
United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2000

OR

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

BOEING CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or Organization)

95-2564584
(I.R.S. Employer
Identification No.)

0-10795
(Commission File No.)

500 Naches Ave., SW, 3rd Floor • Renton, Washington 98055

(Address of principal executive offices)

(425) 393-0153

(Registrant's telephone number, including area code)

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

Common shares outstanding at May 12, 2000:

50,000 shares

Registrant meets the conditions set forth in General Instruction H(1)(a) and (b) to Form 10-Q and is therefore filing this Form with the reduced disclosure format.

Part I

Item 1. Financial Statements

Boeing Capital Corporation and Subsidiaries

Consolidated Balance Sheets

(Dollars in millions, except stated value and par value)	March 31, 2000	December 31, 1999
	(Unaudited)	
ASSETS		
Financing receivables:		
Investment in finance leases	\$ 1,577.8	\$ 1,372.8
Notes receivable	1,042.4	708.0
	<u>2,620.2</u>	<u>2,080.8</u>
Allowance for losses on financing receivables	(148.1)	(60.7)
	<u>2,472.1</u>	<u>2,020.1</u>
Cash and cash equivalents	38.6	26.9
Equipment under operating leases, net	1,422.3	828.2
Equipment held for sale or re-lease	54.9	66.0
Accounts due from Boeing and BCSC	35.9	2.6
Other assets	104.4	99.8
	<u>\$ 4,128.2</u>	<u>\$ 3,043.6</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Short-term notes payable	\$ 382.1	\$ 271.0
Accounts payable and accrued expenses	24.8	38.5
Other liabilities	126.5	96.5
Deferred income taxes	438.1	427.5
Long-term debt:		
Senior	1,717.9	1,741.8
Intercompany	858.5	-
Subordinated	44.9	44.9
	<u>3,592.8</u>	<u>2,620.2</u>
Commitments and contingencies – Note 3		
Shareholder's equity:		
Preferred stock – no par value; authorized 100,000 shares:		
Series A; \$5,000 stated value; authorized, issued and outstanding 10,000 shares	50.0	50.0
Common stock - \$100 par value; authorized 100,000 shares; issued and outstanding 50,000 shares	5.0	5.0
Capital in excess of par value	184.6	89.5
Income retained for growth	295.8	278.9
	<u>535.4</u>	<u>423.4</u>
	<u>\$ 4,128.2</u>	<u>\$ 3,043.6</u>

See notes to consolidated financial statements.

Boeing Capital Corporation and Subsidiaries

Consolidated Statements of Income and Income Retained for Growth

(Unaudited)

(Dollars in millions)	Three months ended March 31,	
	2000	1999
OPERATING INCOME		
Finance lease income	\$ 32.8	\$ 29.2
Interest income on notes receivable	26.9	12.6
Operating lease income, net of depreciation expense	31.4	16.7
Net gain on disposal or re-lease of assets	3.1	7.4
Other	0.5	0.4
	<u>94.7</u>	<u>66.3</u>
EXPENSES		
Interest expense	56.1	33.0
Provision for losses	2.3	1.7
Operating expenses	7.4	2.4
Other	0.8	0.4
	<u>66.6</u>	<u>37.5</u>
Income before provision for income taxes	28.1	28.8
Provision for income taxes	10.3	11.1
Net income	17.8	17.7
Income retained for growth at beginning of period	278.9	236.2
Dividends	(0.9)	(8.9)
Income retained for growth at end of period	<u>\$ 295.8</u>	<u>\$ 245.0</u>

See notes to consolidated financial statements.

Boeing Capital Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

(Dollars in millions)	Three months ended	
	2000	1999
OPERATING ACTIVITIES		
Net income	\$ 17.8	\$ 17.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense - equipment under operating leases	24.6	19.2
Net gain on disposal or re-lease of assets	(3.1)	(7.4)
Provision for losses	2.3	1.7
Change in assets and liabilities:		
Accounts with Boeing and BCSC	(18.0)	5.2
Other assets	(4.6)	(12.5)
Accounts payable and accrued expenses	(16.0)	(17.8)
Other liabilities	(0.5)	9.9
Deferred income taxes	(6.7)	2.9
Other, net	(9.0)	(1.1)
	<u>(13.2)</u>	<u>17.8</u>
INVESTING ACTIVITIES		
Net change in short-term notes and leases receivable	(8.3)	(23.9)
Purchase of net assets from Boeing	(1,261.9)	-
Purchase of equipment for operating leases	(2.2)	(8.5)
Proceeds from disposition of equipment, notes and leases receivable	359.6	48.7
Collection of notes and leases receivable	92.2	64.7
Acquisition of notes and leases receivable	(86.5)	(115.0)
	<u>(907.1)</u>	<u>(34.0)</u>
FINANCING ACTIVITIES		
Net change in short-term notes payable	111.1	(15.3)
Long-term debt:		
Intercompany issuance for purchase of net assets from Boeing	1,261.9	-
Proceeds	-	79.0
Repayments	(486.0)	(51.5)
Payment of cash dividends	-	(8.0)
Capital contribution from Boeing	45.0	-
	<u>932.0</u>	<u>4.2</u>
Net increase (decrease) in cash and cash equivalents	11.7	(12.0)
Cash and cash equivalents at beginning of year	26.9	20.3
Cash and cash equivalents at end of period	<u>\$ 38.6</u>	<u>\$ 8.3</u>

See notes to consolidated financial statements.

Boeing Capital Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

Three months ended
March 31,
2000

(Dollars in millions)

NON-CASH INVESTING AND FINANCING ACTIVITIES FOR STOCK TRANSFER INCLUDED IN THE PORTFOLIO ACQUISITION (SEE NOTE 1):

Acquisition of leases receivable	<u>\$ (170.0)</u>
Acquisition of accounts payable	<u>\$ 1.4</u>
Acquisition of intercompany payables	<u>\$ 60.1</u>
Acquisition of long-term debt	<u>\$ 58.4</u>
Capital contribution from Boeing for stock transfer	<u>\$ 50.1</u>

See notes to consolidated financial statements.

Boeing Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2000

(Unaudited)

Note 1 — Basis of Presentation

Boeing Capital Corporation (formerly McDonnell Douglas Finance Corporation) (the “Company”) is a wholly owned subsidiary of Boeing Capital Services Corporation (“BCSC”), which is a wholly owned subsidiary of McDonnell Douglas Corporation (“McDonnell Douglas”), which in turn is wholly owned by The Boeing Company (“Boeing”). The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management of the Company, the accompanying consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) which are necessary to present fairly the consolidated balance sheets and the related consolidated statements of income and income retained for growth and cash flows for the interim periods presented. Operating results for the three-month period ended March 31, 2000, are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. The statements should be read in conjunction with the notes to the consolidated financial statements included in the Company’s Form 10-K for the year ended December 31, 1999.

As of March 31, 2000, the Company acquired certain tangible assets and assumed certain liabilities of Boeing and certain subsidiaries of Boeing, pursuant to a Term Sheet dated as of January 1, 2000 as well as various definitive asset transfer agreements dated as of March 31, 2000 (collectively referred to as the “Transfer Agreements”). Under the terms of the Transfer Agreements, the Company acquired, effective as of January 1, 2000, a significant portion of Boeing’s customer financing portfolio, including lease and loan agreements and the related receivables and assets (the “Portfolio”). The purchase price was paid in the form of promissory notes, dated January 1, 2000, in the aggregate principal amount of \$1,261.9 million, together with an equity contribution to the Company of \$50.1 million. The Company has recorded an intercompany receivable for \$17.3 million from Boeing in consideration for which the Company will assume Boeing’s deferred taxes with respect to the Portfolio. The statement should be read in conjunction with the notes to the Statements of Net Assets Acquired and Statements of Revenues, Direct Expenses and Identified Corporate Expenses included in the Company’s Form 8-K dated April 13, 2000.

The pro forma unaudited consolidated results of operations as though the Portfolio had been acquired as of January 1, 1999 are estimated as follows:

(Dollars in millions)	Three Months Ended March 31, 1999	
Revenues	\$	84.2
Net loss	\$	(1.5)

These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which would have actually resulted had the combinations been in effect on January 1, 1999, or of future results of operations.

Note 2 — Credit Agreements and Long-Term Debt

As of March 27, 2000, \$1.0 billion of the 364-day revolving credit line of Boeing has been made available to the Company. This new credit facility replaces the Company's former \$240.0 million credit line which was terminated on March 30, 2000.

The provisions of the most restrictive debt covenant limit the Company's ability to pay cash dividends to the extent that the Company's consolidated assets remain at least equal to or more than 115% of its consolidated liabilities after dividend payments.

Note 3 — Commitments and Contingencies

On November 1, 1996, The Allen Austin Harris Group, Inc. (the "Plaintiff") filed a complaint in the Superior Court of the State of California, County of Alameda, against the Company, McDonnell Douglas, McDonnell Douglas Aerospace - Middle East Limited and the Selah Group, Inc. (the "Defendants"). The Plaintiff, which had hoped to establish a manufacturing plant abroad with various assistance from the Defendants, seeks more than \$57.0 million in alleged damages (primarily consisting of lost profits) based on various theories. The Company believes it has meritorious defenses to all of the Plaintiff's allegations, but is unable to determine at this stage of discovery if the litigation will have any future material adverse effect on the Company's earnings, cash flow or financial position.

The Company is a party to litigation in the United States District Court, Southern District of Florida, entitled McDonnell Douglas Finance Corporation adv. Aviaco International Leasing, Inc., Aviaco Traders International, Inc. and Craig L. Dobbin with Related Counter-Claims (collectively referred to as "Aviaco"). The foregoing litigation arose out of an action brought by the Company in July 1991 seeking remedies on account of defaults by the other parties to the litigation under loan and related documents involving a \$17.9 million loan made by the Company. In January 1994, in response to the Company's foreclosure of two aircraft and a related aircraft lease agreement which had been collateral for the loan, Aviaco filed a counter-claim against the Company, asserting nine claims for alleged damages relating to the Company's foreclosure based on various tort and contractual theories.

The case proceeded to jury trial on the three of nine claims which survived the Company's Motion for Summary Judgment. The case was submitted to the jury on October 16, 1997. On October 17, 1997, the jury returned a verdict in favor of Aviaco awarding aggregate damages of approximately \$12.2 million, including damages of approximately \$10.0 million for the failure to exercise reasonable care with regard to the related lease agreement.

In December 1997, the Company filed a Motion for Judgment as a Matter of Law, arguing, *inter alia*, to set aside the \$10.0 million award as not being supported by the record evidence or by applicable law. On February 13, 1998, the Judge ruled in favor of the Company and set aside the \$10.0 million award.

On March 2, 1998, the Judge entered a Final Judgment against the Company in the aggregate amount, including prejudgment interest, of approximately \$2.8 million with post judgment interest thereon at the rate of 5.42% per annum. Aviaco has appealed the Final Judgment to the United States Court of Appeals for the Eleventh Circuit. Taking into account amounts reserved for this litigation, the Company does not expect such litigation to have any future material adverse effect on its earnings,

cash flow or financial position.

A number of other legal proceedings and claims are pending or have been asserted against the Company. A substantial number of such legal proceedings and claims are covered by third parties, including insurance companies. The Company believes that the final outcome of such proceedings and claims will not have a material adverse effect on its earnings, cash flow or financial position.

Viacao Aerea Rio-Grandense (“VARIG”) accounted for \$358.8 million (8.9% of total Company portfolio) as of March 31, 2000. VARIG has defaulted on its obligations under leases within the Portfolio in recent years, which has resulted in deferrals and restructurings. Accordingly, Boeing has provided the Company with a first loss deficiency guaranty covering the VARIG leases held by the Company, subject to a maximum coverage of 35% of the stipulated loss value of the leases.

World Airways, Inc. (“World”) accounted for \$173.0 million (4.3% of total Company portfolio) and \$170.2 million (5.9% of total Company portfolio) at March 31, 2000 and December 31, 1999, respectively. Based on publicly available reports, World experienced another net loss in the first quarter of 2000 of \$4.8 million.

Trans World Airlines, Inc. (“TWA”) accounted for \$147.3 million (3.6% of total Company portfolio) and \$147.3 million (5.1% of total Company portfolio) at March 31, 2000 and December 31, 1999, respectively. In April 1999, Moody’s rating agency lowered TWA’s Outlook from Stable to Negative. Based on publicly available reports, in the first quarter of 2000, TWA incurred another net loss. McDonnell Douglas provides first loss deficiency guaranties to the Company for certain obligations of TWA under the various lease agreements between the Company and TWA. At March 31, 2000, the maximum aggregate coverage under such guaranties was \$41.5 million. As of the date hereof, TWA is current on its payment obligations to the Company. If, however, TWA were to default on its payment obligations to the Company, this could have a material adverse effect on the Company’s earnings, cash flow or financial position.

At March 31, 2000, the Company had commitments to provide leasing and other financing totaling \$1,019.6 million, \$769.2 million of which related to financing new Boeing commercial aircraft. The Company anticipates that not all of these commitments will be utilized and that it will be able to arrange for third-party investors to assume a portion of the remaining commitments.

In conjunction with prior asset dispositions and certain guaranties, at March 31, 2000, the Company was subject to a maximum recourse of \$3.9 million. Based on trends to date, any losses related to such exposure are not expected by the Company to be significant.

The Company leases aircraft under capital leases which have been subleased to others. At March 31, 2000, the Company had guaranteed the repayment of \$44.7 million in capital lease obligations associated with a 50% partner.

Note 4 – Subsequent Events

On April 24, 2000, the Company decided to continue to use and upgrade its historical lease administration system. Accordingly, the Company discontinued its project to convert to a new system, which project had been initiated in 1996. This decision will result in a \$6.7 million write-off of the expenses relating to the new system conversion project in the second quarter of 2000.

Item 2. Management's Analysis of Results of Operations

Forward-Looking Information Is Subject to Risk and Uncertainty

From time to time, the Company may make certain statements that contain projections or "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involve risk and uncertainty. Certain statements in this Form 10-Q, and particularly in Notes 3 and 4 of the Notes to Consolidated Financial Statements, Item 2 of Part I and Items 1 and 5 of Part II, may contain forward-looking information. The subject matter of such statements may include, but not be limited to, the impact on the Company of strategic decisions of Boeing, the level of new financing opportunities made available to the Company by Boeing, future earnings, costs, expenditures, losses, residual values and various business environment trends. In addition to those contained herein, forward-looking statements and projections may be made by management of the Company orally or in writing including, but not limited to, various sections of the Company's filings with the Securities and Exchange Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Actual results and trends in the future may differ materially from projections depending on a variety of factors including, but not limited to, the Company's relationship with Boeing, as well as strategic decisions of Boeing relating to the Company, the capital equipment requirements of United States and foreign businesses, capital availability and cost, changes in laws and tax benefits, the tax position of Boeing (including the applicability of the alternative minimum tax), competition from other financial institutions, the Company's successful execution of internal operating plans particularly including implementation of the Company's directive from Boeing to lead the Boeing-wide customer financing efforts, defaults by customers, regulatory uncertainties and legal proceedings.

Finance lease income increased \$3.6 million (12.3%) from the first three months of 1999, primarily attributable to a comparable increase in finance leases as a result of the Portfolio acquisition (see Note 1 of the Notes to Consolidated Financial Statements in Item 1).

Interest on notes receivable increased \$14.3 million (113.5%) from the first three months of 1999, primarily attributable to new volume of commercial finance (formerly referred to as commercial equipment leasing and financing) notes receivable and an increase in notes receivable as a result of the Portfolio acquisition.

Net operating lease income increased \$14.7 million (88.0%) from the first three months of 1999, primarily attributable to an increase in operating leases as a result of the Portfolio acquisition.

Gain on disposal or re-lease of assets decreased \$4.3 million (58.1%) from the first three months of 1999, primarily attributable to \$4.1 million of income from a sale within the commercial finance portfolio in January 1999. The remaining decrease is attributable to other sales within the commercial aircraft portfolio in the first three months of 1999.

Interest expense increased \$23.1 million (70.0%) from the first three months of 1999, primarily attributable to the debt issued in connection with the Portfolio acquisition.

Operating expenses increased \$5.0 million (208.3%) from the first three months of 1999, primarily attributable to the addition of employees and nonrecurring professional service fees incurred in early 2000 for various project assistance.

Impact of Boeing's Customer Financing Consolidation

In 1999, the commercial aircraft financing group had negligible new business volume largely due to the fact that the Company was awaiting the decision made by Boeing in the fourth quarter of 1999 that the Company would have responsibility for Boeing's customer financing efforts. Now that such decision has been made, the Company is expected to experience a very significant increase in new commercial aircraft financing volume compared with prior years.

As of March 31, 2000, the Company acquired certain tangible assets and assumed certain liabilities of Boeing and certain subsidiaries of Boeing, pursuant to a Term Sheet dated as of January 1, 2000 as well as the various definitive asset transfer agreements dated as of March 31, 2000. Under the terms of the Transfer Agreements, the Company acquired, effective as of January 1, 2000, a significant portion of Boeing's customer financing portfolio, including lease and loan agreements and the related receivables and assets. The purchase price was paid in the form of promissory notes, dated January 1, 2000, in the aggregate principal amount of \$1,261.9 million, together with an equity contribution to the Company of \$50.1 million. The Company has recorded an intercompany receivable for \$17.3 million from Boeing in consideration for which the Company will assume Boeing's deferred taxes with respect to the Portfolio.

A portion of Boeing's unfunded commercial aircraft financing commitments existing as of March 31, 2000 of approximately \$3,500.0 million may be funded by the Company, on a transaction by transaction basis, subject to approval of each transaction by the Company's investment committee (which may require credit enhancements from Boeing or other parties or other conditions the Company deems necessary to meet the Company's investment requirements).

Part II

Item 1. Legal Proceedings

On November 1, 1996, The Allen Austin Harris Group, Inc. (the "Plaintiff") filed a complaint in the Superior Court of the State of California, County of Alameda, against the Company, McDonnell Douglas, McDonnell Douglas Aerospace - Middle East Limited and the Selah Group, Inc. (the "Defendants"). The Plaintiff, which had hoped to establish a manufacturing plant abroad with various assistance from the Defendants, seeks more than \$57.0 million in alleged damages (primarily consisting of lost profits) based on various theories. The Company believes it has meritorious defenses to all of the Plaintiff's allegations, but is unable to determine at this stage of discovery if the litigation will have any future material adverse effect on the Company's earnings, cash flow or financial position.

The Company is a party to litigation in the United States District Court, Southern District of Florida, entitled McDonnell Douglas Finance Corporation adv. Aviaco International Leasing, Inc., Aviaco Traders International, Inc. and Craig L. Dobbin with Related Counter-Claims (collectively referred to as "Aviaco"). The foregoing litigation arose out of an action brought by the Company in July 1991 seeking remedies on account of defaults by the other parties to the litigation under loan and related documents involving a \$17.9 million loan made by the Company. In January 1994, in response to the Company's foreclosure of two aircraft and a related aircraft lease agreement which had been collateral for the loan, Aviaco filed a counter-claim against the Company, asserting nine claims for alleged damages relating to the Company's foreclosure based on various tort and contractual theories.

The case proceeded to jury trial on the three of nine claims which survived the Company's Motion for Summary Judgment. The case was submitted to the jury on October 16, 1997. On October 17, 1997, the jury returned a verdict in favor of Aviaco awarding aggregate damages of approximately \$12.2 million, including damages of approximately \$10.0 million for the failure to exercise reasonable care with regard to the related lease agreement.

In December 1997, the Company filed a Motion for Judgment as a Matter of Law, arguing, *inter alia*, to set aside the \$10.0 million award as not being supported by the record evidence or by applicable law. On February 13, 1998, the Judge ruled in favor of the Company and set aside the \$10.0 million award.

On March 2, 1998, the Judge entered a Final Judgment against the Company in the aggregate amount, including prejudgment interest, of approximately \$2.8 million with post judgment interest thereon at the rate of 5.42% per annum. Aviaco has appealed the Final Judgment to the United States Court of Appeals for the Eleventh Circuit. Taking into account amounts reserved for this litigation, the Company does not expect such litigation to have any future material adverse effect on its earnings, cash flow or financial position.

A number of other legal proceedings and claims are pending or have been asserted against the Company, many of which are covered by third parties, including insurance companies. The Company believes that the final outcome of such proceedings and claims will not have a material adverse effect on its earnings, cash flow or financial position.

Item 2. Changes in Securities and Use of Proceeds

Omitted pursuant to instruction H(2).

Item 3. Defaults Upon Senior Securities

Omitted pursuant to instruction H(2).

Item 4. Submission of Matters to a Vote of Security Holders

Omitted pursuant to instruction H(2).

Item 5. Other Information

Summarized below is information on portfolio balances, new business volume, analysis of allowance for losses on financing receivables and credit loss experience, and receivable write-offs, net of recoveries by segment.

Portfolio Balances

Portfolio balances for the Company's financial reporting segments are summarized as follows:

(Dollars in millions)	March 31, 2000	December 31, 1999
Aircraft Financing		
Boeing aircraft financing		
Finance leases	\$ 946.7	\$ 744.7
Operating leases	1,083.6	470.0
Notes receivable	329.3	51.8
	<u>2,359.6</u>	<u>1,266.5</u>
Other commercial aircraft financing		
Finance leases	117.8	119.8
Operating leases	20.7	21.3
Notes receivable	3.0	3.2
	<u>141.5</u>	<u>144.3</u>
Commercial Finance		
Finance leases	513.3	508.3
Operating leases	318.0	336.9
Notes receivable	709.6	652.4
	<u>1,540.9</u>	<u>1,497.6</u>
Other	<u>0.5</u>	<u>0.6</u>
	<u>\$ 4,042.5</u>	<u>\$ 2,909.0</u>

New Business Volume

New business volume is summarized as follows:

(Dollars in millions)	Three months ended March 31,	
	2000	1999
Boeing aircraft financing	\$ 2.0	\$ -
Commercial finance	86.7	122.1
	<u>\$ 88.7</u>	<u>\$ 122.1</u>

Analysis of Allowance for Losses on Financing Receivables and Credit Loss Experience

(Dollars in millions)	March 31, 2000	December 31, 1999
Allowance for losses on financing receivables at beginning of year	\$ 60.7	\$ 62.1
Provision for losses	2.3	7.4
Write-offs, net of recoveries	-	(8.8)
Allowance acquired from Boeing	85.1	-
Allowance for losses on financing receivables at end of period	<u>\$ 148.1</u>	<u>\$ 60.7</u>
Allowance as a percentage of total receivables	5.7%	2.9%
Net write-offs as percent of average receivables	- %	0.4%
More than 90 days delinquent:		
Amount of delinquent installments	\$ 4.1	\$ 0.1
Total receivables due from delinquent obligors	71.9	0.8
Total receivables due from delinquent obligors as a percentage of total receivables	2.7%	0.1%

Receivable Write-offs, Net of Recoveries by Segment

Commercial aircraft financing had no net write-offs of receivables for the three months ended March 31, 2000 or 1999. Commercial finance had no net write-offs of receivables for the three months ended March 31, 2000 and had net write-offs of \$5.4 million for the three months ended March 31, 1999.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

Exhibit 12 Computation of Ratio of Income to Fixed Charges.

Exhibit 27 Financial Data Schedule.

B. Reports on Form 8-K

Form 8-K dated April 13, 2000 to report under Item 2, the Portfolio acquisition and to report under Item 7 the pro forma financial information of the Portfolio acquisition.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, its principal financial officer and by its principal accounting officer, thereunto duly authorized.

Boeing Capital Corporation

May 12, 2000

/s/ STEVEN W. VOGEDING

Steven W. Vogeding
Vice President and Chief Financial
Officer (Principal Financial Officer) and
Registrant's Authorized Officer

/s/ MAURA R. MIZUGUCHI

Maura R. Mizuguchi
Controller (Principal Accounting Officer)

Boeing Capital Corporation and Subsidiaries
Computation of Ratio of Income to Fixed Charges

(Dollars in millions)	Three months ended March 31,	
	2000	1999
Income:		
Income before provision for income taxes	\$ 28.1	\$ 28.8
Fixed charges	57.0	33.9
Income before provision for income taxes and fixed charges	<u>\$ 85.1</u>	<u>\$ 62.7</u>
Fixed charges:		
Interest expense	\$ 56.1	\$ 33.0
Preferred stock dividends	0.9	0.9
	<u>\$ 57.0</u>	<u>\$ 33.9</u>
Ratio of income before provision for income taxes and fixed charges to fixed charges	<u>1.49</u>	<u>1.85</u>