
(2) Includes 750 shares of common stock held by Mr. Cohen as custodian for his daughter under the Uniform Gift to Minors Act.
(3) Includes 160 shares of common stock held by Mr. Kienzle s son.
(4) Includes 10,782 shares of common stock held for the account of Mr. Murphy under Aviall s 401(k) plan.
(5) Includes 651 shares of common stock held for the account of Mr. Quinn under Aviall s 401(k) plan.

Restricted Stock. The following table sets forth for each of the executive officers of Aviall, the number of restricted shares of common stock held as of June 12, 2006 and their dollar value at $48.00 per share. Under the terms of the Aviall, Inc. 1998 Directors Stock Plan, all shares of restricted stock held by non-employee directors accelerated upon the filing of the Form 8-K announcing the signing of the merger agreement. At the time, each non-employee director held 1,395 shares of restricted stock with a value of $66,960 at a price of $48.00 per share.

Name	Number of Restricted Shares	Aggregate Amount of Cash Payable at Closing in Exchange for Restricted Shares (1)
Executive Officers:		
Paul E. Fulchino	22,500	$ 1,080,000
Colin M. Cohen	11,081	$ 531,888
Jacqueline K. Collier	7,180	$ 344,640
Charles M. Kienzle	8,737	$ 419,376
Louis F. Koch	3,360	$ 161,280
Dan P. Komnenovich	14,534	$ 697,632
Joseph Y. Lacik, Jr.	7,293	$ 350,064
Bruce Langsen	8,396	$ 403,008
Jeffrey J. Murphy	8,750	$ 420,000
James T. Quinn	9,013	$ 432,624

(1) Amounts in this column assume that each share of restricted stock will be cancelled in exchange for the $48.00 per share merger consideration. Amounts shown do not reflect any required deductions or withholdings of taxes.

Other Compensation. The following table summarizes certain of the payments and benefits described above for each of our executive officers, including:

the expected annual base salary each executive officer initially will receive from Aviall after the effective time of the merger;

the aggregate target bonus each executive officer is eligible to receive for Aviall s fiscal years 2006, 2007 and 2008;

the aggregate amount of cash payable at closing in exchange for cancelled Aviall stock options;

the aggregate amount of cash payable at closing in exchange for shares of Aviall common stock;

the aggregate dollar value of Boeing restricted stock units granted at closing;

the lump sum cash amount payable to each executive from the Benefit Restoration Plan (along with the estimated amounts necessary to cover all federal income taxes owing on the benefits and these amounts) immediately upon the effective time of the merger; and

the dollar value of Boeing stock appreciation rights granted after closing.

Table of Contents

Name of Executive Officer	Initial Annual Base Salary	Aggregate Target Bonuses for Aviall s Fiscal Years 2006, 2007 & 2008	Aggregate Amount of Cash Payable at Closing in Exchange for Cancelled Options (3)	Aggregate Amount of Cash Payable at Closing in Exchange for Shares of Common Stock (4)	Dollar Value of Boeing Restricted Stock Units Granted at Closing (5)	Lump Sum Cash Amount Payable from the Benefit Restoration Plan Upon the Effective Time of the Merger (6) (7)	Dollar Value of Boeing Stock Appreciation Rights Granted After Closing (8)
Paul E. Fulchino	$ 650,000	$ 1,950,000(1)	$ 17,033,033	$ 10,705,152			$ 4,515,300
Colin M. Cohen	$ 286,229	$ 686,950(2)	$ 3,054,820	$ 822,192(9)	$ 572,458	$ 181,000	$ 252,234
Jacqueline K. Collier	$ 191,800	$ 460,320(2)	$ 4,347,441	$ 1,251,840	$ 383,600		$ 252,234
Charles M. Kienzle	$ 211,197	$ 506,873(2)	$ 1,983,700	$ 2,435,760(10)	$ 422,394		$ 278,703
Louis F. Koch	$ 150,000	$ 360,000(2)	$ 2,318,047	$ 445,248	$ 300,000	$ 18,100	$ 252,234
Dan P. Komnenovich	$ 350,926	$ 842,222(2)	$ 2,802,544	$ 2,506,608	$ 701,852		$ 635,256
Joseph Y. Lacik, Jr.	$ 194,429	$ 466,630(2)	$ 1,210,088	$ 607,344	$ 388,858	$ 63,300	$ 278,703
Bruce Langsen	$ 236,085	$ 566,604(2)	$ 4,531,391	$ 3,289,680	$ 472,170	$ 42,600	$ 370,566
Jeffrey J. Murphy	$ 218,210	$ 523,704(2)	$ 7,963,184	$ 2,225,328(11)	$ 436,420		$ 252,234
James T. Quinn	$ 218,076	$ 523,382(2)	$ 4,053,794	$ 1,793,568(12)	$ 436,152		$ 278,703

(1) The amended and restated employment agreement entered into by Mr. Fulchino provides that his bonus is based on annual incentive opportunities of not less than 100% of his current annual base salary. The table assumes that Mr. Fulchino s annual base salary for these three years equals his initial base salary. The table only shows the minimum bonus opportunity, in the aggregate, for these years and does not reflect any required deductions or withholding of taxes. Pursuant to the terms of Mr. Fulchino s amended and restated employment agreement, additional bonus amounts are payable for each year up to and including December 31, 2009.

(2) The board of directors has established a target bonus award opportunity for each executive officer equal to 80% of his or her annual base salary. The table assumes that each executive officer s target bonus opportunity for 2006, 2007 and 2008 will equal 80% of his or her current annual base salary, which is consistent with Aviall s bonus plans and target bonus opportunities for prior years, but assumes no increase in the initial base salary set forth in the table. The table also only shows the target bonus opportunity, in the aggregate, for these years and does not reflect any required deductions or withholdings of taxes.

(3) The table assumes, in accordance with the merger agreement, that each stock option will be cancelled in exchange for the excess of the $48.00 per share merger consideration over the per share exercise price for such option. These amounts do not reflect any required deductions or withholdings of taxes.

(4) Amounts in this column assume that each share of common stock, including shares of restricted stock, will be exchanged and/or cancelled for the $48.00 per share merger consideration, in accordance with the merger agreement. Amounts shown do not reflect any required deductions or withholdings of taxes.

(5) Amounts in this column assume that each executive officer (other than Mr. Fulchino) will be issued a number of Boeing restricted stock units equal in value to two times such executive officer s 2006 annual base salary. Amounts shown do not reflect any required deductions or withholdings of taxes.

(6) Amounts in this column give effect to an amendment to the Retirement Plan, which provides for the transfer to the Retirement Plan of certain benefit obligations otherwise payable pursuant to the terms of the Benefit Restoration Plan to the Retirement Plan. The effectiveness of this amendment to the Retirement Plan is conditioned upon the receipt of a favorable letter ruling from the Internal Revenue Service, which has not been received as of the date of this proxy statement. Aviall submitted an application for a determination letter to the Internal Revenue Service on May 8, 2006. If such favorable letter ruling is not received for any reason, the executive officers will be entitled to an additional lump sum payment (plus interest) equal to the additional benefits payable from the Benefit Restoration Plan without giving effect to the amendment, less any amounts actually paid since the effective time of the merger.

(7) Amounts in this column include associated tax payments.

(8) The table assumes, in accordance with the merger agreement, that all stock appreciation rights held by our executive officers will be cancelled, and in substitution for such cancelled stock appreciation rights, each executive officer will receive Boeing stock appreciation rights after the effective time of the merger with an aggregate in-the-money value equal to the excess of the $48.00 per share merger consideration over the $32.43 base price applicable to such Aviall stock appreciation rights. Amounts shown do not reflect any required deductions or withholdings of taxes.

Table of Contents

(9) Includes 750 shares of common stock held by Mr. Cohen as custodian for his daughter under the Uniform Gift to Minors Act.
(10) Includes 160 shares of common stock held by Mr. Kienzle s son.
(11) Includes 10,782 shares of common stock held for the account of Mr. Murphy under Aviall s 401(k) plan.
(12) Includes 651 shares of common stock held for the account of Mr. Quinn under Aviall s 401(k) plan.

Indemnification and Insurance

Boeing will assume, and will cause the surviving corporation of the merger to fulfill, our obligations pursuant to the indemnification provisions under our certificate of incorporation or amended and restated by-laws as in effect on the date of the merger agreement. The certificate of incorporation and by-laws of the surviving corporation will contain provisions with respect to indemnification that are at least as favorable to as those contained in our certificate of incorporation and amended and restated by-laws as in effect on the date of the merger agreement. Such provisions will not be amended, repealed or otherwise modified for a period of six years from the effective time of the merger in any manner that would adversely affect the rights of the indemnified parties, unless such modification is required by applicable law.

For six years after the effective time of the merger, Boeing will cause to be maintained directors and officers liability insurance in respect of acts or omissions occurring prior to the effective time of the merger covering each individual who at the date of the merger agreement was an indemnified party covered by our directors and officer s liability insurance, on terms with respect to coverage and amounts no less favorable than those of such policy in effect on the date of the merger agreement. This obligation to provide insurance coverage is not subject to a cap of annual premiums for insurance coverage. Boeing will have the right to cause coverage to be extended under our directors and officers liability insurance by obtaining a six year tail policy on terms and conditions no less advantageous than our existing directors and officers liability insurance. In lieu of the foregoing, prepaid policies may be obtained prior to the effective time of the merger, which policies will provide for terms and conditions no less advantageous than our existing directors and officer s liability insurance with the prior written consent of Boeing, which will not be unreasonably withheld. If such prepaid policies have been obtained prior to the effective time of the merger, Boeing will, and will cause the surviving corporation to, maintain such policies in full force and effect, and continue to honor such obligations.

Form of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, at the effective time of the merger, Boeing-Avenger, Inc., a wholly owned subsidiary of Boeing and a party to the merger agreement, will merge with and into us. We will survive the merger as a wholly owned subsidiary of Boeing.

Merger Consideration

At the effective time of the merger, each outstanding share of our common stock, other than treasury shares, shares held by Boeing or any direct or indirect wholly owned subsidiary of Boeing or us, and shares held by stockholders who perfect their appraisal rights, will be converted into the right to receive $48.00 in cash, without interest and less applicable withholding tax. Treasury shares and shares held by Boeing or any direct or indirect wholly owned subsidiary of Boeing or us will be cancelled immediately prior to the effective time of the merger. As of the effective time of the merger, all shares of our common stock will no longer be outstanding and will automatically be cancelled and will cease to exist, and each holder of a certificate representing any shares of our common stock will cease to have any rights as a stockholder, except the right to receive $48.00 per share in cash, without interest and less applicable withholding tax (other than stockholders who have perfected their appraisal rights). The price of $48.00 per share was determined through arm s-length negotiations between Boeing and us.

Table of Contents

Effect on Awards Outstanding Under Aviall s Stock Plans

Aviall Stock Options. Prior to the effective time of the merger, we will take all action necessary to cause each then-outstanding Aviall stock option to be cancelled immediately prior to the effective time of the merger. In consideration for such cancellation, each holder of our options will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of vested shares that were subject to such option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the per share exercise price subject to such option, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Restricted Stock. At the effective time of the merger, all of our then-unvested restricted stock will vest, and except for those who properly exercise appraisal rights, each holder of our restricted stock will receive, as soon as reasonably practicable after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such restrictions immediately prior to the effective time of the merger and the $48.00 per share merger consideration, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Stock Appreciation Rights. At the effective time of the merger, except as otherwise provided in the amended and restated severance agreements and the non-competition agreements, which are described in the section entitled The Merger Interests of Aviall s Executive Officers and Directors in the Merger beginning on page 42, all of our then-unvested stock appreciation rights will vest in accordance with their terms. Each holder of our stock appreciation rights will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment equal to the product of the total number of vested Aviall stock appreciation rights, and the excess of the $48.00 per share merger consideration over the per share grant price of such Aviall stock appreciation rights, such cash payment to be reduced by any required deductions and withholding of taxes.

Effective Time of the Merger

The merger will become effective upon the later of the time of filing of a certificate of merger with the Secretary of State of the State of Delaware or such later time as may be specified in the certificate of merger with the prior written consent of Boeing. The closing of the merger will take place on a date designated by Boeing but that will be no later than five business days after the satisfaction or waiver of each of the conditions to the closing of the merger set forth in the merger agreement and as described in this proxy statement, or on such other date as Boeing, merger sub and Aviall may agree. We currently anticipate the merger to be completed by the end of the third quarter of 2006.

Delisting and Deregistration of Aviall Common Stock

If the merger is completed, our common stock will be delisted from and will no longer be traded on the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended. Following the completion of the merger Aviall will no longer be a public company.

Table of Contents

Material United States Federal Income Tax Consequences of the Merger

The following is a summary of the material U.S. federal income tax consequences of the merger to stockholders of Aviall whose shares of Aviall common stock are converted into the right to receive cash in the merger. The following summary is based on the Internal Revenue Code of 1986, as amended, Treasury regulations promulgated thereunder, judicial decisions and administrative rulings, all of which are subject to change, possibly with retroactive effect. The summary does not address all of the U.S. federal income tax consequences that may be relevant to particular stockholders in light of their individual circumstances or to stockholders who are subject to special rules, including: non-U.S. persons, U.S. expatriates, insurance companies, dealers or brokers in securities or currencies, tax-exempt organizations, financial institutions, mutual funds, cooperatives, pass-through entities and investors in such entities, stockholders who have a functional currency other than the U.S. Dollar, stockholders who hold their shares of Aviall common stock as a hedge or as part of a hedging, straddle, conversion, synthetic security, integrated investment or other risk-reduction transaction or who are subject to alternative minimum tax or stockholders who acquired their shares of Aviall common stock upon the exercise of employee stock options or otherwise as compensation. Further, this discussion does not address any U.S. federal estate and gift or alternative minimum tax consequences or any state, local or foreign tax consequences relating to the merger.

The Merger. The receipt of cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. For U.S. federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the merger and the stockholder s adjusted tax basis in the shares of Aviall common stock converted into cash in the merger. For U.S. federal income tax purposes, if shares of Aviall common stock are held by a stockholder as capital assets, gain or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if the stockholder s holding period for the shares of Aviall common stock exceeds one year at the time of the merger. Capital gains recognized by an individual upon a disposition of a share of Aviall that has been held for more than one year generally will be subject to a maximum U.S. federal income tax rate of 15% or, in the case of a share that has been held for one year or less, will be subject to U.S. federal income tax at ordinary income tax rates. In addition, for U.S. federal income tax purposes, there are limits on the deductibility of capital losses. The amount and character of gain or loss must be determined separately for each block of Aviall common stock converted into cash in the merger.

Backup Withholding. A stockholder (other than certain exempt stockholders, including, among others, all corporations and certain foreign individuals) whose shares of Aviall common stock are converted into cash in the merger may be subject to backup withholding at the then applicable rate (under current law, the backup withholding rate is 28%) unless the stockholder provides the stockholder s taxpayer identification number, or TIN, and certifies under penalties of perjury that such TIN is correct (or properly certifies that it is awaiting a TIN) and certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A stockholder that does not furnish a required TIN or that does not otherwise establish a basis for an exemption from backup withholding may be subject to a penalty imposed by the Internal Revenue Service, or the IRS. Each stockholder should complete and sign the Substitute Form W-9 included as part of the letter of transmittal that will be sent to stockholders promptly following closing of the merger so as to provide the information and certification necessary to avoid backup withholding. Backup withholding is not an additional tax. Rather, the amount of the backup withholding can be credited against the U.S. federal income tax liability of the person subject to the backup withholding, provided that the required information is given to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the stockholder by filing a U.S. federal income tax return.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS FOR GENERAL INFORMATION ONLY AND IS BASED ON THE LAW IN EFFECT ON THE DATE HEREOF. STOCKHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE

Table of Contents

PARTICULAR TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL OR FOREIGN INCOME AND OTHER TAX LAWS) OF THE MERGER.

Regulatory Matters

The completion of the merger is subject to expiration or termination of the applicable waiting periods under the HSR Act and the rules thereunder. Under the HSR Act, the merger may not be completed unless certain information has been furnished to the Antitrust Division of the U.S. Department of Justice and to the Federal Trade Commission and applicable waiting periods expire or are terminated. Boeing and Aviall each filed a notification and report form pursuant to the HSR Act with the Antitrust Division of the Department of Justice and the Federal Trade Commission. The waiting period under the HSR Act expired on June 16, 2006 without a request for additional information having been made. At any time before or after the completion of the merger, the Federal Trade Commission or the Department of Justice could take action under the antitrust laws as it deems necessary or desirable in the public interest. Such actions may include seeking to challenge the merger, seeking divestitures or licenses as a condition to allowing the merger to proceed, or restricting the operation of the combined company as a condition clearing the merger. Any challenges, limitations or restrictions imposed by government agencies could prevent the merger or diminish the benefits of the merger to Boeing, Aviall and their stockholders. In addition, state antitrust authorities or private persons or entities could take certain actions, including seeking to enjoin the merger under the antitrust laws at any time prior to the completion of the merger or seeking to compel rescission or divestiture after completion of the merger. Boeing and Aviall believe the consummation of the merger will not violate antitrust laws. There can be no assurance, however, that a challenge to the merger on antitrust grounds will not be made, or, if such a challenge is made, what the result will be.

In addition, we are required to make filings in several foreign jurisdictions with competition authorities with respect to the merger, and in certain circumstances, receive their approval prior to consummation of the merger. In the European Union, we have applied for a referral of the transaction to the European Commission and, if such referral is successful, the Commission will have sole jurisdiction over the transaction to the extent relating to the member states of the European Union. However, there can be no assurance that such referral will be successful or whether multiple notifications in various member states will become necessary. In addition, we have made a filing in Brazil and expect to make filings in China and the Ukraine in accordance with the antitrust laws of these jurisdictions, and we will pursue any required approval of the merger in these and any other jurisdictions, to the extent that such approval is required to consummate the merger. Finally, there can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge were made, that it would not be successful.

Table of Contents

APPRAISAL RIGHTS FOR AVIALL STOCKHOLDERS

Under Delaware law, you have the right to dissent from the merger and to receive payment in cash for the fair value of your Aviall common stock, as determined by the Court of Chancery of the State of Delaware. Aviall stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the Delaware General Corporation Law in order to perfect their rights. Aviall will require strict compliance with the statutory procedures. A copy of Section 262 is attached to this proxy statement as Annex C.

The following is a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a stockholder in order to dissent from the merger and perfect the stockholder s appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262 of the Delaware General Corporation Law. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that Aviall stockholders exercise their right to seek appraisal under Section 262. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 contained in Annex C because failure to timely and properly comply with the requirements of Section 262 will result in the loss of your appraisal rights under Delaware law.

Section 262 requires that stockholders be notified not less than 20 days before the special meeting to vote on the merger that dissenters appraisal rights will be available. A copy of Section 262 must be included with such notice. This proxy statement constitutes Aviall s notice to its stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262.

If you elect to demand appraisal of your shares, you must satisfy each of the following conditions:

- You must deliver to Aviall a written demand for appraisal of your shares before the vote is taken on the merger agreement at the special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or voting against the merger. Voting against or failing to vote for the merger itself does not constitute a demand for appraisal under Section 262.

- You must not vote in favor of the merger. A vote in favor of the merger, by proxy or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal.

- You must hold of record the shares of Aviall common stock on the date the written demand for appraisal is made and continue to hold the shares of record through the completion of the merger.

If you fail to comply with any of these conditions, and the merger is completed, you will be entitled to receive the cash payment for your shares of Aviall common stock as provided for in the merger agreement, but will have no appraisal rights with respect to your shares of Aviall common stock.

A proxy that is signed and does not contain voting instructions will, unless revoked, be voted in favor of the merger, and it will constitute a waiver of the stockholder s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the merger, or abstain from voting on the merger.

All demands for appraisal should be delivered before the vote on the merger is taken at the special meeting to the following address: Aviall, Inc., Secretary, 2750 Regent Boulevard, DFW Airport, Texas, 75261, and should be executed by, or on behalf of, the record holder of the shares of Aviall common stock. The demand must reasonably inform Aviall of the identity of the stockholder and the intention of the stockholder to demand appraisal of his, her or its shares, and should specify the stockholder s mailing address and the number of shares registered in the stockholder s name.

To be effective, a demand for appraisal by a holder of Aviall common stock must be made by, or in the name of, such record stockholder, fully and correctly, as the stockholder s name appears on his, her or its stock

Table of Contents

certificate(s) and cannot be made by the beneficial owner if he, she or it does not also hold the shares of record. The beneficial holder must, in such cases, have the record owner submit the required demand in respect of such shares.

If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in such capacity; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise his, her or its right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In such case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of such record owner.

If you hold your shares of Aviall common stock in a brokerage or bank account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or bank or such other nominee to determine the appropriate procedures for the making of a demand for appraisal by such nominee.

Within 10 days after the effective date of the merger, the surviving entity must give written notice of the date the merger became effective to each Aviall stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the merger. Within 120 days after the effective date of the merger, either the surviving entity or any stockholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all stockholders entitled to appraisal. The surviving entity has no obligation to file such a petition in the event there are dissenting stockholders and has no present intention to do so. Accordingly, the failure of a stockholder to file such a petition within the period specified could nullify such stockholder s previous written demand for appraisal.

At any time within 60 days after the effective date of the merger, any stockholder who has demanded an appraisal has the right to withdraw the demand and to accept the cash payment specified by the merger agreement for his or her shares of Aviall common stock. Any attempt to withdraw an appraisal demand more than 60 days after the effective date of the merger will require the written approval of the surviving entity. Within 120 days after the effective date of the merger, any stockholder who has complied with Section 262 will be entitled, upon written request, to receive a statement setting forth the aggregate number of shares of Aviall common stock not voted in favor of the merger, and the aggregate number with respect to which demands for appraisal have been received, and the aggregate number of holders of such shares. Such statement must be mailed within ten days after a written request has been received by the surviving entity or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving entity, the surviving entity will then be obligated within 20 days after receiving service of a copy of the petition to provide the Chancery Court with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares. After notice to dissenting stockholders, the Chancery Court is empowered to conduct a hearing upon the petition, to determine those stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided thereby. The Chancery Court may require the stockholders who have demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Chancery Court may dismiss the proceedings as to such stockholder.

After determination of the stockholders entitled to appraisal of their shares of Aviall common stock, the Chancery Court will appraise the shares, determining their fair value exclusive of any element of value arising

Table of Contents

from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid. When the value is determined, the Chancery Court will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Chancery Court so determines, to the stockholders entitled to receive the same, upon surrender by such holders of the certificates representing such shares.

In determining fair value, the Chancery Court is required to take into account all relevant factors. You should be aware that the fair value of your shares as determined under Section 262 could be more, the same, or less than the value that you are entitled to receive pursuant to the merger agreement.

Costs of the appraisal proceeding may be imposed upon the surviving entity and the stockholders participating in the appraisal proceeding by the Chancery Court as the Chancery Court deems equitable in the circumstances. Upon the application of a stockholder, the Chancery Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. Any stockholder who had demanded appraisal rights will not, after the effective date of the merger, be entitled to vote shares subject to such demand for any purpose or to receive payments of dividends or any other distribution with respect to such shares (other than with respect to payment as of a record date prior to the effective date); however, if no petition for appraisal is filed within 120 days after the effective date of the merger, or if such stockholder delivers a written withdrawal of his or her demand for appraisal and an acceptance of the merger within 60 days after the effective date of the merger, then the right of such stockholder to appraisal will cease and such stockholder will be entitled to receive the cash payment for shares of his or her Aviall common stock pursuant to the merger agreement. Any withdrawal of a demand for appraisal made more than 60 days after the effective date of the merger may only be made with the written approval of the surviving entity and must, to be effective, be made within 120 days after the effective date.

In view of the complexity of Section 262, Aviall stockholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

Failure to take any required step in connection with exercising appraisal rights may result in the termination or waiver of such rights.

Table of Contents

THE MERGER AGREEMENT

The following summary describes material provisions of the merger agreement. This summary is not complete and is qualified in its entirety by reference to the complete text of the merger agreement, which is attached to this proxy statement as Annex A and incorporated into this proxy statement by reference. Aviall urges you to read carefully the merger agreement in its entirety because this summary may not contain all the information about the merger agreement that is important to you.

The merger agreement has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about Aviall. Such information can be found elsewhere in this document and in the other public filings we make with the SEC, which are available, without charge, at *http://www.sec.gov*.

The representations and warranties described below and included in the merger agreement were made by Aviall to Boeing and merger sub and by Boeing and merger sub to Aviall. These representations and warranties were made as of specific dates and are in some cases subject to important qualifications, limitations and supplemental information agreed to by Aviall, Boeing and merger sub in connection with negotiating the terms of the merger agreement. In addition, the representations and warranties may have been included in the merger agreement for the purpose of allocating risk between Aviall and Boeing rather than to establish matters as facts. The merger agreement is described herein, and included as Annex A hereto, only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Aviall or its business. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, and you should read the information provided elsewhere in this document and in the documents incorporated by reference into this document for information regarding Aviall and its business. See Where You Can Find More Information beginning on page 82.

Closing and Effective Time of the Merger

The closing of the merger will take place on a date designated by Boeing but that will be no later than five business days after the satisfaction or waiver of each of the conditions to closing set forth in the merger agreement, or on such other date as Boeing, merger sub and Aviall may agree. The merger will become effective upon the later of the time of filing of a certificate of merger with the Secretary of State of the State of Delaware or such later time as may be specified in the certificate of merger with the prior written consent of Boeing.

Conversion of Shares; Procedures for Exchange of Certificates

The conversion of each outstanding share of our common stock into the right to receive $48.00 per share in cash, without interest and less applicable withholding tax will occur automatically at the effective time of the merger. Promptly following the effective time of the merger, The Bank of New York, the exchange agent, will send a letter of transmittal to each former Aviall stockholder of record. The letter of transmittal will contain instructions for obtaining cash in exchange for shares of our common stock.

Upon surrender of a stock certificate representing shares of our common stock, together with a duly completed and validly executed letter of transmittal, and any other documents that may be reasonably required by the exchange agent, the holder of the certificate will be entitled to receive from the exchange agent, acting on behalf of Boeing, $48.00 in cash for each share represented by the stock certificate, and that stock certificate will be cancelled.

In the event of a transfer of ownership of our common stock that is not registered in our stock transfer books, the merger consideration for shares of our common stock so transferred may be paid to a person other than the person in whose name the surrendered certificate is registered if the certificate is properly endorsed and is otherwise in proper form for transfer.

Table of Contents

No interest will be paid or will accrue on any cash payable in connection with the merger upon the surrender of stock certificates representing shares of our common stock. The cash paid upon conversion of shares of our common stock in the merger will be issued in full satisfaction of all rights relating to those shares of our common stock.

Treatment of Stock Based Awards

Aviall Stock Options. Prior to the effective time of the merger, we will take all action necessary to cause each then-outstanding Aviall stock option to be cancelled immediately prior to the effective time of the merger. In consideration for such cancellation, each holder of our stock options will receive, as soon as reasonably practicable at or after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of vested shares that were subject to such option immediately prior to the effective time of the merger, and the excess of the $48.00 per share merger consideration over the per share exercise price subject to such stock option, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Warrants. Following the effective time of the merger, each Aviall warrant will represent only the right, upon the valid exercise of such warrant, to receive the merger consideration for each of our common shares into which such warrant may be exercised. In no event will an Aviall warrant be exercisable for any equity securities of Boeing, us or any of their or our subsidiaries. In addition, we will take all action necessary to cause all holders of our warrants to either fully exercise their warrants prior to the effective time of the merger or agree that such warrants will be terminated upon the effective time of the merger. However, the holder of any such terminated warrant will be entitled to receive following the effective time of the merger, upon surrender of the certificate representing such warrant, only an amount equal to the product of the number of our common shares issuable upon exercise of such warrant multiplied by the excess of the $48.00 per share merger consideration over the per share exercise price in effect for such warrant.

Aviall Restricted Stock. At the effective time of the merger, all of our then-unvested restricted stock will vest, and except for those who properly exercise appraisal rights, each holder of our restricted stock will receive, as soon as reasonably practicable after the effective time of the merger, a cash payment from Boeing or Aviall equal to the product of the total number of shares that were subject to such restrictions immediately prior to the effective time of the merger and the $48.00 per share merger consideration, such cash payment to be reduced by any required deductions and withholding of taxes.

Aviall Stock Appreciation Rights. Immediately prior to the effective time of the merger, except as otherwise provided in the amended and restated severance agreements and the non-competition agreements by and among Boeing, merger sub, Aviall and certain of our executive officers, which are described in the section entitled The Merger Interests of Aviall s Executive Officers and Directors in the Merger beginning on page 42, all of our then-unvested stock appreciation rights will vest. Each holder of our stock appreciation rights will receive as soon as reasonably practicable at or after the effective time of the merger, a cash payment equal to the product of the total number of vested Aviall stock appreciation rights, and the excess of the $48.00 per share merger consideration over the per share grant price of such Aviall stock appreciation rights, such cash payment to be reduced by any required deductions and withholding of taxes.

Representations and Warranties

We made a number of representations and warranties to Boeing and merger sub relating to, among other things:

- due organization, good standing and qualification;
- ownership of Aviall subsidiaries;
- capital structure;
- corporate authority;

Table of Contents

absence of conflicts;

governmental filings and consents;

permits and compliance with applicable laws;

compliance with SEC rules and regulations;

compliance of proxy statement with securities laws;

absence of certain changes or events;

employee benefit plans;

material contracts, customers and suppliers;

absence of certain litigation;

environmental matters;

intellectual property;

taxes;

insurance;

receipt of the opinion of Credit Suisse;

brokers;

real properties; and

interested party transactions.

Our representations and warranties expire at the effective time of the merger.

Boeing and merger sub made a number of representations and warranties to us in the merger agreement relating to, among other things:

- due organization, good standing and qualification;
- corporate authority;
- absence of conflicts;
- governmental filings and consents;
- ownership and absence of prior activities of merger sub;
- financing; and
- our stock, including that neither Boeing nor any of its subsidiaries has during the last three years been an interested stockholder.

The representations and warranties of Boeing and merger sub expire at the effective time of the merger.

Material Adverse Effect

Several of our representations and warranties contained in the merger agreement are qualified by reference to whether the failure of such representation or warranty to be true is reasonably likely to have a material adverse effect on us. The merger agreement provides that a material adverse effect means, when used in connection with us, any effect, event, occurrence, development, circumstance, change or condition, including without limitation a conflict with, or default or violation of, any law that, individually or in the aggregate with all other effects is, or is reasonably likely, to:

- materially impede or delay our ability to consummate the transactions contemplated by the merger agreement in accordance with its terms and applicable laws; or

Table of Contents

be materially adverse to the capitalization, assets (including intangible assets), liabilities, business, financial condition or results of operations of us and our subsidiaries, taken as a whole, except for the purposes of this bullet point, to the extent that such effect results from:

- changes or conditions affecting economic or capital markets which do not affect us in a substantially disproportionate manner;
- changes in political conditions generally which do not affect us in a substantially disproportionate manner;
- changes or conditions affecting the aerospace industry generally which do not affect us in a substantially disproportionate manner;
- changes in laws, generally accepted accounting principles, or SEC rules and regulations which do not affect us in a substantially disproportionate manner;
- the announcement of the merger agreement or the transactions contemplated thereby; or
- changes in the trading volume or trading prices of our stock, or any failure to meet analysts forecasts or projections, but this exclusion will not apply to the underlying cause or causes of such changes or failure.

Conduct of Business Pending the Merger

Under the merger agreement, we have agreed that prior to the effective time of the merger, subject to certain exceptions, unless we obtain Boeing s prior written consent or as necessary to comply with legal requirements, we will and will cause each of our subsidiaries to:

- carry on our and their businesses in the ordinary and usual course consistent with past practice, and will not take action inconsistent with such practice or the merger agreement;
- use reasonable best efforts to keep available the services of our current officers, employees and consultants and to preserve our present business relationships;
- have in effect and maintain in all material respects insurance substantially of the kinds and in the amounts as are in effect as of the date of the merger agreement; and
- keep substantially in working condition and good order and repair all of our and their material assets and other material properties, normal wear and tear excepted.

In addition, we have also agreed that until the effective time of the merger, subject to certain exceptions for actions taken in the ordinary course of business, consistent with past practice or below certain dollar thresholds, or with Boeing s prior written consent, as necessary to comply with legal requirements, or as specified in the merger agreement, we will and will cause our subsidiaries to comply with specific restrictions relating to, among others:

- acquiring any business, corporation, partnership or any business organization or division thereof;

the sale, lease, license or other disposition of our or their assets;

amending our or their articles of incorporation or amended and restated by-laws or similar organizational documents;

other than dividends from any wholly owned subsidiary of Aviall to its parent, declaring or paying any dividend or other distribution with respect to any shares of ours or their capital stock, or purchasing, redeeming or otherwise acquiring any shares of ours or their capital stock, other equity securities or other ownership interests;

splitting, combining or reclassifying any outstanding shares of our or their capital stock;

issuing options, warrants or rights to acquire shares of or securities convertible into any equity interests of us or any of our subsidiaries;

Table of Contents

granting, amending or changing the terms of any option, stock appreciation right, or other stock-based incentive award of any kind;

taking any action with respect to the grant of any severance or termination pay to, increasing the compensation, bonus, severance or other benefits of, executing any employment or deferred compensation agreement with, or paying any benefit not required by any existing agreement or employee benefit plan to any current or former director, executive officer or employee;

amending our benefit plans or agreements or adopting new plans or agreements, including severance agreements;

hiring any person as an executive officer or entering into, amending or extending the term of, any employment agreement with any officer or employee;

entering into any collective bargaining agreement;

making any material election, changing in any material respect any accounting method, or taking certain other actions with respect to tax matters;

commencing, settling or resolving any legal proceeding, other than resolution through trial judgment for any legal proceeding in existence as of the date of the merger agreement;

incurring indebtedness or modifying the terms of any existing indebtedness greater than $10 million;

assuming or becoming responsible for the obligations of, or making any loans, advances, capital contributions to, or investments in, any individual or entity, other than us or any of our subsidiaries;

creating any material encumbrance on any material asset;

making any capital expenditures;

entering into any agreement that limits us, our subsidiaries, or that would after the effective time of the merger limit Boeing or its subsidiaries, from engaging or competing in any line of business or any geographic area, or which provides most favored party rights;

terminating, amending or waiving any material provision of a confidentiality or standstill agreement, or upon notice of a material breach, failing to enforce the provisions of such agreement;

amending or termination any material contract or entering into any other material contract;

materially changing warranties or indemnification rights of customers;

knowingly taking any action that would materially impair the ability of us, Boeing, merger sub or our stockholders to complete the merger;

entering into any contract to re-sell or distribute licensed or non-licensed Parts Manufacturer Approvals products or parts of Boeing or its affiliates;

entering into any agreement that subject us to compliance with requirements of the Federal Acquisition Regulation or Cost Accounting Standards beyond the level of compliance required as of the date of the merger agreement; and

committing or agreeing to take any of the actions described in the previous bullet points.

Before the effective time of the merger, we will exercise complete control and supervision of our operations, consistent with the terms and conditions of the merger agreement.

We have also agreed to certain other customary covenants, including to provide Boeing and its representatives access at reasonable times to Aviall s officers, employees, agents, properties, offices and other facilities, as well as to Aviall s books and records. Aviall has also agreed to promptly furnish information concerning Aviall s business, properties, contracts, assets, liabilities, taxes, personnel and other aspects of the

Table of Contents

company s business, including, internal reviews conducted by the company relating to legal compliance. Boeing s access rights are subject to its obligations under its existing confidentiality agreement with Aviall.

Limitation on Considering Other Acquisition Proposals

We have agreed that we will not, and will not permit any of our subsidiaries to, and will use all reasonable efforts to ensure that our or our subsidiaries directors, officers, employees, affiliates, accountants, consultants, legal counsel, advisors, investment bankers, brokers, agents and other representatives do not, directly or indirectly:

- solicit, initiate, seek, entertain or induce any acquisition proposal or the making of any inquiry or proposal that could reasonably be expected to lead to an acquisition proposal;
- enter into, participate in, continue, maintain or otherwise participate in any communications or negotiations regarding, or furnish to any person any non-public information in response to or in connection with, any acquisition proposal;
- agree to, accept, approve or recommend any acquisition proposal;
- enter into any letter of intent or any other contract relating to any acquisition proposal;
- submit any acquisition proposal to the vote of our stockholders;
- withhold, withdraw or modify, in a manner adverse to Boeing, the approval of our board of directors of the merger agreement; or
- take any action or position that is inconsistent with, or withdraw or modify, in a manner adverse to Boeing, the unanimous recommendation of the board that our stockholders vote in favor of the adoption of the merger agreement.

An acquisition proposal means any agreement, offer, proposal or indication of interest (other than from Boeing) relating to, or involving: the acquisition by any person or group of more than a 10% interest in our total outstanding voting securities or any tender or exchange offer that would result in any person beneficially owning 10% or more of our total outstanding voting securities, any merger or other business combination involving us or our subsidiaries; or any sale, lease, transfer, pledge or disposition of 10% or more of our consolidated assets (other than in the ordinary course of business).

At any time prior to obtaining stockholder approval, subject to certain restrictions, our board of directors may nevertheless in response to an acquisition proposal that our board of directors concludes in good faith (after consultation with outside legal and financial advisors) is, or is reasonably likely to become, a superior offer:

- enter into discussions with the person making the acquisition proposal and
- furnish to the person making the acquisition proposal information with respect to us and our subsidiaries pursuant to a confidentiality agreement which contains terms that are at least as restrictive as the terms of the confidentiality agreement that we and Boeing have executed in connection with the merger.

However, in each case:

neither we, our subsidiaries, nor any of our or their directors, officers, employees, affiliates, accountants, consultants, legal counsel, advisors, investment bankers, brokers, agents and other representatives will have violated the restrictions on considering other acquisition proposals set forth in the merger agreement and summarized in the preceding bullet points;

our board of directors must first conclude in good faith, after consultation with our outside legal counsel, that such action is reasonably required for our board to comply with its fiduciary obligations to our stockholders; and

Table of Contents

we must first notify Boeing in writing of the identity of the person making such acquisition proposal, the material terms and conditions of such acquisition proposal, and our intention to take actions in response to such acquisition proposal.

A superior offer means an unsolicited, bona fide written offer made by a third party for the acquisition by any person or group of more than a 50% interest in our total outstanding voting securities or any tender or exchange offer that would result in any person beneficially owning 50% or more of our total outstanding voting securities; any merger or other business combination involving us or our subsidiaries; or any sale, lease, transfer, pledge or disposition of 50% or more of our consolidated assets (other than in the ordinary course of business), on terms that our board of directors has in good faith concluded (after consultation with our outside legal counsel and financial advisor) to be more favorable, from a financial point of view, to our stockholders than the terms of the merger agreement and is reasonably capable of being consummated.

We have agreed to advise Boeing within twenty-four hours of the receipt of any acquisition proposal, any inquiry or offer that contemplates an acquisition proposal, any other notice that any person is considering making an acquisition proposal, or any request for non-public information that could reasonably be expected to lead to an acquisition proposal:

of the material terms and conditions of such acquisition proposal, inquiry or request, and

the identity of the person making any such acquisition proposal, inquiry or request.

Nothing in the merger agreement prevents our board of directors from withholding or modifying its unanimous recommendation to our stockholders in favor of adoption of the merger agreement, or terminating the merger agreement simultaneously with the payment of a termination fee to Boeing in the amount of $44.4 million plus up to $2.5 million for incurrence by Boeing of expenses in connection with the transactions contemplated by the merger agreement, if: our stockholders approval of the merger has not yet been obtained; we have not violated any of the restrictions on considering other acquisition proposals set forth in the merger agreement and summarized in the preceding paragraphs; a superior offer is made to us and is not withdrawn; we have promptly provided written notice to Boeing of the superior offer and our intent to change our recommendation or to terminate the merger agreement; Boeing has not, within 4 business days of their receipt of the written notice of a superior offer, made an offer to us that our board of directors concludes in its good faith judgment to be at least as favorable to our stockholders as such superior offer; and our board of directors has concluded in good faith, after consultation with our legal counsel, that, in light of such superior offer and any offer made by Boeing, it is required to withhold or modify such recommendation, or to terminate the merger agreement and pay to Boeing a termination fee in the amount of $44.4 million plus up to $2.5 million for incurrence by Boeing of expenses in connection with the transactions contemplated by the merger agreement, to comply with its fiduciary obligations to our stockholders under applicable legal requirements.

Notes Tender Offer

Provided that the merger agreement has not been terminated, we will commence a tender offer for all of the $200 million aggregate principal amount at maturity of the 7-5/8% senior notes due 2011 as promptly as reasonably practicable after the execution of the merger agreement, but in no event later than the mailing of this proxy statement. The aggregate consideration payable to each holder of senior notes pursuant to such notes tender offer will be an amount in cash established by Boeing.

As part of the notes tender offer, we will solicit the consent of the note holders to amend, eliminate or waive certain sections (as selected by Boeing) of the indenture governing the senior notes. At such time as we receive consents from note holders holding at least a majority of the aggregate principal amount of senior notes, we will execute, and cause all of the guarantors that are a party to the indenture to execute, and will use reasonable best efforts to cause the trustee under the indenture to execute, a supplemental indenture in order to give effect to the amendments of the indenture contemplated in the tender offer of our senior notes.

Table of Contents

Conditions to the Closing of the Merger

The merger is subject to the satisfaction or waiver of various conditions, which include the following:

Boeing and we are not obligated to effect the merger unless the following conditions are satisfied or waived:

- the merger agreement is adopted by our stockholders at the special meeting;
- no governmental entity has obtained, enacted, or enforced any statute, rule, decree, judgment, injunction, arbitration award, or other order (whether temporary, preliminary or permanent), in any case that is in effect and prevents or prohibits consummation of the merger; and
- any applicable waiting periods, together with any extensions thereof, under the HSR Act and other applicable antitrust laws required to consummate the merger shall have expired or been terminated.

Boeing and merger sub are not obligated to effect the merger unless the following conditions are satisfied or waived:

- the representations and warranties made by us in the merger agreement related to our organization, capitalization, authority to enter into the merger agreement and complete the merger, necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);
- our remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by us pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not, individually or in the aggregate, have a material adverse effect on Aviall;
- we have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by us on or prior to the effective time of the merger;
- there has not occurred any material adverse effect with respect to Aviall;
- there is no pending or threatened action, suit or proceeding in which any governmental entity is a party wherein an unfavorable injunction, judgment or ruling would prevent, restrain or interfere with the consummation of the merger, adversely affect the right or powers of Boeing to own, operate or control us or any portion of the business or assets of us or Boeing, and no such injunction, judgment or ruling is in effect;
- our principal executive officer and principal financial officer have not failed to provide the certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002; and

we have delivered to Boeing a certificate, signed by our chief executive officer and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied.

We are not obligated to effect the merger unless the following conditions are satisfied or waived:

Boeing s and merger sub s representations and warranties in the merger agreement related to Boeing s and merger sub s organization, authority to enter into the merger agreement, necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);

Table of Contents

Boeing s and merger sub s remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by Boeing or merger sub pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect on Boeing, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not, individually or in the aggregate, have a material adverse effect on Boeing;

Boeing has performed or complied with, in all material respects, all agreements and covenants required by the merger agreement to be performed or complied with by Boeing on or prior to the effective time of the merger; and

Boeing has delivered to us a certificate, signed by an authorized officer of Boeing and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied.

Termination of the Merger Agreement

Boeing and we can terminate the merger agreement under certain circumstances, including:

by mutual written consent of Boeing and us;

by either Boeing or us, if the merger has not been completed before November 30, 2006, provided that such date may be extended by Boeing or us up to and including February 28, 2007 if all conditions to effect the merger other than one or more of certain regulatory conditions have been or are capable of being satisfied at the time of such extension, and the regulatory conditions have been or are reasonably capable of being satisfied on or prior to February 28, 2007. However, the right to terminate the merger agreement under this circumstance will not be available to any party whose failure to fulfill any of its obligations under the merger agreement has been the cause of, or resulted in, the failure of the merger to be consummated on or before such date;

by either Boeing or us, if any governmental entity has issued any statute, rule, decree, judgment, injunction, arbitration award or other order (whether temporary, preliminary or permanent), that is in effect and that prevents or prohibits consummation of the merger;

by either Boeing or us, if our stockholders do not adopt the merger agreement at the special meeting and, in the case of a termination by us, the failure to obtain stockholder approval is not the result of our violation of the merger agreement. We must pay to Boeing a termination fee of $44.4 million and reimburse Boeing for up to $2.5 million for its fees and expenses incurred in connection with the merger if the merger agreement is terminated because our stockholders do not adopt the merger agreement and, at the time of such termination, Boeing was entitled to terminate for the reasons set forth in the following bullet;

by Boeing, if prior to the receipt of our stockholder approval:

our board of directors withdraws or modifies in a manner adverse to Boeing its recommendation to our stockholders in favor of adoption of the merger agreement;

we fail to include such recommendation in this proxy statement;

our board of directors approves or recommends to our stockholders any other acquisition proposal;

we enter into any letter of intent or other contract for any other acquisition proposal;

we materially breach any of our covenants relating to our obligation to hold the stockholder meeting, our board of directors obligation to recommend the adoption of the merger agreement or our obligation not to solicit other acquisition proposals; or

Table of Contents

our board of directors fails to make a statement recommending the rejection of a tender or exchange offer for our common stock within 10 business days after such tender or exchange offer is first published or given.

by Boeing, if there is a material adverse effect with respect to Aviall or if any of our covenants, agreements, representations or warranties are materially breached and not cured within 20 business days and, as a result of our breach or misrepresentation, the conditions to closing would not be satisfied;

by us, if any of the covenants, agreements, representations or warranties of Boeing or merger sub is materially breached and not cured within 20 business days and, as a result, the conditions to closing would not be satisfied; and

by us, if prior to the receipt of our stockholder approval:

we have not violated any of the covenants with respect to considering other acquisition proposals,

a superior offer is made to us and is not withdrawn,

we have promptly provided written notice to Boeing advising them that we have received a superior offer and intend to change the recommendation of our board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which we intend to do so,

Boeing has not, within four days of their receipt of the notice of superior offer, made an offer that our board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to our stockholders as such superior offer, and

our board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Boeing within four days receipt of the notice of superior offer, our board is required to withdraw or modify its recommendation to our stockholders to vote in favor of the merger, or to terminate the merger agreement and pay to Boeing a termination fee of $44.4 million plus up to $2.5 million for fees and expenses incurred by Boeing in connection with the transactions contemplated by the merger agreement, to comply with its fiduciary obligations to our stockholders under applicable law.

Termination Fees and Expenses

The merger agreement provides that we will pay to Boeing the sum of the fees and expenses Boeing incurred in connection with the transactions contemplated by the merger agreement, in an amount up to $2.5 million, if the merger agreement is terminated under the following circumstances:

by either Boeing or us, if our stockholders do not adopt the merger agreement at the special meeting and an alternative acquisition proposal is publicly announced at any time after the date of the merger agreement and before the vote on the merger agreement at the special meeting;

by Boeing, if prior to the receipt of our stockholder approval:

our board of directors withdraws or modifies in a manner adverse to Boeing its recommendation to our stockholders in favor of adoption of the merger agreement;

we fail to include such recommendation in this proxy statement;

our board of directors approves or recommends to our stockholders any other acquisition proposal;

we enter into any letter of intent or other contract for any other acquisition proposal;

we materially breach any of our covenants with respect to our obligation to hold the stockholder meeting, our board or director s obligation to recommend to our stockholders the adoption of the merger agreement, or our obligation not to solicit other acquisition proposals; or

Table of Contents

our board of directors fails to make a statement recommending the rejection of a tender or exchange offer for our common stock within 10 business days after such tender or exchange offer is first published or given.

by us, if prior to the receipt of our stockholder approval:

we have not violated any of the covenants with respect to considering other acquisition proposals,

a superior offer is made to us and is not withdrawn,

we have promptly provided written notice to Boeing advising them that we have received a superior offer and intend to change the recommendation of our board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which we intend to do so,

Boeing has not, within four days of their receipt of the notice of superior offer, made an offer that our board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to our stockholders as such superior offer, and

our board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Boeing within four days receipt of the notice of superior offer, our board is required to withdraw or modify its recommendation to our stockholders to vote in favor of the merger, or to terminate the merger agreement and pay to Boeing a termination fee of $44.4 million, to comply with its fiduciary obligations to our stockholders under applicable law.

In addition to payment of Boeing s expenses, we must pay Boeing a termination fee of $44.4 million if the merger agreement is terminated:

by Boeing, if prior to the receipt of our stockholder approval:

our board of directors withdraws or modifies in a manner adverse to Boeing its recommendation to our stockholders in favor of adoption of the merger agreement;

we fail to include such recommendation in this proxy statement;

our board of directors approves or recommends to our stockholders any other acquisition proposal;

we enter into any letter of intent or other contract for any other acquisition proposal;

we materially breach any of our covenants relating to our obligation to hold the stockholder meeting, our board of directors obligation to recommend the adoption of the merger agreement to our stockholders or our obligation not to solicit other acquisition proposals; or

our board of directors fails to make a statement recommending the rejection of a tender or exchange offer for our common stock within 10 business days after such tender or exchange offer is first published or given;

by us, if our stockholders do not adopt the merger agreement at the special meeting, and if at such time Boeing was entitled to terminate pursuant to the circumstance described in the immediately preceding bullet points;

by us, if prior to the receipt of our stockholder approval:

we have not violated any of the covenants with respect to considering other acquisition proposals,

a superior offer is made to us and is not withdrawn,

we have promptly provided written notice to Boeing advising them that we have received a superior offer and intend to change the recommendation of our board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which we intend to do so,

Boeing has not, within four days of their receipt of the notice of superior offer, made an offer that our board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to our stockholders as such superior offer, and

Table of Contents

our board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Boeing within four days receipt of the notice of superior offer, our board is required to withdraw or modify its recommendation to our stockholders to vote in favor of the merger, or to terminate the merger agreement to comply with its fiduciary obligations to our stockholders under applicable law and pay to Boeing a termination fee of $44.4 million; or

by Boeing or us, if our stockholders do not adopt the merger as a result of our breach of the merger agreement, and an alternative acquisition proposal has been publicly announced at any time after the date of the merger agreement and before the vote on the merger agreement at the special meeting, and we enter into an alternative acquisition transaction involving at least 50% of our stock or assets within twelve months after the termination of the merger agreement.

Indemnification and Insurance for Aviall s Directors and Officers

Boeing will assume, and will cause the surviving corporation of the merger to fulfill, our obligations pursuant to any indemnification agreements between us and our directors and officers and any indemnification provisions under our certificate of incorporation or amended and restated by-laws as in effect on the date of the merger agreement. The certificate of incorporation and by-laws of the surviving corporation will contain provisions with respect to indemnification that are at least as favorable to as those contained in our certificate of incorporation and amended and restated by-laws as in effect on the date of the merger agreement. Such provisions will not be amended, repealed or otherwise modified for a period of six years from the effective time of the merger in any manner that would adversely affect the rights of the indemnified parties, unless such modification is required by applicable law.

For six years after the effective time of the merger, Boeing will cause to be maintained directors and officers liability insurance in respect of acts or omissions occurring prior to the effective time of the merger covering each individual who at the date of the merger agreement was an indemnified party covered by our directors and officer s liability insurance, on terms with respect to coverage and amounts no less favorable than those of such policy in effect on the date of the merger agreement. Boeing will have the right to cause coverage to be extended under our directors and officer s liability insurance by obtaining a six year tail policy on terms and conditions no less advantageous than our existing directors and officer s liability insurance. In lieu of the foregoing, prepaid policies may be obtained prior to the effective time of the merger, which policies will provide for terms and conditions no less advantageous than our existing directors and officer s liability insurance with the prior written consent of Boeing, which will not be unreasonably withheld. If such prepaid policies have been obtained prior to the effective time of the merger, Boeing will, and will cause the surviving corporation to, maintain such policies in full force and effect, and continue to honor such obligations.

Extension, Waiver and Amendment of the Merger Agreement

We and Boeing may amend the merger agreement at any time prior to the effective time of the merger. However, after stockholder adoption of the merger agreement has been obtained, no amendment may be made without further stockholder approval that, by law or in accordance with the rules of the New York Stock Exchange, requires further approval by our stockholders.

At any time prior to the effective time of the merger, either we or Boeing may extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties of the other party, and waive compliance by the other party with any of the agreements or conditions contained in the merger agreement.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information, as of June 12, 2006, as to shares of Aviall common stock held by persons known to us to be the beneficial owners of more than five percent of Aviall common stock based upon information publicly filed by such persons:

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
TCG Holdings, L.L.C. (1)(2) c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505	4,624,615	13.4%
Stichting Pensioenfonds ABP (3) Oude Lindestraat 70, Postbus 2889, 6401 DL Heerlen, the Kingdom of the Netherlands	2,758,800	8.1%
Abrams Bison Investments, L.L.C. (4) 4800 Hampden Lane, Suite 1050, Bethesda, Maryland 20814	2,819,600	8.2%
Caxton International Limited (5) c/o Prime Management Limited, Mechanics Building, 12 Church Street Hamilton HM11, Bermuda	1,794,200	5.2%

(1) TCG Holdings, L.L.C. and certain affiliates beneficially own 4,624,615 shares of common stock by virtue of their beneficial ownership of 4,362,115 shares of common stock and a warrant exercisable for 262,500 shares of common stock, consisting of (i) 3,839,242 shares of common stock owned of record by Carlyle Partners III, L.P., (ii) 199,250 shares of common stock owned of record by CP III Coinvestment, L.P., (iii) 224,115 shares of common stock and a warrant currently exercisable for 262,500 shares of common stock owned of record by Carlyle High Yield Partners, L.P. and (iv) 99,508 shares of common stock owned of record by Carlyle-Aviall Partners II, L.P.

(2) TC Group III, L.P. is the sole general partner of Carlyle Partners III, L.P., CP III Coinvestment, L.P. and Carlyle-Aviall Partners II, L.P. TC Group III, L.L.C. is the sole general partner of TC Group III, L.P. TCG High Yield, L.L.C. is the sole general partner of Carlyle High Yield Partners, L.P. TCG High Yield Holdings, L.L.C. is the sole managing member of TCG High Yield, L.L.C. TC Group, L.L.C. is the sole managing member of TC Group III, L.L.C. and TCG High Yield Holdings, L.L.C. TCG Holdings, L.L.C. is the sole managing member of TC Group, L.L.C. Accordingly, (i) TC Group III, L.P. and TC Group III, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by each of Carlyle Partners III, L.P., CP III Coinvestment, L.P. and Carlyle-Aviall Partners II, L.P.; (ii) TCG High Yield, L.L.C. and TCG High Yield Holdings, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by Carlyle High Yield Partners, L.P. and (iii) TC Group, L.L.C. and TCG Holdings, L.L.C. each may be deemed to be a beneficial owner of shares of common stock owned of record by each of Carlyle Partners III, L.P., CP III Coinvestment, L.P., Carlyle-Aviall Partners II, L.P. and Carlyle High Yield Partners, L.P. William E. Conway, Jr., Daniel A. D Aniello and David M. Rubenstein are managing members of TCG Holdings, L.L.C. and, in such capacity, may be deemed to share beneficial ownership of shares of common stock beneficially owned by TCG Holdings, L.L.C. Such individuals expressly disclaim any such beneficial ownership. Each of the foregoing entities reports to have sole voting and investment power over the shares of common stock reported to be beneficially owned by such entity.

(3) Stichting Pensioenfonds ABP reports to have sole voting and investment power over the shares of common stock reported to be beneficially owned by such entity.

(4) Represents shares beneficially owned by Abrams Bison Investments, LLC and Gavin Abrams, an individual who is the managing member of Abrams Bison Investments, LLC. Both Abrams Bison Investments, LLC and Gavin Abrams (i) report to have shared voting and investment power over the shares of our common stock reported and (ii) have disclaimed beneficial ownership of the shares of our common stock reported, except to the extent of their pecuniary interest therein.

(5) Represents shares beneficially owned by Caxton International Limited, Caxton Associates, LLC and Bruce Kovner. Caxton Associates, LLC is the trading advisor to Caxton International Limited and Bruce Kovner is an individual who is the Chairman of Caxton Associates, LLC and the sole shareholder of Caxton Corporation, the manager and majority owner of Caxton Associates, LLC. Each of Caxton International Limited, Caxton Associates, LLC and Bruce Kovner report to have shared voting and investment power over the shares of common stock reported.

78

Table of Contents

SECURITY OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth, as of June 12, 2006, information known to Aviall about the beneficial ownership of Aviall common stock by each of our named executive officers, each director of Aviall, and all of the directors and executive officers as of June 12, 2006 as a group. For purposes of this proxy statement, Paul E. Fulchino, Colin M. Cohen, Dan P. Komnenovich, Bruce Langsen and James T. Quinn are referred to as the named executive officers of Aviall.

As of June 12, 2006, no individual director or named executive officer beneficially owned in excess of one percent of the outstanding common stock except for Paul E. Fulchino, who owned 2.0% of the outstanding common stock of Aviall. The group consisting of all directors, named executive officers and other executive officers beneficially owned approximately 6.23% of the outstanding shares of common stock, as of June 12, 2006.

Name of Beneficial Owner	Amount of Beneficial Ownership (1)
Paul E. Fulchino (2)	695,053
Peter J. Clare (3)	22,408
Colin M. Cohen (4)	104,229
Chris A. Davis (5)	6,395
Alberto F. Fernández (6)	24,940
Allan M. Holt (7)	22,408
Bruce Langsen (8)	206,179
Dan P. Komnenovich (9)	145,821
Donald R. Muzyka (10)	29,651
James T. Quinn (11)	156,101
Richard J. Schnieders (12)	53,772
Jonathan M. Schofield (13)	43,249
Arthur E. Wegner (14)	21,965
Bruce N. Whitman (15)	108,772
All current directors and executive officers as a group (19 persons)	2,270,660

(1) Represents shares of common stock beneficially owned by such individuals, including shares beneficially owned pursuant to the Aviall, Inc. Employees Savings Plan and shares of restricted stock beneficially owned pursuant to the Directors Stock Plan.

(2) Includes 22,500 shares of restricted common stock for which Mr. Fulchino has sole voting power and no investment power and 472,029 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.

(3) The address of this person is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington D.C. 20004-2505. Includes 18,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.

(4) Includes 11,081 shares of restricted common stock for which Mr. Cohen has sole voting power and no investment power and 87,100 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options. Also includes 750 shares of common stock held by Mr. Cohen as a custodian for his daughter under the Uniform Gift to Minors Act. Mr. Cohen disclaims beneficial ownership of such shares.

(5) Includes 5,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options for which Ms. Davis has sole voting and no investment power.

(6) Includes 18,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.

(7) The address of this person is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505. Includes 18,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.

Table of Contents

(8) Includes 8,396 shares of restricted common stock for which Mr. Langsen has sole voting power and no investment power and 137,644 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(9) Includes 14,534 shares of restricted common stock for which Mr. Komnenovich has sole voting power and no investment power and 93,600 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(10) Includes 10,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(11) Includes 9,013 shares of restricted common stock for which Mr. Quinn has sole voting power and no investment power and 118,735 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(12) Includes 27,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(13) Includes 24,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(14) Includes 10,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.
(15) Includes 27,000 shares of common stock that may be acquired within 60 days of June 12, 2006, through the exercise of stock options.

Table of Contents

FUTURE STOCKHOLDER PROPOSALS

If the merger is completed, we will not hold a 2006 annual meeting of stockholders. If the merger is not completed, you will continue to be entitled to attend and participate in our stockholder meetings and we will hold a 2006 annual meeting of stockholders, in which case stockholder proposals will be eligible for consideration for inclusion in the proxy statement and form of proxy for our 2006 annual meeting of stockholders in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended. For a stockholder s proposal to be included in our proxy statement and form of proxy for the 2006 annual meeting of stockholders, the proposal must have been submitted in writing to: Jeffrey J. Murphy, Senior Vice President, Law & Human Resources, Secretary and General Counsel, Aviall, Inc., 2750 Regent Boulevard, DFW Airport, Texas 75261-9048, by no later than January 2, 2006.

In accordance with Aviall s amended and restated by-laws, stockholders who do not submit a proposal for inclusion in the proxy statement, as described in the previous paragraph, but who intend to present a proposal, nomination for director or other business for consideration at the 2006 annual meeting, are required to give advance notice to the Secretary of Aviall with respect to such proposal, nomination or other business by no later than 70 days and no earlier than 90 days prior to the anniversary of the preceding year s annual meeting of stockholders. However, if the date of the annual meeting is advanced by more than 20 days or delayed by more than 70 days from the anniversary of the preceding year s annual meeting of stockholders, notice with respect to such proposal, nomination or other business must be given to the Secretary of Aviall by no later than the close of business on the later of the 70th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of the annual meeting is first made and no earlier than 90th day prior to such annual meeting. Aviall s amended and restated by-laws contain detailed requirements that the stockholder s notice must satisfy, including, without limitation, certain information regarding the stockholder desiring to present a proposal or make a nomination and, in the case of a nomination, information regarding the proposed director nominee. Any stockholder notice and any request for a copy of Aviall s amended and restated by-laws should be in writing and addressed to: Jeffrey J. Murphy, General Counsel and Corporate Secretary, Aviall, Inc., 2750 Regent Boulevard, DFW Airport, Texas 75261-9048.

The Nominating and Governance Committee will consider nominations by stockholders that are made in writing, addressed to: Director Nominations, care of Corporate Secretary at P.O. Box 619048, DFW Airport, Texas 75261 and submitted in accordance with our amended and restated by-laws as described above. The Nominating and Governance Committee considers director candidates recommended by stockholders in accordance with Aviall s Corporate Governance Guidelines, which set forth certain criteria for director nominees, and the Nominating and Governance Committee Charter, dated as of December 15, 2004. The Corporate Governance Guidelines and the Nominating and Governance Committee charter can be found on Aviall s investor relations web site at http://www.aviall.com/cgi-bin/index.jsp under the button labeled Investor Relations.

OTHER MATTERS

At this time, we know of no other matters to be submitted at the special meeting. If any other matters properly come before the special meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as our board of directors may recommend.

It is important that your shares be represented at the special meeting, regardless of the number of shares which you hold. Therefore, we urge you to complete, sign, date and return the accompanying proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose or to vote via the Internet or telephone.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We and Boeing file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements, or other information that we and Boeing file with the SEC at the SEC s public reference room at the following location: 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of those documents at prescribed rates by writing to the Public Reference Section of the Securities Exchange Commission at that address. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from commercial document retrieval services and at the Internet World Wide Web site maintained by the SEC at *http://www.sec.gov* under the Search for Company Filings button.

INCORPORATION OF INFORMATION BY REFERENCE

The SEC allows Aviall to incorporate by reference information into this proxy statement, which means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is deemed to be part of this proxy statement, except for any information superseded by information in this proxy statement or incorporated by reference subsequent to the date of this proxy statement. This proxy statement incorporates by reference the documents set forth below that Aviall has previously filed with the SEC. These documents contain important information about the companies and their financial condition and are incorporated by reference into this proxy statement.

The following Aviall filings with the SEC (all filed under file number 001-12380) are incorporated by reference into this proxy statement:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2005;
- Quarterly Report on From 10-Q for the quarterly period ended March 31, 2006;
- Current Reports on Form 8-K with a filing date of February 1, 2006, March 1, 2006, March 29, 2006, May 2, 2006 and May 4, 2006.
- Definitive Proxy Statement on Schedule 14A with a filing date of April 27, 2006, and the additional definitive proxy soliciting materials and Rule 14(a)(12) material on Schedule 14A with a filing date of May 1, 2006, and on Form 8-K with a filing date of May 2, 2006, May 4, 2006, and May 4, 2006.

Aviall also incorporates by reference into this proxy statement additional documents that it may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act, as amended, between the date of this proxy statement and the earlier of the date of the special meeting of Aviall stockholders or the termination of the merger agreement. These documents deemed incorporated by reference include periodic reports, such as Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, as well as Current Reports on Form 8-K and proxy and information statements. You may obtain any of the documents we file with the SEC, without charge, by requesting them in writing or by telephone from us at the following address:

Aviall, Inc.

2750 Regent Boulevard

DFW Airport, Texas 75261-9048

Attention: Investor Relations

Telephone: (972) 586-1000

If you would like to request documents from us, please do so by , 2006 to receive them before the special meeting. If you request any documents from us, we will mail them to you by first class mail, or another equally prompt method, within one business day after we receive your request.

Please note that all of our documents that we file with the SEC are also promptly available at the investor relations tab of our website, http://www.aviall.com.

Table of Contents

MISCELLANEOUS

If you have any questions about this proxy statement, the special meeting or the merger or need assistance with voting procedures, you should contact:

Morrow & Co., Inc.

470 West Avenue

Stamford, Connecticut 06902

Email: Aviall.info@morrowco.com

Banks and Brokers Please Call: (203) 658-9400

Stockholders Please Call: (800) 607-0088

You should not send in your Aviall certificates until you receive the transmittal materials from the exchange agent. Our record stockholders who have further questions about their share certificates or the exchange of our common stock for cash should contact the exchange agent.

You should rely only on the information contained in this proxy statement to vote on the merger proposal. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement. This proxy statement is dated , 2006.

You should not assume that the information contained in this proxy statement is accurate as of any date other than that date (or as of an earlier date if so indicated in this proxy statement). Neither the mailing of this proxy statement to stockholders nor the issuance of cash in the merger creates any implication to the contrary. This proxy statement does not constitute a solicitation of a proxy in any jurisdiction where, or to or from any person to whom, it is unlawful to make a proxy solicitation.

Your vote is important. To vote your shares, please complete, date, sign and return the enclosed proxy card (if you are a holder of record) or instruction card (if you were forwarded these materials by your broker or nominee) as soon as possible in the enclosed envelope. Please call our proxy solicitor, Morrow & Company, Inc., at (203) 658-9400 (banks and brokers) or (800) 607-0088 (all others, toll free) if you have any questions about this proxy statement or the merger, or need assistance with the voting procedures.

CERTAIN INFORMATION REGARDING AVIALL AND BOEING

Aviall has supplied all information relating to Aviall, and Boeing has supplied all information contained in this proxy statement relating to Boeing and Boeing-Avenger, Inc. Some of the important business and financial information relating to Aviall that you may want to consider in deciding how to vote is incorporated by reference into this proxy statement.

Table of Contents

ANNEX A

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

THE BOEING COMPANY

BOEING-AVENGER, INC.

and

AVIALL, INC.

Dated as of April 30, 2006

Table of Contents

TABLE OF CONTENTS