

Third Quarter 2015 Earnings Review



Larry Lawson

President and Chief Executive Officer

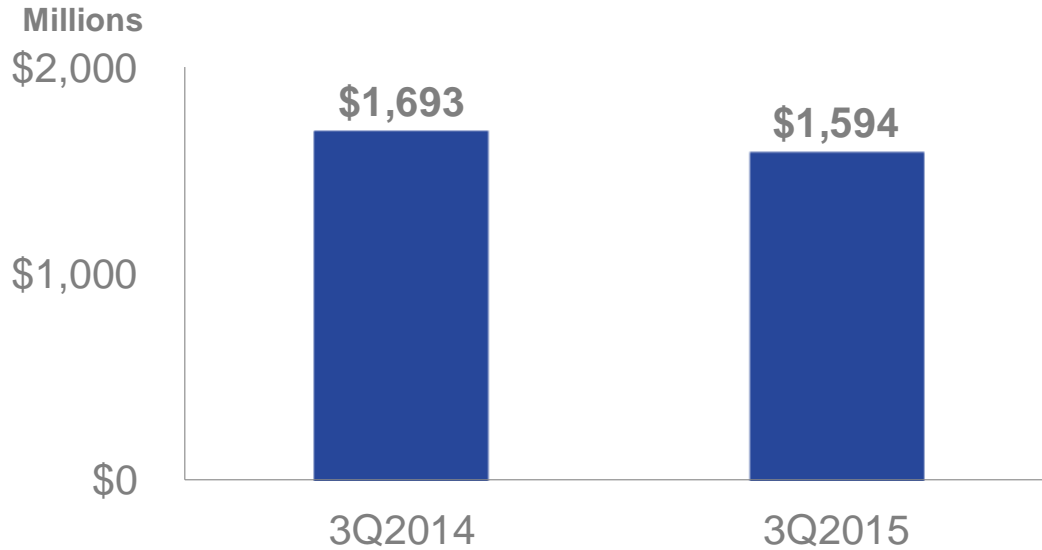
Sanjay Kapoor

Senior Vice President and Chief Financial Officer

October 27, 2015

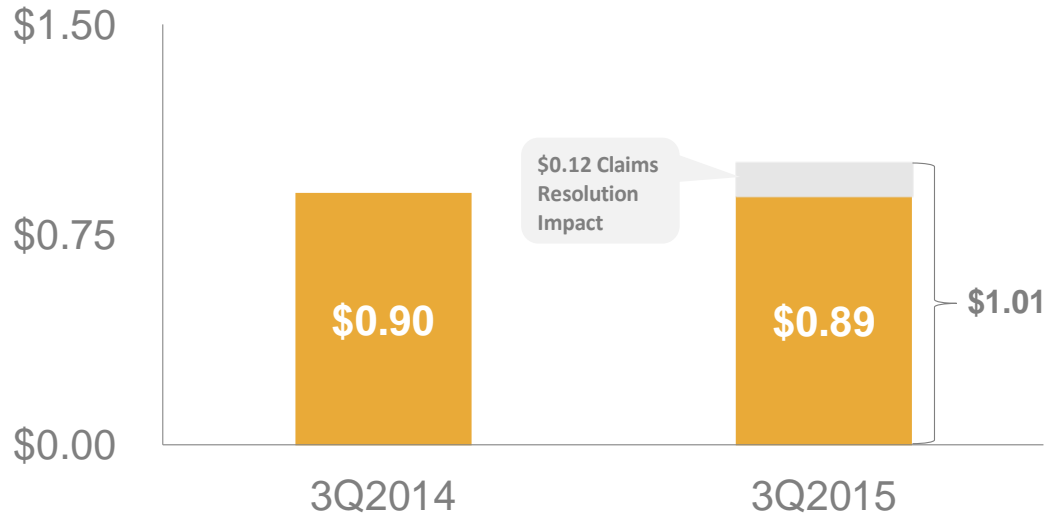


Revenue



- ▶ Increased Deliveries – 737 and A350
- ▶ Lower Revenue – Gulfstream & 787
- ▶ Backlog at \$46 Billion

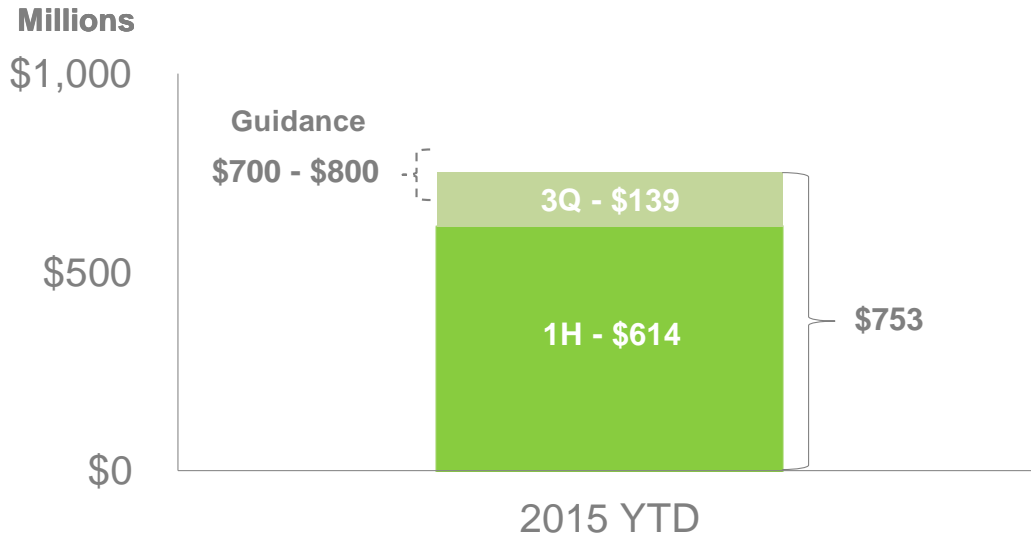
Adjusted EPS (Fully Diluted)*



- ▶ Claims Resolution Impact of \$0.12
- ▶ Driving Cost Reductions
- ▶ YTD Adjusted EPS of \$2.97*

*Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are appended to this document.

Free Cash Flow*



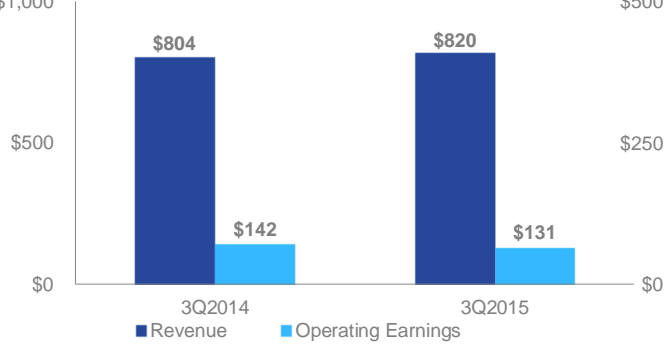
- ▶ Includes Positive One-Time Items in 2015
- ▶ Guidance Excludes 787 Interim Pricing
- ▶ Focused on Cash Generation
- ▶ Ramping up on Capital Expenditures

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Segment Results

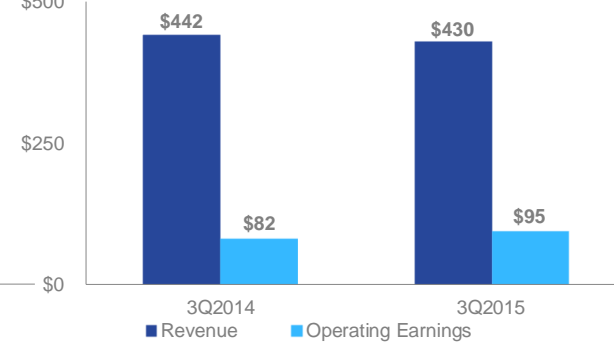
Millions
\$1,000

Fuselage Systems



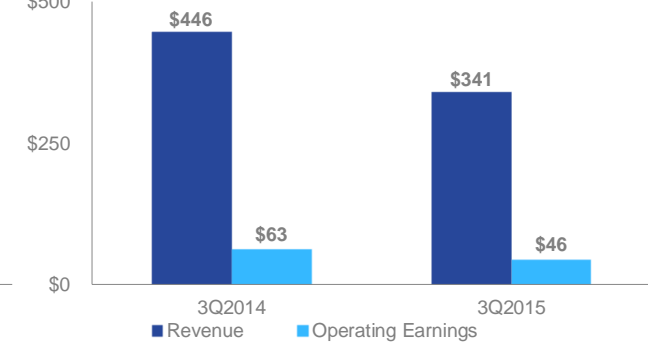
Millions
\$500

Propulsion Systems



Millions
\$500

Wing Systems



Key Program Milestones



First V-280 Valor Fuselage



737 MAX Rollout



First A350-1000

2015 Financial Guidance

Financial guidance updated October 27, 2015

	<u>Previous 2015 Guidance</u>	<u>2015 Guidance</u>
Revenues	\$6.6 - \$6.7 billion	\$6.6 - \$6.7 billion
Earnings Per Share (Fully Diluted)	\$3.60 - \$3.80	\$3.80 - \$3.95 ↑
Effective Tax Rate**	~32.0% - 33.0%	~32.0% - 33.0%
Free Cash Flow*	\$700 - \$800 million	\$700 - \$800 million

**Effective tax rate guidance, among other factors, assumes the benefit attributable to the extension of the U.S. Research Tax Credit and does not assume the year-to-date impact or potential future adjustments to the valuation allowance against the U.S. net deferred tax assets.

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Forward-Looking Information

Cautionary Statement Regarding Forward-Looking Statements:

This presentation contains “forward-looking statements” that may involve many risks and uncertainties. Forward-looking statements reflect our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “should,” “will,” or other similar words, or the negative thereof, unless the context requires otherwise. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements. Important factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook include, but are not limited to, the following: 1) our ability to continue to grow our business and execute our growth strategy, including the timing, execution, and profitability of new and maturing programs; 2) our ability to perform our obligations and manage costs related to our new and maturing commercial, business aircraft and military development programs and the related recurring production; 3) margin pressures and the potential for additional forward losses on new and maturing programs; 4) our ability to accommodate, and the cost of accommodating, announced increases in the build rates of certain aircraft; 5) the effect on aircraft demand and build rates of changing customer preferences for business aircraft, including the effect of global economic conditions on the business aircraft market and expanding conflicts or political unrest in the Middle East or Asia; 6) customer cancellations or deferrals as a result of global economic uncertainty; 7) the effect of economic conditions in the industries and markets in which we operate in the U.S. and globally and any changes therein, including fluctuations in foreign currency exchange rates; 8) the success and timely execution of key milestones such as receipt of necessary regulatory approvals and customer adherence to their announced schedules; 9) our ability to successfully negotiate future pricing under our supply agreements with Boeing, Airbus and our other customers; 10) our ability to enter into profitable supply arrangements with additional customers; 11) the ability of all parties to satisfy their performance requirements under existing supply contracts with Boeing and Airbus, our two major customers, and other customers and the risk of nonpayment by such customers; 12) any adverse impact on Boeing’s and Airbus’ production of aircraft resulting from cancellations, deferrals or reduced orders by their customers or from labor disputes or acts of terrorism; 13) any adverse impact on the demand for air travel or our operations from the outbreak of diseases or epidemic or pandemic outbreaks; 14) our ability to avoid or recover from cyber-based or other security attacks, information technology failures or other disruptions; 15) returns on pension plan assets and the impact of future discount rate changes on pension obligations; 16) our ability to borrow additional funds or refinance debt; 17) competition from commercial aerospace original equipment manufacturers and other aero structures suppliers; 18) the effect of governmental laws, such as U.S. export control laws and U.S. and foreign anti-bribery laws such as the Foreign Corrupt Practices Act and the United Kingdom Bribery Act, and environmental laws and agency regulations, both in the U.S. and abroad; 19) any reduction in our credit ratings; 20) our dependence on our suppliers, as well as the cost and availability of raw materials and purchased components; 21) our ability to recruit and retain highly-skilled employees and our relationships with the unions representing many of our employees; 22) spending by the U.S. and other governments on defense; 23) the possibility that our cash flows and borrowing facilities may not be adequate for our additional capital needs or for payment of interest on and principal of our indebtedness; 24) our exposure under our existing senior secured revolving credit facility to higher interest payments should interest rates increase substantially; 25) the effectiveness of any interest rate hedging programs; 26) the effectiveness of our internal control over financial reporting; 27) the outcome or impact of ongoing or future litigation, claims and regulatory actions; and 28) exposure to potential product liability and warranty claims. These factors are not exhaustive and it is not possible for us to predict all factors that could cause actual results to differ materially from those reflected in our forward-looking statements. These factors speak only as of the date hereof, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. Except to the extent required by law, we undertake no obligation to, and expressly disclaim any obligation to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Non-GAAP Measure Disclosure

Management believes the non-GAAP (Generally Accepted Accounting Principles) measures used in this report provide investors with important perspectives into the company's ongoing business performance. The company does not intend for the information to be considered in isolation or as a substitute for the related GAAP measure. Other companies may define the measure differently.

	Adjusted EPS			
	3rd Quarter		Nine Months	
	2015	2014	2015	2014
GAAP Diluted Earnings Per Share	\$2.24	\$1.20	\$4.64	\$3.27
Impact of partial release of deferred tax asset valuation allowance	(1.35) <i>a</i>	(0.30) <i>b</i>	(1.67) <i>c</i>	(0.55) <i>d</i>
Adjusted Diluted Earnings Per Share	\$0.89	\$0.90	\$2.97	\$2.72
Diluted Shares	140.2	140.0	140.1	142.2

a Represents the net earnings per share impact of deferred tax asset valuation allowance of \$189.4 million.

b Represents the net earnings per share impact of deferred tax asset valuation allowance of \$42.2 million.

c Represents the net earnings per share impact of deferred tax asset valuation allowance of \$233.5 million.

d Represents the net earnings per share impact of deferred tax asset valuation allowance of \$77.9 million.

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Free Cash Flow (\$ in millions)

	3rd Quarter		Six Months		Nine Months		Guidance
	2015	2014	2015	2014	2015	2014	2015
Cash Provided by Operating Activities	\$240	\$119	\$729	\$210	\$969	\$328	\$1,025 - \$1,175
Capital Expenditures	(101)	(44)	(115)	(90)	(216)	(134)	(325 - 375)
Free Cash Flow	\$139	\$75	\$614	\$120	\$753	\$194	\$700 - \$800



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