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CORPORATE PARTICIPANTS

Gregory D. Smith
Chief Financial Officer & Executive Vice President

OTHER PARTICIPANTS

Howard Alan Rubel
Jefferies LLC

MANAGEMENT DISCUSSION SECTION

Howard Alan Rubel
Jefferies LLC

We're good? Thank you very much. Hi. I'm Howard Rubel. And before we get started, if somebody wouldn't mind closing the door in the back. Thank you. I'm a Managing Director in Equity Research department at Jefferies in charge of the aerospace portfolio. And it's great a pleasure to have with us again Greg Smith. He is the Executive Vice President, you know you have this huge title, Business Development & Strategy and CFO of The Boeing Company.

Gregory D. Smith
Chief Financial Officer & Executive Vice President

It is lengthy. It runs right around the back of the business card.

Howard Alan Rubel
Jefferies LLC

Does is really? Then you can have it in how many different languages also at the same time. Anyhow, I've been with Greg for a number of years and we've seen him take on more responsibility and now he's been CFO for it's two years now, right?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

Actually, almost four. I know time flies.

Howard Alan Rubel
Jefferies LLC

It seemed like that. And oops, anyhow, and you've seen a lot change.

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Gregory D. Smith

Chief Financial Officer & Executive Vice President

Yeah.

QUESTION AND ANSWER SECTION

Howard Alan Rubel

Jefferies LLC

Q

And we're going to launch in. And first we can talk a little bit about – there's a little bit of echo with this. I don't know if you can turn it down a little bit. Thank you. That's better. So you're largely sold out. I mean, it's kind of neat. No one believes you and the stock market keeps on saying oh something bad is going to happen.

Gregory D. Smith

Chief Financial Officer & Executive Vice President

A

Yeah.

Howard Alan Rubel

Jefferies LLC

Q

How do you think about working with your customers so that, and making sure the demand is really good? I mean the profits for the airlines are terrific. So talk about the market.

Gregory D. Smith

Chief Financial Officer & Executive Vice President

A

Yeah, I mean I'd say despite you're seeing obviously a lot of volatility as of this morning in the marketplace, but despite that, it's pretty robust demand in the market around products and services. I think a lot of that certainly goes to some of the growth areas of growth. But there's also a significant portion of that as you and I have discussed going to replacement. And you look at what we're bringing into the marketplace as far as efficiency. You look at what our competitor's bringing into the market efficiency, and these are very efficient aircraft. And the value that those aircrafts are bringing into the market is really creating a lot more demand which is very different than the prior cycles.

And even as you look out over the next 20 years and the demand that's taking place there, you're looking at 40% to 50% of that demand coming from replacement. But when you look at the MAX, you look at the NG or the 787-8 or 9 and 10, 777X, very compelling not only operating economics but just overall life cycle cost improvement over what's currently being operated. And I think that's a fundamental aspect that some people maybe not see as clear compared to prior cycles. It's really driving demand for all us.

And so the real question in that is, how do you execute to that demand, and that's what we've been focused on, 18 rate breaks here in the last five or six years and five left to go. So this is about delivering efficiently, profitably on that backlog and continuing to execute, meeting our commitments at the same time, looking for ways to improve the cost structure on the products and across the enterprise, and capturing as much value in that and delivering that, some of that value back to the customers as well.

So I certainly feel pretty good about the backlog. It's definitely something I keep my eye on and it's my job and I should. But when I look at the diversity by customer, I look at the diversity geographically, I look at the make-up

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of replacement versus growth again, it gives me much more confidence in I'd say this cycle versus what I've seen prior. And obviously we continue to monitor it. But like I said, despite a lot of movement going on in the global marketplace, and we're watching it. We're not seeing a slowdown in demand for our products.

Howard Alan Rubel
Jefferies LLC

Q

Talk about a little bit of the tradeoff in fuel prices have come down and so some of the older products have tended to have a little bit of a longer life than what people first expected. How are you seeing that either impact demand or impact your supply chain or aftermarket services? So there's really two questions there.

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah. I mean as you know, you go back over time and you look for a correlation between orders and oil price, and you won't find it, right. I mean the customers are buying these assets over a long term. They're looking at the overall operating efficiency of the airplane, a life cycle cost, as well as the fuel burn. But even at these prices, it's still a very compelling business case. And it goes back to the technology that frankly we're all bringing to the market is much better and much more efficient. So you've got aircraft that are making their way in with double digit efficiencies over what's currently being operated. It continues to be very compelling from their point of view. So I mean, that's the fundamentals that again kind of give you the confidence that you're delivering the right products to the customer. And ultimately, you made the reference, I mean they're operating very well.

Howard Alan Rubel
Jefferies LLC

Q

They're making record profits and we don't see an end to that.

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Which is great for our industry.

Howard Alan Rubel
Jefferies LLC

Q

So you know there is all these great pundits that point that, oh, you shouldn't have stopped building the 757. It's the right next airplane for the market. But all of a sudden we've seen orders for 767s, and I get the sense that we're not done. And so what's changed? And I mean if you think about it, it's a 4,000 nautical mile aircraft that's relatively easy to operate, fits in with a great fleet. What's changed? And can you in fact, I mean other than FedEx, is there some other opportunities?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah I mean, there's certainly a pipeline of opportunities there, and we'll see how many of those we're able to capture. But I think to your point, it goes to the product itself. It's a very capable, proven, efficient product. It performs a very good mission, and I think the order from FedEx reinforces that. And so I think we'll continue to see a healthy demand for that product line and our ability to go up and introducing the tanker into that line as well is a real nice mix.

But at the same time, we're still looking for opportunities to how to make the airplane even more efficient, and we're really ramping up the activities in the factory to take some of the best practices off the 37 and the 777 as an

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example. Now at these rates that will take place on the 67 and try to gain more efficiency in the operating costs from a recurring perspective.

Howard Alan Rubel
Jefferies LLC
Q

I think that's a pretty powerful. I do want to talk about narrow-body for a second and then, so there's some indications there's still some upward pressure. How do you sort of see that play on rate? You typically have some planning decisions to make in the fall.

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Yes, very much. Yeah, well as you know, we've announced going to 52 in 2018. And I think we talked about it at our last Investor Day. There is upward pressure. So we're seeing increased demand for that product. And the real question is taking that demand and really understanding how sustainable that is over a period of time, what kind of investment would be needed. So, I would attribute the decision whether to maintain or to go up, it will be think of it as the last 2018 rate increases and the discipline that's been put in place. That same discipline will go into this process in deciding whether we go up or not.

But barring all the other elements to be considered, there is upward pressure. And I think this goes to again, the strength of the market but it goes to that particular product as well about what that product is bringing to the market from an efficiency, and it's not just fuel burn. It's maintenance cost. It's cargo handling. It's the entire asset of what it's doing. And I really attribute a lot of that demand directly to the strength of that product and what it's going to do for them.

Howard Alan Rubel
Jefferies LLC
Q

So, can you offer people a deal that instead of taking a 37, they take one 777? That's about the same metric today. You're getting about $350 million for two. I know the route structure is not quite the same, but so far this year you've been on a good track.

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Yeah. We have.

Howard Alan Rubel
Jefferies LLC
Q

To keep the 777 demand helping you again. I mean, Phoebe was here earlier and she talked about managing the transition from the 550 to 500, and so it hasn't been done perfectly but we're sure as heck trying. And kind of talk about your efforts there for a minute, Greg.

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Yeah. Yeah look, as far as demand, again we're continuing to see pretty good demand there. We booked I think 63 last year. We booked 44 year-to-date on orders and commitments. So we're on track to fill that bridge which we said about 40 to 60 we'll need every year. So, I'd say that's going well. There is still demand for the product, let's say, it's a great product line. We've made it even better by putting some enhancements on the airplane and

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improving the fuel burn and operating costs which I think help put that, continue to keep that product in the market as we go through this bridge. So that's kind of from a market point of view and filling in that demand.

From a transition perspective, we've been thinking through this for quite some period of time about how do you bring the 777X in and make a smooth introduction from the 777. Obviously a lot of that went on as we brought the dash 8 or the dash 9 into the production of the dash 9 of 787 lessons were in there, but on the 37, as we thought through the MAX to the NG. So all of these best practices and approaches we've taken to making sure we have a smooth introduction are being applied on the 777. For example, the surge line we invested on the 787 as we were going up in rate and bringing Charleston on board, that will retire. That surge line will be used for 777X. So it's a risk mitigator as we bring that airplane up and into full production. We made a lot of investments in automation over the last couple of years and we'll continue to do that. We're proven out that automation on 777 and incorporating that in a very disciplined fashion with the idea that we'll implement that fully on the X.

So there's things like that that we're walking our way through. Now we haven't worked through every detail of tail number by tail number, how we'll work through that transition. We're still working our way through that, because it's an 2018, 2019 timeframe. But we're trying to be very disciplined, up front, and really doing some scenario planning to ensure that that introduction goes as smooth as possible.

Howard Alan Rubel
Jefferies LLC

Q

One of the things that happens in a transition in an aircraft program is that, I'll call it you put a local train on the express track. And so you have a newbuild aircraft on what's been a very efficient line and all of a sudden everything gets out of sequence. The fact that I understand it sort of means that you guys are probably four steps ahead. So could you explain a little bit of how you think about that, and are there some positive indications that helps you with your profitability?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah, yeah, there is. And I kind of come back to the surge line on 87 as the first step in derisking a program from an introduction of a derivative as an example. That's played out very well. We're reaping the benefits of that in the marketplace today as we're making our deliveries on the dash 8 and on the dash 9. You think about we delivered 34 airplanes on the dash 9, it will be half of our deliveries this year, and how smooth that introduction has gone over a extremely short period of time, that's attributed to a lot of the preplanning this team did in place, and investments we made up front to ensure we've got this long stream of smooth introduction that ultimately will drive more value on the program.

The 777, 777X is exactly the same way. How the factory will be rearranged, utilizing that surge line capacity to bring the X on while you're feathering off the 777, all risk mitigation that will be put in place. So I think the team has a done great job of thinking about this well in advance, learning from other transitions like I talked about, and applying what was learned through those and trying to continue to improve that on the 777. And very similar on the 37, as you think through the NG to the MAX. You look at the investments we're making. You look at how that's going to get introduced. It's not going to be immediate cut over and you're trying to introduce this thing at 40 or 50 a month. That's not going to be the case. It's going to run down a separate line even though it's more of a simple derivative. But we're really trying to take an approach to minimizing the risk and capturing the productivity as we do that and then we'll feather other of those in.

Howard Alan Rubel
Jefferies LLC

Q

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You talk about productivity and capturing things. So you've taken the surge line down on the 7-A and all of a sudden, it puts a little more pressure on both South Carolina and on Seattle to both operate at 7 a month. How is that going and how much fear did you create in the process of doing it so that your manufacturing guys will live to the commitments that you've promised to us?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah. I would say, Howard, the surge line has reached a point where it's more inefficient to have it than it being efficient. You can imagine you're managing multiple teams across three lines between Charleston and Everett and surge. And we've reached a point of maturity in the production system that it's clearly not needed. So it's no longer a risk mitigant. We've derisked that. And frankly again, it's more inefficient at this stage than being efficient. So that was getting the maturity of those two lines up, gives you the confidence to be able to shut down that surge and make that implementation over. And I think again, well thought out, well planned, and it's going very well. So now the urgency is get that line shut down and let's get that 777 line start to get established.

So I think the teams quite frankly are rallying behind being able to focus, core focus on those two primary lines. And I will tell you, I spend a lot of time in the factory as you know, the lessons learned we're seeing coming across from Everett and coming across from Charleston both ways is very encouraging from both sides of the team. So I think we are getting better collectively just through that learning and efficiency gains that are taking place in certain aspects of the build that we're transitioning over to other parts of the business. So I feel good about that transition and I can say I think we're more than ready to take it on.

Howard Alan Rubel
Jefferies LLC

Q

The competition is a forum to make sure you're never complacent. So if you have this internal competition between Everett on the 7-A and South Carolina on the 7-A either it can be constructive or not. And how are you making sure it's constructive?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Well, you're right. You want to create an environment where it is. And I think the teams, starting with Ray, all the way down the management team have created an environment where it is. It is constructive. And look at, getting the teams to fully recognize we're in this to win it as the Boeing Company, not by site. And if we win as a company, we all win. It kind of starts there and once it starts there and the rewards system and the recognition on both sides, of sharing best practices and learning from each other to get the program better that ultimately will allow us to sell more of them to our customer, getting that mindset in place has not been difficult I'd say. They understand. They understand the objective. They want to do better on the program. And ultimately, they want to win in the market and the only way to win is to work together across. So, setting that tone and I give Ray credit, setting that tone at the top and then rewarding it and encouraging it going down has been the consistency that team has applied.

Howard Alan Rubel
Jefferies LLC

Q

Talk about sales and winning and the 787-10 has had about 140 sales so far to date. And on one hand, you say not bad for a derivative that doesn't deliver until 2018. On the other hand you say, if it's this hot a product, why isn't it twice the size of the order book?

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Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Yeah. I mean, look it's really about availability. It's the fine line. I mean there's definitely a lot of demand for the aircraft, but it's managing the production system and bringing it up in an efficient way and quite frankly not breaking the production system. And we're doing that in a very conservative manner and well thought out. If we had the opportunity to bring rate up faster, we would, but we're not at that point yet. So I'd say there's still a lot of demand but it's just that finding fine line between keeping that production system stable and efficient while bringing a new product line in.

I think the dash 9 introduction, at least in my time, that's the smoothest derivative introduction I have ever seen especially on a wide body, on top of being at record high production rates on a wide body program. But again, I give the team credit, well thought out. We supported investment that was a near-term sacrifice, an investment in dollars, but you're seeing the benefit of that today, and you'll continue to see that benefit as 9s and 10s become a greater part of that mix.

Howard Alan Rubel
Jefferies LLC
Q

You have had a great decline in costs on the 9. You talked about it recently that I think there's been about a 30% decline on the first 34 units. And so if you to get 100, then we'll have a 90% decline, right? From my lips to God's ears, right?

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Yeah, you're right.

Howard Alan Rubel
Jefferies LLC
Q

How do we think about the cost declines from here?

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Here, I mean there's no question getting 787 unit costs down, unit over unit, is a big if not the biggest productivity improvement or focus area we have in the company. They have done a good job. There's no question about that, made good progress despite some of the challenges we've had within the supply chain. They've done a good job.

Now, we need to continue to do that. Not all the expectations that we've laid out internally have been met as a result of that. But they have come down the curve. We'd like it to come down further. We'd like it to come down faster certainly. But I think they have again done a good job. We got to continue to do that. That comes through our own internal factory. So getting this 9 in smooth and coming down that curve, being stable at 10 a month is obviously a big factor for us and in the supply chain.

And then it just gets to other efficiencies. We've got round numbers, Howard, about 1,100 projects that are in a room, that are on the wall, that we're going through and dispositioning. And these are all productivity, quality, flow time related ideas that we're dispositioning whether they come through the supply chain or us, that now that you're stable, the teams are able to now look ahead and have enough experience under their belt to know, hey, there's a better way of doing this. There's a more efficient way of doing this wing join. There's a more efficient way of installing interiors. There's a more efficient way of winging out the airplane and putting power on. Things like

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that that you can't see when you're going up every six months in rate when stability brings productivity. And you can go back through the history of all the production programs, that's the case.

So it's taking those ideas now and not all 1,100 are going to make it, right. So dispositioning them, making sure there's a solid business case in getting the effectivity, getting them cut in on the airplane so we can lower that unit cost. That's where we have an entire team focused on right now. And I say entire team, it's from across the enterprise. They're looking at all aspects of the build and in the supply chain to really figure out how do we capture more productivity and then again how do you get a cut-in and do that in a conservative fashion that you're not going to interrupt the line.

So there's not a lack of focus. There's not a lack of ideas. It's just time to get them wrung out and get them on the airplane. So we got a lot of work to do. There's no question. Again, they've done a great job, but there's more work to be done here. And I'm encouraged by what we've seen, but we got to capture as much of those 1,100 that keep growing, we got to capture as much of those as we can. And that goes across the entire supply chain. I think there's a lot of opportunities out there that we got to make real.

Howard Alan Rubel
Jefferies LLC

Q

And if I were actually to just again stay internal for one more moment, two things. One is my sense is the 777X program is a shade bit ahead of schedule, so that gives you some ability to manage the feathering process a little bit better. And the second thing is the dash 10 program. My guess is you laid it out so that it was a very conservative offering. If you look at your engineering build and budget and everything and sometimes you go, if the market wants it, can we add a few more people and step this up so we can bring it to the market a little sooner. Any thoughts on that, those two things, I mean they play together?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah, oh very much. I mean I think one of the best things we did was put all these development programs under one person, and it's early, but I would tell you I think I have seen already efficiencies gained by doing that. I mean it's early and there's still a long way to go. But between the MAX, the dash 10 and the 777X, watching the best practices being shared, the discipline. When I say discipline, consistency being applied to a gated process around development that nothing moves to the next gate until that gate is closed, so not pushing risk.

And really a lot of that coming from Scott Fancher and the rest of the team coming off 87 and other programs and applying those best practices and doing that in a consistent manner, well I think we're starting to see the early benefit. There's no question. It's early. We got a long way to go. But it is absolutely the right thing to do. And I think more time we do this and the more reviews we sit in, the more we realize it's working, and it's a big, obviously big leadership focus from all of us and certainly Dennis to Ray and the rest of the team.

So if there's opportunity to pull any of this stuff forward, we will. But in some cases, it's early. But I'd say in general those programs are performing very well from a development perspective. The dash 10 to me really stands out. When I look at the development taking place and the performance of that development and the focus on commonality, how do we get this airplane to meet the demands in the marketplace and the efficiencies that are required, but build it in as much as a common fashion as we can for the dash 9 or over 90% common in that build.

And any that follow this business or following it for a long period of time, that is a huge opportunity for us going forward. But it takes a different mindset. It quite frankly takes a different set of priorities and how you reward people and measures. Because if you're rewarding people on reuse, that's a different approach than rewarding

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them on a development schedule. You got to do both. But rewarding them on reuse and ensuring that you're still capturing that efficiency that that product is bringing to the market has been one of the big, I'll say, many aspects of this development phase. So I think that team a phenomenal job on developing that dash 10.

But having as you know spent a lot of time in a manufacturing environment in a prior career, while you're running that program and you can make a transition from a 9 to a 10 and do that in a smooth fashion, that is a huge productivity gain that you'll get in the marketplace through the supply chain and through internal focus.

So early, but good early, good indications of progress and how we need to continue to think about development as we move forward. But it was all part of this derisk the decade that Jim put in place. And development was certainly a big part of that, combined with labor stability, pension liability, production rate, increased sufficiencies, and so on. And we've just been kind of going down the list and trying to check these things off to ensure that we can compete in the marketplace as well we have going forward.

Howard Alan Rubel Q
Jefferies LLC

I want to talk about something more difficult for a moment in the 747. You've come down in rate again. We can see the 380 rates coming down. The market looks very tight. I mean how do you, or excuse me, it looks like it's very small is a better way to describe it. And it doesn't look like it's going to get any bigger any time soon.

Gregory D. Smith A
Chief Financial Officer & Executive Vice President

Yeah. Yeah. I mean, look it's a great airplane, great operating costs on the dash 8. It does sit in a unique part of the market, in a niche market within itself. Certainly with cargo traffic being down over the last couple of years has been the biggest impact on the production rate on the program. We've seen early indication of that coming back, but it's modestly coming back. It sits in a market of its own as far as being a freighter and being intercon, but more so even on a freighter. So it's the right product. As the market improves, I think we'll see the benefit of that. But for the near term, we have had to make the production rate decisions. We have to match the market.

At same time, Howard, as we've come down in rate, and you think about where we started and where we are today, getting the teams focused on cost so as we bring these rates down, how do we mitigate that from a cost perspective? They've done a great job, whether it's through partnering for success or internal productivity and you think about what's taken place in that program, and we've been able to hold the margin through that period or stay out of a reach-forward condition, it's been a big deal. So, we got the right product. I think we got the right rate in place considering the environment. Now we need the cargo market to pick up and when it does, we'll be ready for it.

Howard Alan Rubel Q
Jefferies LLC

I think it's hard. You know I mean, it's still going to be hard for a while.

Gregory D. Smith A
Chief Financial Officer & Executive Vice President

Absolutely.

Howard Alan Rubel Q
Jefferies LLC

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That's why I mean, talk about, I mean I do want to talk for a moment about cash flow. I mean how could you not for a moment. It's a big part of your value proposition. It's I mean, carriers seem to have enough cash, so that you're getting, there's no issues of showing up with a tin cup and asking for money. But how do we think about where we are today and where we could be in the next couple of years?

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Yeah. I mean it is I think unique because, and it goes to the backdrop of the marketplace. And I think about where this industry is on the commercial side, and you think about the other industrials, we have a lot of visibility here, all right. We've got eight years of backlog that we can see, and we got a pretty robust marketplace on the fundamentals we talked about. So it's a unique I think not only time in our industry, but obviously as you look at the other industrials, it's a big difference. And it's our job to capture that value in order to do that.

So with that backdrop and the rate increases that we're planning that are in our backlog – this isn't about capturing more to maintain them – it gets to how efficient can you do that and driving cash flow as a result of that. So we'll continue to see as we make these rate increases and drive productivity as we have, we're going to continue to see cash flow grow over time as we look forward. And that is just attributed again to meeting the commitment on the backlog. So keep doing what we've been doing on the rate increases and then drive in operating efficiencies as we have. So, not only the productivity focus that goes across the enterprise, but like we talked about on 87, doing better on a unit-by-unit basis.

If we do that, it is again going to generate growing cash flow. The focus on that cash flow, as you've seen, is invest in the future. And we've made the product line decisions. So investing in 777X, MAX, dash 10, for example. Keep making investments in defense. As you and I have talked about, we make more investment in defense than any other defense company, but is very strategic. It's very focused, and then returning this cash to shareholders. And you've seen over the last year-and-a-half, we've repurchased over $10 billion in stock and we've increased the dividend last two years by 88%.

So it's all about execution. I mean you could make this more difficult than what it is, but the fact is we got to keep doing what we're doing and execute on this backlog, continue to drive efficiencies across all aspects of cost, not just internally, in the supply chain, G&A, R&D, this whole development focus and so on. And if you do that, there's a great opportunity here for us to set the company up for many years to come and making those right investments and rewarding those that have put their trust in us.

Howard Alan Rubel
Jefferies LLC

Q

I don't want to leave this conversation without a little bit on defense. I mean we've been 98%. The network systems company, there's two parts to it. There's some pretty sexy stuff you do for Uncle Sam, and then there's the commercial market. And so really, it's two parts to the question. The business has some unique, what I call advanced technologies, that whole promise. And then for a moment, Silicon Valley is all of a sudden falling in love.

Gregory D. Smith
Chief Financial Officer & Executive Vice President

A

Space.

Howard Alan Rubel
Jefferies LLC

Q

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With space again and you've been there, done that, and you go back to the Hughes heritage of Boeing satellites, and they invented the geostationary satellite. So why isn't these people that, you know coming back to, you guys invented it or why aren't you connecting with them?

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Well, I mean I guess I would say that if you just kind of step back and think about this, the marketplace within itself in N&SS. I mean we got long years of history obviously in space. And it certainly starts with having the right capability and the proven success rate, mission success rate. We've got that and a continuous focus on affordability. So I view competition as a good thing. I think it makes us better. And so having folks that want to emerge into this, whether it's on their own or through some form of a partnership, I think it's a good thing. It makes us better and makes us more competitive in the marketplace.

I think winning things like commercial crew are significant. It really goes to the capability this company has in the years of success in space, the reliability, the mission success that's gone with that, programs like Space Launch System. Again, significant steps forward in exploration and going to places you've never gone. That's all based on our proven success in this. But having said that, we got to continue to focus on winning in the marketplace on price as well, so continue focus on affordability. So I think it's, look, it's a good portfolio. Space has been more robust than I probably would have called it five years ago and those contracts are significant. I think on the satellite business, a lot of improvements have been made there. But there's more to come on how we address that cost structure.

But there's no question we've got a great product line, great capability, great proven mission reliability. So now let's keep turning up the gain on productivity and winning the marketplace. And where it makes sense to partner with people, then we'll look at that and where it makes sense for us to go on our own, we'll do that too. So we're very open-minded to ultimately how are you bringing value to the customer and to the shareholder and what's the best way to do that.

Howard Alan Rubel
Jefferies LLC
Q

Great way to end.

Gregory D. Smith
Chief Financial Officer & Executive Vice President
A

Thank you.

Howard Alan Rubel
Jefferies LLC
Q

Thank you, Greg.

Gregory D. Smith
Chief Financial Officer & Executive Vice President

Appreciate the time.

Howard Alan Rubel
Jefferies LLC

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Thank you. Thanks, everybody.

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