Solange Weekes

Investment Group

Boeing Stock Pitch

Monday 28th March, 2016

Sector Overview

What is the Industrial sector?

The industrial sector as defined by Investopedia "is a category of stocks that relate to producing goods used in construction and manufacturing. This sector includes companies involved with aerospace and defense, industrial machinery, tools, lumber production, construction, cement and metal fabrication" (Investopedia). Out of the companies that were selected.

20 Biggest Companies in the Industrials Sector

Toyota Motor Corp Ltd Ord
TM
$166.88BJapann/aAuto Manufacturing

Honeywell International Inc.
HON
$83.07BUnited Statesn/aAuto Parts:O.E.M

United Technologies Corporation
UTX
$80.39BUnited Statesn/aAerospace

Boeing Company (The)
BA
$79.24BUnited Statesn/aAerospace

Lockheed Martin Corporation
LMT
$66.76BUnited Statesn/aMilitary/Government/Technical

Danaher Corporation
DHR
$62.41BUnited Statesn/aIndustrial Machinery/Components

Thermo Fisher Scientific Inc
TMO
$54.95BUnited Statesn/aIndustrial Machinery/Components

Ford Motor Company
F
$53.76BUnited Statesn/aAuto Manufacturing

Honda Motor Company, Ltd.
HMC

$50.05BJapann/aAuto Manufacturing

General Motors Company
GM
$47.93BUnited States2010Auto Manufacturing

General Dynamics Corporation
GD
$42.24BUnited Statesn/aMarine Transportation

Caterpillar, Inc.
CAT
$41.78BUnited Statesn/aConstruction/Ag Equipment/Trucks

Raytheon Company
RTN
$37.35BUnited Statesn/aIndustrial Machinery/Components

Northrop Grumman Corporation
NOC
$34.76BUnited Statesn/aIndustrial Machinery/Components

Deere & Company
DE
$26.38BUnited Statesn/aIndustrial Machinery/Components

Tesla Motors, Inc.
TSLA
$25.85BUnited States2010Auto Manufacturing

Illumina, Inc.
ILMN
$23.05BUnited States2000Biotechnology: Laboratory Analytical Instruments

CRH PLC
CRH
$22.7BIrelandn/aBuilding Materials

Delphi Automotive plc
DLPH
$19.65BUnited Kingdom2011Auto Parts:O.E.M

PACCAR Inc.
PCAR
$18.99BUnited Statesn/aAuto Manufacturing

Industrial Industry Sub-Sectors

The sub sectors in the Industrials industry are transportation infrastructure, transportation, trading companies and distributors, road and rail, professional services, marine, machinery, electrical equipment, construction and engineering, commercial services and supplies, capital goods, building products, air freight and logistics and aerospace and defense. The transportation infrastructure sub sector deals with the building of roads, rails, airways, waterways, canals and pipelines, transportation deal with the transportation of goods such as the use of airlines, railroads and trucking, trading companies and distributors deal with the transferring and distribution of goods, road and rail focuses on companies that use these two areas for commercial use, professional services helps companies through assessing business processes, research infrastructure and institutions, marine machinery which cater to machinery used in equipment and water transportation such as deck cranes, electrical equipment used in creating, distributing and using electrical equipment, construction and engineering consists of companies that are involved in the construction and engineering of commercial buildings, civil engineering projects and the construction of other buildings, commercial services and supplies involves companies that manufacture office furniture and supplies, capital goods deals with the manufacturing of durable goods used in the production of goods and services, building products manufactures building components, home improvement products, and equipment, air and freight logistics are companies that provide air freight transportation, courier, and logistics services and aerospace and defense industry are companies that provide air crafts for commercial and defense uses.

Companies Covered and Sub- Sector

The companies that I covered were Boeing which is in the aerospace and defense sector, Stanley Black and Decker and Honeywell which are in the capital goods sector, Caterpillar which are in building products and General Electric and General Motors which are in road and rail.

Porter's 5 Forces

The five forces are threat of entry to the market from other organizations, supplier power, buyer power, availability of substitute products and existing competitors.
In the industrial sector, many of the companies are well established in their class. For example, Boeing is the leading aerospace manufacturer. Due them being the biggest, having a large amount of revenue and growth that will continue based on the ongoing demand for 22,000 aircraft in the next 20 years and having customer loyalty the aerospace giant is in a great place in the industrial sector. However, there are still many threats such as regulations and restrictions and competition in that area strengthening. This is the issue with many companies in this sector. The industrial sector does not have much of a threat from other companies.

Buyer Power

For the industrial sector the buying power is also not an area of concern. The industrial industry powers everything that consumer's do. From cars to appliances, the industrial industry makes it. The buying power would remain high as long as people have a necessity that makes life more convenient such as cars and food processors

Threat of New Entrants

There is a low threat of new entrant because it requires a high amount of capital along with other market factors in order to establish a company in this sector. Companies that produce heavy equipment such as Caterpillar Inc. require a large amount of capital to produce the machinery. Also, market presence makes it hard for new companies to enter the market. The Boeing Company had the advantage of having a strong presence in the domestic market and through its global partnerships; it is growing its presence in Asia-Pacific, Middle East, and African regions. Another factor that makes it difficult is the diverse public offerings that diversify the business. Honeywell's four business units allow it to compete in its area because it is not only involved in one business. Also, regulations and restrictions make it difficult for companies to make it in the market, which creates a barrier to entry. There is also the issue with supplier power.

Supplier Power

Supplier power is moderate because these companies require parts that would be needed for the construction of the product. This can be beneficial and negative for the sector. If suppliers decided to no longer provide the companies with the necessary parts, the industry as a whole can collapse due to all of the parts coming from domestic or international suppliers. However, the chance of all suppliers not providing the necessary parts for the industry is highly unlikely. Companies in this sector thrive of the parts for its products and it would be at a disadvantage to both the supplier and company to not provide parts and necessary items for the products. Another possible issue can be existing competitors.

Competition Between Existing Competitors

The industrial sector does not have many issues in terms of existing competitors. Companies within the sector may have competitors however the industrial sector does not have direct competitors. Within companies, the there can be issues with scandals and mishaps with products, but that is an issue all industries face. Technology is similar in terms of what equipment is used in order to make the products, but there is not a direct correlation industry wise.

Threat of Substitutes

The threat of substitutes is vey low. The industrial industry does not have any threat of substitutes because of what the industry specializes in. Each industry caters to a different

need in society and the industrial industry caters to large scale manufacturing of goods that are available to consumers.
The forces for the industry are relatively low in terms of possible negative effects. The Industrial industry is unique and difficult to overturn. This makes it a strong industry to invest in.

Trends in the Industry

Some of the trends in the industry include the internet of things, robotics, augmented reality, 3D printing and the evaluation of the risk and return equation.

Internet of Things (IoT)

The connected factory is an idea that has been evolving for the past few years. Increasingly, it means expanding the power of the Web to link machines, sensors, computers, and humans in order to enable new levels of information monitoring, collection, processing, and analysis. These devices provide more precision and can translate collected data into insights
IoT technology should go well beyond real-time monitoring to connected information platforms that leverage data and advanced analytics to deliver higher-quality, more durable, and more reliable products. A hint of this can be seen in wind turbines manufactured by General Electric. This equipment contains some 20,000 sensors that produce 400 data points per second. Immediate, ongoing analysis of this data allows GE and its customers to optimize turbine performance and proactively make decisions about maintenance and parts replacement.
This would not only increase productivity, reduce the amount of malfunctions that occur due to human error and increases the quality of the products being manufactured. This would aid useful in the industrial sector due to the amount of human error that effects companies. For example, General Motors recall of SUV's due to the failure of brake pedals. With the internet of things, there will be a reduction in the failure of parts and an increase reliability for companies.

Robotics

In the U.S. and other mature economies. In many cases, robots are employed to complement rather than replace workers. This concept, known as "cobotics," teams operators and machines in order to make complex parts of the assembly process faster, easier, and safer.
Cobotics is rapidly gaining momentum, and successful implementations to date have focused largely on specific ergonomically challenging tasks within the aerospace and automotive industries. But these applications will expand as automation developers introduce more sophisticated sensors and more adaptable, highly functional robotic equipment that will let humans and machines interact deftly on the factory floor.
The use of robotics in the industrial sector would be another useful tool. This is because robots have the ability to make more precise cuts, insertions and estimations than a human would. This would lead to better quality products, new designs, and the

advancement of the industry. An advantage of this is the need for individuals to mange the upkeep of the robots, which would promote another area for potential jobs in companies.

Augmented Reality

Recent advances in computer vision, computer science, information technology, and engineering have enabled manufacturers to deliver real-time information and guidance at the point of use. Users simply follow the text, graphics, audio, and other virtual enhancements superimposed onto goggles or real assemblies as they perform complex tasks on the factory floor. These tools can simultaneously assess the accuracy and timing of these tasks, and notify the operator of quality risks.
The use of augmented reality will help to address complex tasks that would either be difficult to solve or would need a specialist to deal with the issue. It also will ensure proper quality control and manufacturing of these products.

3D printing

3D printing technology produces solid objects from digital designs by building up multiple layers of plastic, resin, or other materials in a precisely determined shape. Early adopters among industrial manufacturing companies are using 3D printing to manufacture parts in small lots for product prototypes, to reduce design-to-manufacturing cycle times, and to dramatically alter the economics of production.
With this technology, it would cut the amount of time it takes to build models, allow accurate scales for models and allow companies to decide on which models would be best in terms of materials, structure and features that would be more attractive to buyers.

New risk and reward equation

Industrial manufacturing executives should consider investments in emerging technologies through three paths of analysis:

1. **Determine the specific areas to improve in your organization, or what performance target a technology investment is trying to achieve.** How will the investment impact cost, quality, labor, or other strategic concerns? How will the new technology help differentiate the value you provide to customers? Will it create capacity or generate productivity in the constrained parts of your operations? Will the technology provide increased flexibility to help you deal with uncertainty?
2. **Understand how the new technologies will enable that level of performance—and weigh the value of achieving that performance against the cost of the technology.** What level of output should the facility be able to create today, and how much improvement can be expected over time as the technology continues to evolve? Who are the current industry leaders in each technology category, and what tangible impact is their technology having? What is the clock speed of the

technology, and how feasible is it that it will evolve to reliably deliver on the performance goals?

3. **Understand the operational and organizational implications of the technology and how it aligns with the factory of the future vision.** How does it help or hurt operators or the culture? How should teaming and incentives models evolve to optimize new technology? How scalable is the technology? How well does it integrate into a company's technology backbone and global footprint?
   By executives considering the following questions, they can keep the company competitive or ahead of the market. This will also aid in adaptability with an ever-changing business system especially in industrials that require a great amount differentiation in order to remain in the market.

Stock Pricing Trends

Stock Prices	2012	2013	2014	2015	2016
S&P Industrials	298.41	325.75	450.50	493.95	466.33

7.93% 5 year returns

Earnings Trends

Earnings	2012	2013	2014	2015	2016
S&P	-5.96	6.35	40.59	52.49	36.28

Company Overview – Boeing

Overview and Products and Services of Boeing

Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems. As America's biggest manufacturing exporter, the company supports airlines and U.S. and allied government customers in more than 150 countries. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training.

Boeing has a long tradition of aerospace leadership and innovation. The company continues to expand its product line and services to meet emerging customer needs. Its broad range of capabilities includes creating new, more efficient members of its commercial airplane family; designing, building and integrating military platforms and

defense systems; creating advanced technology solutions; and arranging innovative customer-financing options.

With corporate offices in Chicago, Boeing employs approximately 160,000 people across the United States and in more than 65 countries. This represents one of the most diverse, talented and innovative workforces anywhere. Our enterprise also leverages the talents of hundreds of thousands more skilled people working for Boeing suppliers worldwide.

Boeing is organized into two business units: Commercial Airplanes and Defense, Space & Security. Supporting these units are Boeing Capital Corporation, a global provider of financing solutions; Shared Services Group, which provides a broad range of services to Boeing worldwide; and Boeing Engineering, Operations & Technology, which helps develop, acquire, apply and protect innovative technologies and processes.

Commercial Airplanes

Boeing has been the premier manufacturer of commercial jetliners for decades. Today, the company manufactures the 737, 747, 767, 777 and 787 families of airplanes and the Boeing Business Jet range. New product development efforts include the Boeing 787-10 Dreamliner, the 737 MAX, and the 777X. More than 10,000 Boeing-built commercial jetliners are in service worldwide, which is almost half the world fleet. The company also offers the most complete family of freighters, and about 90 percent of the world's cargo is carried onboard Boeing planes.

Through its Commercial Aviation Services business, the company provides unsurpassed, around-the-clock services and support to enable airlines and leasing companies to increase operational efficiency. Commercial Aviation Services offers a full range of customer support, aftermarket parts, engineering, modification, logistics and information services to its global customer base, which includes the world's passenger and cargo airlines, as well as maintenance, repair and overhaul facilities. In 2015, the commercial airplane division brought in 66 billion in revenues.

Defense, Space & Security

Defense, Space & Security (BDS) is a diversified, global organization providing leading solutions for the design, production, modification and support of military fixed-wing aircraft, rotorcraft, weapons, and satellite systems, among others. It helps customers address a host of requirements through a broad portfolio that includes the 702 family of satellites; AH-64 Apache helicopter; cyber security; EA-18G electronic attack aircraft; KC-46 aerial refueling aircraft, which is based on the Boeing 767 commercial airplane; and the P-8 anti-submarine/anti-surface warfare aircraft, which is based on the 737 commercial jet. Driven by its ability to provide customers with the right solutions, at the right time, and at the right cost, BDS is seeking ways to better leverage information technologies and continues to invest in the research and development of enhanced capabilities and platforms. The defense, space and security division brought in 30 billion in revenues in 2015 and has expanded into the drone market.
Phantom Eye is a liquid hydrogen-fueled, high-altitude and long-endurance unmanned aircraft system for persistent intelligence, surveillance and reconnaissance and communications missions. The demonstrator aircraft is capable of maintaining its altitude

for up to four days while carrying a 450-pound payload. Typical payloads include multiple sensor packages for monitoring, tracking and communications. A full size Phantom Eye variant is designed to stay aloft for up to ten days and carry a payload of 2,000 pounds. Also, the company has developed a Compact Laser Weapon System to keep drones away from sensitive areas, which serves as another area of potential new area of business. This laser focuses on the tail of the drone and can destroy a drone in 15 seconds.

Boeing Capital Corporation

Boeing Capital Corporation (BCC) is a global provider of financing solutions for Boeing customers. Working closely with Commercial Airplanes and Defense, Space & Security, BCC ensures customers have the financing needed to buy and take delivery of their Boeing products. With a year-end 2015 portfolio value at approximately $3.4 billion, BCC combines Boeing's financial strength and global reach, detailed knowledge of Boeing customers and equipment and the expertise of a seasoned group of financial professionals.

Engineering, Operations & Technology

Engineering, Operations & Technology (EO&T) enhances Boeing's growth and productivity by driving technical and functional excellence across the enterprise. Its primary objectives are to support the company's business units by delivering high-quality, low-cost technical services in information technology, research and technology, and test and evaluation; integrated enterprise strategies that ensure technology is ready when needed, competitively protected and environmentally progressive; and highly disciplined and efficient engineering, operations and supplier management support that ensures program success. The organization pays particular attention to ensuring the success of development programs, leads and supports efforts to reduce the company’s environmental footprint and improve employee safety, and strives to attract, develop and retain a world-class technical and functional workforce.

Shared Services Group

Shared Services Group provides Boeing's business units and corporate offices with common internal services that support the company's global operations. These services involve everything from maintaining and protecting Boeing's worldwide sites; managing the sale and acquisition of all leased and owned property; purchasing the company's non-production equipment and supplies; delivering a variety of human resources-related services to current and former employees; recruiting and hiring for the enterprise; managing the company's finance, business / accounting, travel and expense services; and delivering creative communication services.

Bios of E-Suite

Dennis Muilenburg

Dennis Muilenburg is chairman of the board, president and chief executive officer of The Boeing Company.

Muilenburg, 52, oversees the strategic direction of the Chicago-based, $96.1 billion aerospace company. With approximately 160,000 employees across the United States and in more than 65 countries, Boeing is the world's largest aerospace company and top U.S. exporter. It is the leading manufacturer of commercial airplanes, military aircraft, and defense, space and security systems; it supports airlines and U.S. and allied government customers in more than 150 nations.

Muilenburg became chairman of the board in March 2016, chief executive officer in July 2015 and president in December 2013.

Until July 2015, Muilenburg served as vice chairman and chief operating officer of Boeing, where he supported the company's aerospace business operations and focused on specific growth enablers, including important global relationships, leadership initiatives and development program performance.

Before that, Muilenburg served as president and chief executive officer of Boeing Defense, Space & Security (BDS).

Earlier, Muilenburg was president of BDS's Global Services & Support business, vice president and general manager of the Boeing Combat Systems division, program manager for Future Combat Systems. Earlier, vice president of Programs & Engineering for Boeing Air Traffic Management and director of Weapon Systems for the proposed Boeing Joint Strike Fighter aircraft. He also held program management and engineering positions on F-22, Airborne Laser, High Speed Civil Transport and the Condor reconnaissance aircraft, among others.

Muilenburg, who joined Boeing in 1985, spent the first 15 years of his career in the Puget Sound region of Washington, where he held a number of program management and engineering positions in support of both the commercial airplanes and defense businesses.

Muilenburg is a member of the board of directors of Caterpillar Inc., the U.S.-China Business Council, the Congressional Medal of Honor Foundation and FIRST (For Inspiration and Recognition of Science & Technology). He also is vice chairman of the Aerospace Industries Association (AIA) board of governors and serves on the AIA executive committee, and is an executive committee member of Business Roundtable, an association of chief executive officers of leading U.S. companies. He also serves on the boards of trustees for the National World War II Museum and Washington University (St. Louis).

He is a Fellow of the American Institute of Aeronautics and Astronautics (AIAA) and a Fellow of the Royal Aeronautical Society.

A native of Iowa, Muilenburg holds a bachelor's degree in aerospace engineering from Iowa State University and a master's degree in aeronautics and astronautics from the University of Washington.

Ray Conner

Ray Conner is vice chairman of The Boeing Company and president and chief executive officer of Boeing Commercial Airplanes. He is a member of Boeing's Executive Council and serves as Boeing's senior executive in the Pacific Northwest.

As vice chairman, Conner is responsible for jointly managing a number of Boeing-wide processes and activities designed to drive seamless One-Boeing strategies and execution across the enterprise. Conner was named to this position in December 2013.

As president and CEO of Boeing Commercial Airplanes, he is responsible for delivering on a record backlog and overseeing the growth of its airplane programs and services. Boeing Commercial Airplanes accounts for more than 60 percent of Boeing's total revenues and has nearly 12,000 commercial jetliners in service worldwide, which is roughly 75 percent of the world fleet. Conner was named to this position in June 2012.

Prior to this assignment, Conner had responsibility for leading Sales, Marketing and Commercial Aviation Services for Boeing Commercial Airplanes, having been appointed to the position in August 2011.

Prior to that, Conner was vice president and general manager of Supply Chain Management and Operations for Boeing Commercial Airplanes. Appointed to the position in December 2008, he was responsible for overall leadership of Commercial Airplanes Supplier Management, Fabrication and Propulsion Systems and the Manufacturing and Quality functional organization.

For the year before that assignment, Conner was vice president of Sales for Commercial Airplanes, with responsibility for the sale of commercial airplanes and related services to airlines and leasing customers around the world.

Between February 2003 and December 2007, Conner was vice president of Sales for the Americas. As such, he was responsible for the Boeing business relationships with airline customers in North America and Latin America and for the sale of commercial airplanes to customers in those regions.

Before that assignment, Conner was vice president and general manager of the 777 program, beginning in June 2001.

Before leading the 777 Program, Conner was vice president of Asia/Pacific Sales for Commercial Airplanes. In that role, Conner led the Asia/Pacific sales team and was responsible for maintaining Boeing's business relationships with Asia/Pacific airlines and Asian aerospace industries. He also was responsible for the operation of Boeing offices in China, Japan and Korea.

In addition, Conner served as vice president and general manager of the 747 program, overseeing a team that managed the design, development certification and production of the 747 airplane.

Before that assignment, Conner was vice president of the Propulsion Systems Division, where he led the development of propulsion systems and auxiliary power units for the entire Boeing family of commercial airplanes.

Before leading Propulsion Systems, Conner was director of Finance and Information Systems for the Materiel Division of Boeing Commercial Airplanes. There, he was responsible for developing and implementing strategies to lower costs and achieve higher productivity in the procurement of contracts from suppliers around the world. Conner also oversaw information systems support for remote site networking, electronic commerce and workstation upgrades.

Previously, Conner held various other management positions in the company, including deputy director of Major Outside Production and Program Participants, and of International Business Operations, both in the Materiel Division.

As the Boeing Commercial Airplanes sales director for Thailand, Conner led a group working with the U.S. Government on political issues affecting the company.

Conner joined the company in 1977 as a mechanic on the 727 program. He earned a bachelor's degree from Central Washington University and a master's of business administration from the University of Puget Sound.

Conner is a member of the board of directors for Johnson Controls, Inc.

Leanne Caret

Leanne Caret is executive vice president of The Boeing Company and president and chief executive officer of Defense, Space & Security (BDS). She is a member of Boeing's Executive Council.

Named BDS president and CEO in February 2016, Caret leads the $30 billion business that provides integrated solutions to meet the needs of defense, government, space, intelligence and security customers in the United States and around the world.

BDS has concentrated operations at its St. Louis headquarters and multiple sites across the U.S. Top locations outside the U.S. include Australia, the United Kingdom and Saudi Arabia.

Previously, Caret was president of Boeing's Global Services & Support, the U.S. Department of Defense's largest performance-based logistics contractor and an industry leader in providing sustainment solutions for Boeing and select non-Boeing platforms. Before that she was Chief Financial Officer and vice president, Finance, for BDS. Earlier she was vice president and general manager, Vertical Lift, where she was responsible for business growth and program execution for a portfolio of cargo, tiltrotor and attack rotorcraft. Caret joined the company in 1988 and has held various program management positions in the defense business.

Caret holds a Bachelor of Science degree in Business Administration from Kansas State University and a Master of Business Administration degree from Wichita State University. She also earned certifications from Harvard University in the Program for

Leadership Development and the International Security Defense Program, and completed the Integral Leadership Program at the University of Notre Dame.

Caret is member of the St. Louis University board of trustees. She also serves on the board of directors for Grand Center, Inc., whose mission is to coordinate and oversee the growth and development of the St. Louis historic arts and cultural district.

Marc Allen

Marc Allen is senior vice president of The Boeing Company and president of Boeing International. He is a member of Boeing's Executive Council.

As president of Boeing International, Allen, 42, is responsible for the company's international strategy and operations, and oversees 17 regional corporate headquarters in key markets around the world. Reporting to the chairman and CEO, Allen leads development of the company's growth and productivity initiatives outside the U.S. and new business and industrial partnerships. His responsibilities also include overseeing international affairs, enhancing local presence and providing global functional support. Allen was appointed to the role in 2015.

Previously, Allen served as president of Boeing Capital Corporation, a wholly owned Boeing subsidiary that arranges, structures and provides financing for Boeing's commercial airplane, space and defense products.

Prior to Boeing Capital, Allen served as vice president, of Boeing International and president of Boeing China, responsible for leading the company's business in China from its Beijing headquarters. Leading Boeing China, Allen oversaw the company's largest market outside the U.S. as its annual delivery pace doubled.

Before that, Allen served as Boeing's vice president for Global Law Affairs and general counsel to Boeing International, leading the company's international legal practice group from its inception, with responsibilities for Boeing's international operations' legal issues, cross-border trade regulation matters, and international legal policy matters including the U.S.-EC WTO dispute on aircraft subsidies.

Prior to joining Boeing, Allen practiced law with the Washington, D.C.-based law firm Kellogg Huber, litigating complex commercial cases for domestic and international clients.

Previous government service includes an appointment as U.S. Supreme Court Justice Anthony M. Kennedy's law clerk.

A Southern California native, Allen received his bachelor's degree summa cum laude from Princeton University, majoring in political science with a certificate in economics, and received his law degree from Yale Law School.

Allen is married and has four children.

Heidi Capozzi

Heidi Capozzi is senior vice president of Human Resources for The Boeing Company. She is currently a member of Boeing's Executive Council. Capozzi leads the company's

leadership development, training, workforce planning, employee relations, compensation, benefits and diversity initiatives.

Most recently, Capozzi served as vice president of Talent & Leadership, the group responsible for identifying and developing emerging leadership talent as well as running the company's leadership center in St. Louis.

Prior to her current position, Capozzi served as director of Human Resources for the Airplane Programs division of Boeing Commercial Airplanes (BCA), where she supported the 737, 747, 767, 777 and 787 programs. Before joining BCA, Capozzi was director of Human Resources for the Surveillance and Engagement (S&E) division of Boeing Military Aircraft.

Capozzi joined Boeing in 2009 following the acquisition of Insitu, a company in the design, development, production and operation of unmanned aircraft systems, where she served in multiple leadership roles including vice president of Internal Services and Quality and vice president of Human Resources. As a member of the Insitu executive team, she led multiple functional areas and guided the development of one of America’s fastest growing technology companies (Inc Magazine, 2006, 2007 and 2008).

Capozzi has also served in leadership roles in human resources, compensation and communications at both Northrop Grumman and TRW’s automotive and defense business.

She holds a bachelor's degree from Oberlin College in political science and Asian studies and earned a master's degree in human resources and industrial relations from the University of Minnesota.

Tom Downey

Tom Downey is senior vice president of Communications for The Boeing Company, the world's largest aerospace company. He is a member of the company's Executive Council. Named to the position in December 2006, Downey is responsible for development and implementation of the company's global communications activities, which include media relations, brand management and advertising, and executive and employee communications.

Prior to this assignment, Downey, 50, led communications for Boeing Commercial Airplanes in Seattle, Wash., overseeing public relations during a period of dramatic industry downturn, multiple labor contract negotiations and a transformation of the Boeing product line -- including the successful launches of the 787 Dreamliner and the 747-8 airplane families.

Before joining Commercial Airplanes in May 2002, Downey led companywide internal and executive communications at the corporate office in Chicago and Seattle. In that position, he oversaw the revamping of the company's employee communications with new digital and print publications.

Before joining the corporate staff in September 1999, Downey led Communications and Community Relations for the company's Military Aircraft and Missile Systems unit, based in St. Louis. In this position he was responsible for the public relations functions of

the tactical aircraft, helicopter, military transport and missile systems division of the company.

Downey joined the company in 1986 as a writer on the company's fighter aircraft programs in St. Louis. In 1991, Downey began a five-year assignment in Washington, D.C., where he held a variety of communications and business development positions. He also worked on Capitol Hill as a Brookings Institution Congressional Fellow.

In April 1996, Downey was named director of Communications for Douglas Aircraft Company in Long Beach, Calif. He returned to St. Louis in March 1997 to lead communications for the military unit. Downey is a graduate of Saint Louis University and holds a bachelor's degree in English, and a creative and professional writing certificate. He served as a public affairs officer in the U.S. Navy Reserve and is a past president of the Boeing Employees Community Fund.

Downey was born in Middletown, Ohio. He is married with five children and resides in the Chicago area.

Porter's 5 Forces

Threat of New Entrants: Low

Threat of new entrants is relatively low because of humongous amount of fixed cost of competing. Factors like: huge capital investment required, extensive level of R&D budget and activities and massive level of technological expertise needed creates a high entry barriers and thus low threat of new entrants. Some companies that have operated in regional level and aircraft manufacturer of China are enjoying niche market are because of the preferential benefit arranged by the particular Nation state. Also, it is hard to compete with the top companies such as Boeing, Airbus and Lockheed who maintain the majority of the market share and has optimized its positions for many years along side regulation restrictions that would prevent a global presence that those companies have achieved.

Threat of Substitute: Mild

Threat of substitute for aircraft manufacturer is minor as people prefer aircrafts largely because of time factor. Rapid advancement in bullet trains, car or other sources of transportation might affect the aircraft manufacturing business in the future. However, airplanes will always maintain a sense of convenience due to being able to book the same day and be to a destination in a short period of times compared to taking trains, cars and buses.

Bargaining power of Buyers: Mild

In totality bargaining power of buyers is mild because buyers purchase in bulk, which give them high bargaining power due to the ability of negotiating based on the size, models and amount of aircrafts needed, a high capital investment is needed when

purchasing an aircraft which would involve a buyer being involved in a long-term contract with a seller and thus lowering the amount of bargaining power. There is also the high cost associated with switching because of technological factors and long-term contracts involved which would give buyers low bargaining power.

Bargaining power of Suppliers: Low

In case of aircraft manufacturers it has been found that both of that Boeing's makes outsourcing to large number of suppliers throughout the globe. For example Boeing itself has more than 100 firms supplying it with the parts of the aircrafts. As there are large numbers of suppliers and the firms that purchase are concentrated, the bargaining power of supplier is low. The company has the power to negotiate with the price of supplies due to economies of scale.

Competitive Rivalry: High

With the sluggish industry growth, no clear market leader and undifferentiated strategies and high barrier to exit, it drives for the competitive rivalry among the existing players of the industry. The market is largely a duopoly market, resulting in low profit margin in the airline industry and thus Boeing fighting furiously with Airbus for more share of the industry

SWOT Analysis

Strengths

Strengths are usually built by a company over time, giving it an edge over other players in the industry. Boeing has several strengths such as a strong presence in the domestic market. It is the US government's second largest defense contractor, which ensures ongoing business, it has a wide array of commercial jetliner families, predominantly the 717, 737, 747, 757, 767, and 777 families, 787 Dreamliner, and Boeing Business Jet. These aircraft can meet a wide variety of customer needs in various markets and niche segments, the company maintains strong relationships with its customers and suppliers, helping it develop and build global partnerships to develop technologies and design concepts and it focuses on developing technically advanced systems to gain an advantage over its competitors. Boeing's strengths typically stem from having a first-mover advantage in the industry through its presence.

Weaknesses

Weaknesses stem from the company's own actions, largely due to inefficient handling of its operations. Also, production delays, cost overruns, and technical problems in Boeing's 787 Dreamliner project has drained a lot of cash out of the company's projected estimates. This project has yet to generate positive cash flow for the company. The majority of these problems stem from Boeing's partial adaptation of Toyota's outsourcing model.

Opportunities

Opportunities present a company with the prospects of growth and the potential to increase its revenues. Boeing's strong order growth in 2014 is expected to continue in 2015 and beyond. Boeing expects to see ongoing demand for 22,000 aircraft in the next 20 years, it has a strong backlog, which should keep it busy in the coming years. It 2014 backlog is $502 billion, the aerospace industry sees growing opportunities in the Asia-Pacific, Middle East, and African regions, the rising international tensions would create a demand for defense and security products and the rise in satellite demand creates opportunities for the company.

Threats

Threats, or business risks, represent external factors beyond the company's direct control that can negatively impact its prospects. The company faces stiff competition from global competitors such as Airbus, Bombardier, and Embraer (ERJ) in different segments of the market, the competition in the regional market is intensifying, further reductions in the US government's defense budgets due to sequestration could subdue the performance of Boeing's defense segment. Although Boeing still enjoys dominance in the commercial aircraft market, these threats show that the company will have to up its game to stay on top of the aerospace market.

Strengths and Opportunities versus Weakness and Threats

Boeing has a great amount of strengths and opportunities. Boeing's strengths has a strong presence in the domestic market, it is the US government's second largest defense contractor, which ensures ongoing business, it has a wide array of commercial jetliner families, predominantly the 717, 737, 747, 757, 767, and 777 families, 787 Dreamliner, and Boeing Business Jet. These aircraft can meet a wide variety of customer needs in various markets and niche segments, the company maintains strong relationships with its customers and suppliers, helping it develop and build global partnerships to develop technologies and design concept and it focuses on developing technically advanced systems to gain an advantage over its competitors. These strengths typically stem from having a first-mover advantage in the industry through its presence. Its opportunities comprise of Boeing's strong order growth in 2014 is expected to continue in 2015 and beyond. It expects to see ongoing demand for 22,000 aircraft in the next 20 years, it has a strong backlog, which should keep it busy in the coming years. It 2014 backlog is $502 billion, the aerospace industry sees growing opportunities in the Asia-Pacific, Middle East, and African regions, the rising international tensions would create a demand for defense and security products and the rise in satellite demand creates opportunities for the company. When looking at the strengths and opportunities of Boeing, the company's presence is what drives the strengths and opportunities. Being strategically placed in the market allows Boeing to continue to thrive. Another aspect that gives Boeing a greater advantage even when taking into consideration the threats and weaknesses is its diversification of both products and technologies.

Boeing's Dreamliner was the first of its kind to be made out composite materials, which would allow a reduction in fuel costs and noise during flight. These distinguishing factors would help to cut costs for airlines while providing a calmer trip. By staying ahead of the competition through innovation, Boeing will continue to be a big driving force in the market. In addition, the offering of a defense product allows the company to not be limited to one area and continue to have a competitive edge in the market especially in a time where there are international tensions between America and the Middle East. However, the company still has its weaknesses and threats to focus on.
The company's weaknesses mostly consist of operational issues. The company's ability to make models efficiently and quickly is restricted by the model it uses. By reevaluating the production plan, investing in different ways of assembly or creating a new production plan can solve this. Also, with the limitations within the defense field due to government budget limitations and its increasing competition, Boeing can offset those threats by continuing to thrive in its larger area of commercial airplanes by increasing its efficiency, completing planes that are in its backlog and continuing to be innovative and develop models that no company has ever taken into consideration. The threats and weaknesses comprise of issues that most if not all companies face. By generating new ideas and solving the main sources of the problems, the company will not be at risk of failing due it to its many opportunities and strengths.

P/E, Profit Margin and Debt/Equity Analysis

	P/E	Profit Margin	Debt/Equity
Boeing	15.50	12.43	1.38
Sector	19.39	7.60	167.54
Sub Sector (Aerospace)	19.30	6.30	44.24

The price to earnings ratio dictates how much investors would pay based on each dollar the company earns. The profit margin shows how much revenues have exceeded costs and the debt to equity ratio measures a company's financial leverage. For price to earnings, a company would want a high price to earnings because it shows that company is valued in terms of the stock price to the share. The market generally fluctuates between 15 and 25 for price to earnings ratios. However, in this case, comparing Boeing's price to earnings of 15.50 and comparing it to the sector's of 19.39 and the sub sector of 19.30, Boeing is performing significantly lower than the rest. However, the price to earnings can be affected due to the fluctuations in the stock market and any issues that may be affecting the company such as its inability to produce its product. Although, Boeing is performing lower, the price to earnings is still positive which is a good sign of strength.

The profit margin for Boeing is 12.43 compared to the sector's 7.60 and sub sector 6.30. This shows that the company is making a significant amount of gains over the periods, which shows that the company is doing well. Investing in a growing and profitable company can possibly cause investors to reap great returns on their investments. As long as Boeing continues to make positive and high earnings, the company would continue to succeed in the market.

The debt to equity for Boeing is 1.38 compared to the sector's 167.54 and sub sector of 44.24. When looking at a debt to equity ratio, investors want a company that has a good amount of financial leverage but not too much. The reason is if a company is relying heavily on debt for financing, it shows that the company is having issues with operations. However, a low debt to equity is not good either because it shows that the company does not use any debt financing. A debt to equity of less than one is considered low and above one high. However, Boeing's debt to equity is slightly above one, which can be a result of its recent investments in its new aircrafts, but due to the company's good standing, the company will be able to pay off its debt and should not be an area of concern.

Earnings Growth for the Last 10 Years

Earnings	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
BA	-10.94	85.26	-30.49	-49.86	141.85	20.00	-4.31	16.63	23.83	0.81	-25.85
S&P 500	-	-	-	-	-	12.86	-10.86	51.30	-16.32	12.66	-12.42
Sub Sector	-	-	-	-	-	9.64	-8.28	21.25	-15.55	8.55	-12.80

Focusing on the last 5 years, Boeing has done significantly well in terms of its earnings growth. When investing in a company, an investor wants to see if the company is progressively doing better over the periods or not. Although there has been a slow down in the industrials sector due to exports and imports reductions and the issues with manufacturing in China, Boeing has still done well over the last 5 years. In 2011, Boeing exceeded the market and sub sector in earnings at 20.00 compared to 12.86 and 9.64. In 2012 Boeing had the least losses of -4.31 compared to the market of -10.86 and -8.28 for the sub sector. In 2013, Boeing was the only one to have a gain at 23.83 compared to the market and sub sector both having losses.

In 2015 and 2016, Boeing suffered by only gaining 0.81in 2015 and having a great loss in 2016 at -25.85. The reason for this is because Boeing reported lower plane deliveries, which effects how much the company will earn. The slowing down of production of the 747-8 jumbo planes due to a low demand also affects earnings, but the company will be

upgrading the 737 Max, which will be its new focus. Also, due to the sluggish market, the company is creating new ways to stay competitive in the market. Boeing's launch of 737 Max is expected to be a top selling plane which would boost Boeing's earnings yet again and keep the company an attractive investment.

Another aspect is comparing the last 5 years of earnings between the S & P and Boeing. In 2011 Boeing's earnings was 20 compared to S & P which was 12.86, 2012 Boeing was -4.31and S & P -10.86 and 2014 Boeing was 23.83 and S & P was -16.32. A reason for this could be that Boeing on its own had a successful year due to the delivery of its backlogged planes along with a growing customer base where S & P which consists of various companies experienced a hit in earnings due to some companies such as General Electric or General Motors having issues with its models and recalling its products. The same goes for the losses where Boeing may have taken a hit due to reinvesting or borrowing compared to the industry as a whole that had many companies experiencing a slow down in the manufacturing industry.

In years 2015 and 2016, there is a significant difference in the earnings between Boeing and the S & P. In 2015, Boeing only had an earnings of .81 compared to the S & P 12.66 and in 2016 Boeing had -25.85 and S & P -12.42. 2015 and 2016 are big shift years for Boeing due to its investment in the 737 Max and divest in in the 737. This means that reduction in the production of the 737 had a negative effect on the company's earnings and its reinvestment activities took away from its capital. However, in terms of the S & P, other companies that make up the S & P could have had better years in terms of product sales and investing activities, which would make the earnings higher in comparison to Boeing.

Final recommendation

Boeing is a good buy in the market and should be invested in. A reason for this is because the company continues to create new ways to stay competitive in the market. Its debt to equity ratio shows that it not only has financial leverage, but has the ability to manage its debt and pay it off when necessary. Its earnings continue to increase year by year and its recent losses should not be a deterrent due to its recent shift in production, which will later generate high returns. Its profit margin is also a good determinant of the company's performance and by it being higher than the sector and sub sector's profit margin shows promising returns if invested in. Not only is the above average profit margin a good indicator, but also the below average price to earnings while maintaining an above average profit margin. This is because a low price to earnings shows that the stock is underpriced which is a better investment than a stock that is overpriced. Investors would not want to overpay for a stock especially if it has the potential to perform poorly. Also, when evaluating the company's strengths and opportunities, compared to its weaknesses and threats, Boeing's backlog, international advantages, diversification of products and strong standing in the market, Boeing will remain competitive. If Boeing improves on its product efficiency and continue to stay competitive in the market against Airbus and its other competitors, Boeing will grow exponentially and see great earnings.

10 statistics, headlines, and trends to look out for

Foreign investment will continue to grow

JLL research found that offshore-driven capital has exhibited its largest participation of industrial sales volumes in 2015; it is scheduled to account for over $20 billion in total investment and 37.4 percent of 2015 buyer activity by the end of the year. Singapore, in particular, has emerged as a prime investor in industrial real estate, driven in large part by Global Logistics Properties' (GLP's) immense acquisition of IndCor Properties (IndCor) and its under contract acquisition of Industrial Income Trust (IIT). The $8.1 billion and $4.6 billion acquisitions will push total foreign direct investment in industrial real estate 323.6 percent higher than 2013 and 2014 volumes combined. With these two transactions, Singapore-based GLP also became the second-largest logistics property owner and operator in the U.S. In 2016, JLL expects expect foreign investment in the sector to continue, with buyers coming primarily from Asia, the Middle East, Europe and Canada.

With the increase in foreign investments this will lead to the expansion in foreign markets, more investors and give companies the capital it needs in order to continue in expanding both domestically and internationally, building new products and generating more revenue in the industrials industry.

Retail will drive demand for smaller industrial facilities in or near urban centers

As Howard Schultz, CEO of Starbucks, said in part, "… the Internet as we know it today is literally the death of distance." For brick-and-mortar and e-commerce retailers alike, the "last mile" means striking the not-so-simple balance among delivery time, service and cost. Companies will continue to test same-day delivery services. Industrial developers need to be aware that service delivery factors now shape real estate decisions more than ever before, and that even seemingly minor efficiencies can lead to benefits in not just today's — but also tomorrow's — ultracompetitive consumer environment. Recognizing the importance of distance to customer delivery, it is notable that operations located within the 20-mile ring of major cities typically handle fast-moving, high-cost and time-sensitive products like mobile phones and groceries, while those located more than 75 miles outside of those areas tend to be "big box" distribution or fulfillment centers that handle slower moving, lower cost, less time sensitive products like furniture and discount apparel.

As e-commerce logistics space continues to evolve for larger-scale needs, location choices also are being drastically influenced by incentives from local, county and state governments, once a company has identified two or three viable location options. At the same time, e-commerce logistics space will continue to move closer to the consumer, and is expected to put leasing demand pressure on many infill locations. It will also put pressure on building owners to enhance the functionality of their older assets.

E-commerce will be another tool for companies to stay competitive in a technological world. This would increase productivity and improve logistic issues especially with big companies such as Boeing who has operational inefficacies and cannot get its product to its customers fast enough.

Maximizing fulfillment center location strategies.

In 2016, location decisions, especially for e-commerce fulfillment centers, will be strongly influenced by workforce availability, including access to seasonal workers during the holiday shopping season. Another important factor for industrial developers and owners to consider includes the critical investment in ever-improving automation techniques to make picking, packing and sorting more efficient.
As delivery strategies evolve, distribution centers will have new purposes within their respective supply chains. For instance, some retailers have already partitioned their warehouses to accommodate multiple operations, including wholesale operations, store inventory replenishment and e-commerce fulfillment. In addition, as supply chains continue to grow in complexity, functionality within the "box" will need to be addressed as well, from sort center locations to returns, and fulfillment to distribution, etc. Wholesale mixing center operations need larger footprints to keep more types of inventory on hand for delivery to regional retail stores. They also require proximity to FedEx, UPS and USPS ground sortation hubs, as well as employee and trucking accommodations such as parking, queues and amenities, for e-commerce fulfillment operations.

Managing supply chain risk will remain a challenge

JLL research indicates that supply chain disruptions cost an estimated $2.3 billion annually and come from all areas of the world. Distant events such as the Tianjin Port explosion in China and the Greek debt crisis can profoundly impact supply chains. Therefore, prudent industrial developers and owners keep in mind how macroeconomic events will impact their primary customers.
For supply chain managers, one top-of-mind issue is risk management — diversifying manufacturing and sourcing by using a combination of transportation strategies, including intermodal truck and seaport options to get goods to their final destination. The pending expansion of the Panama Canal will influence both the global and domestic supply chains — and industrial development — accordingly. For instance, automotive manufacturing has grown exponentially in the Southeastern U.S. in recent years; seaports like Savannah and Charleston offer access to Western Europe, while an expanded Panama Canal will allow the passage of larger vessels to and from Asian markets. The sector will also see investment and leasing activity across the U.S. become more complex and integrated.

Gone are the days when distribution center development and investment was a relatively straightforward process. As the world's global supply chain has become increasingly sophisticated, so have the needs of industrial real estate users.

Industrial Stocks on the Rise

Industrial stocks have quietly outperformed the market recently. Here's a list of unusual activity in the sector since the start of last week. **BA** PUT SELLING 2,000 04 March 116 puts sold at the same time for $3.20 against open interest of 95 contracts. 02/24. **CMI** PUT BUYING 3200 26Feb 95.50 puts bought for 2.10 against oi 13 02/24 **NLSN** BEARISH PUT SPREAD 5,000 March 47 puts bought for 0.90 against oi 65
10,000 March 44 puts sold for 0.27 and 0.28 against oi 121
Put ratio spread 02/22 **UNP** PUT BUYING 6,000 March 78 puts bought for $1.20 to $1.60 against no open interest. 02/22 **DAL** CALL BUYING 28,195 March 48.50 calls bought in one print for $1.60 against no open interest. Earnings estimated 4/13.

Industrial production will be pivotal for GDP growth in 2016

The industrial sector was rocked in 2015 by the sharply contracting energy investment, slowing international trade, dollar strength and rising inventories. Some have labeled the slide in production an "industrial recession." If production cannot stabilize, layoffs may increase.

Fortunately, energy's drag on production should ease. The supply of energy will remain high, but the balance should improve as new supplies quit worsening the glut. Energy development will not rebound quickly, but cuts will no longer offset other growth

International trade will be critical for U.S. production and world growth

Recent reports suggest that international trade is stabilizing. That would be a major relief. Declining trade volumes have caused production cuts and raised fears of broader economic decline.

U.S. Election Year Blues

Despite a rise in state-sponsored manufacturing competition from countries such as China and India, U.S. manufacturing will struggle for visibility during the U.S. Presidential election year as terrorism, immigration, and rising income inequality, among other topics, dominate the national political debate. None of the major candidates from either political party have demonstrated knowledge of or a focus on manufacturing. The one bright spot: the selection of the U.S. as the partner country at the world's largest industrial event, the Hannover Fair, in April in Germany. And the participation of President Obama, the first time a sitting U.S. president will be in attendance at the Fair.

Cyber Security Becomes More Formalized

Manufacturers of all sizes will increasingly be expected to demonstrate that they have put in place the state-of-the-art technologies and internal processes needed to protect their plants, intellectual property, supply chains, and customers from cybersecurity vulnerabilities. Much of the push for security audits and documentation will come from industrial customers. But regulators such as the SEC will also get in on the act, requiring that manufacturers prove that they have mitigated the kinds of security threats that could have profound financial impacts.

Better Demand Planning Emerges

As demand continues to fluctuate unpredictably—particularly in markets such as Europe and China—manufacturers will create more agile, demand-driven planning processes, replacing traditional but increasingly inaccurate push-based forecasting models that are based on historical patterns. This will require manufacturers to accelerate the digitization of existing processes, break down internal functional silos, and vastly improve collaboration and communication with supply and demand chain partners.

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Stock Evaluations

Inputs	
2015 Net Income	$1,739,791,062.08
US GDP Growth Rate	2.50%
Risk Free Rate	1.76%
Expected Market Return	10.00%
Income before Tax	$ 13,858,000,000.00
Beta (Find 2 sources and average them)	1.19
Long Term Debt	$1,800,000,000.00
Interest Expense	$948,300,000.00
Short Term/Current Long Term Debt	0.47
Market Cap	$273,890,000,000.00
Tax Expense	$1,772,000.00
2014 Net Income	$1,672,300,000.00
2013 Net Income	$1,688,200,000.00
2012 Net Income	$1,606,500,000.00
2011 Net Income	$1,488,000,000.00
Cash	$1,360,190,000.00
Actual Stock Price	$29.02
Shares Outstanding	9440000000
Undervalued or Overvalued?	Overvalued

Growth Calculations	
2011 to 2012 Growth	7.96%
2012 to 2013 Growth	5.09%
2013 to 2014 Growth	-0.94%
Average Growth	4.04%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	11.52%
Cost of Debt	52.68%
Weight of Equity	99.35%
Weight of Debt	0.65%
Tax Rate	0.01%
WACC	11.79%

Discounted Cash Flows			
2016	1	$1,810,005,943.72	$1,619,067,881.31
2017	2	$1,883,054,573.46	$1,506,721,618.15
2018	3	$1,959,051,316.33	$1,402,171,002.71
2019	4	$2,038,115,152.97	$1,304,875,099.14
2020	5	$2,120,369,865.83	$1,214,330,506.80
Sum			$7,047,166,108.11
Terminal			$13,393,708,104.67
Total Equity			$20,440,874,212.78
EV			$20,001,064,212.31
Stock Price Based on Intrinsic Value			$2.12

EV Model: General Electric Evaluation

Inputs	
2015 Net Income	$ 6,249,267,639.67
US GDP Growth Rate	2.50%
Risk Free Rate	1.76%
Expected Market Return	10.00%
Income before Tax	$ 7,155,000.00
Beta (Find 2 sources and average them)	1.21
Long Term Debt	$840,200,000.00
Interest Expense	$275,000,000.00
Short Term/Current Long Term Debt	0.06
Market Cap	76290000000.00
Tax Expense	$19,790,000.00
2014 Net Income	$5,446,000,000.00
2013 Net Income	$4,585,000,000.00
2012 Net Income	$3,903,000,000.00
2011 Net Income	$3,614,000,000.00
Cash	$11,302,000.00
Actual Stock Price	$115.16
Shares Outstanding	662500000.00
Undervalued or Overvalued?	Undervalued

Growth Calculations	
2011 to 2012 Growth	8.00%
2012 to 2013 Growth	17.47%
2013 to 2014 Growth	18.78%
Average Growth	14.75%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	11.69%
Cost of Debt	32.73%
Weight of Equity	98.91%
Weight of Debt	1.09%
Tax Rate	276.59%
WACC	10.93%

Discounted Cash Flows			
2016	1	$7,171,014,695.60	$6,464,318,978.88
2017	2	$8,228,716,504.01	$6,686,770,717.82
2018	3	$9,442,425,957.50	$6,916,877,520.85
2019	4	$10,835,153,686.42	$7,154,902,815.94
2020	5	$12,433,304,315.72	$7,401,119,096.18
Sum			$34,623,989,129.67
Terminal			$89,965,836,146.22
Total Equity			$124,589,825,275.89
EV			$123,760,927,275.83
Stock Price Based on Intrinsic Value			$186.81

EV Model: Boeing Evaluation

Inputs	
2015 Net Income	$564,812,985.20
US GDP Growth Rate	2.50%
Risk Free Rate	1.75%
Expected Market Return	10.00%
Income before Tax	$6,586,000,000.00
Beta (Find 2 sources and average them)	1.01
Long Term Debt	$55,540,000,000.00
Interest Expense	$376,000,000.00
Short Term/Current Long Term Debt	0.12
Market Cap	82500000000
Tax Expense	$173,900,000.00
2014 Net Income	$423,300,000.00
2013 Net Income	$392,400,000.00
2012 Net Income	$202,600,000.00
2011 Net Income	$206,700,000.00
Cash	$545,500,000.00
Actual Stock Price	$ 107.27
Shares Outstanding	769320000
Undervalued or Overvalued?	Overvalued

Growth Calculations	
2011 to 2012 Growth	-1.98%
2012 to 2013 Growth	93.68%
2013 to 2014 Growth	8.03%
Average Growth	33.24%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	10.05%
Cost of Debt	0.68%
Weight of Equity	59.77%
Weight of Debt	40.23%
Tax Rate	2.64%
WACC	6.27%

Discounted Cash Flows			
2016	1	$752,568,313.87	$708,141,311.64
2017	2	$1,002,737,334.10	$887,840,985.22
2018	3	$1,336,067,626.91	$1,113,141,688.09
2019	4	$1,780,203,691.40	$1,395,615,249.11
2020	5	$2,371,979,620.68	$1,749,769,992.80
Sum			$5,854,509,226.86
Terminal			$47,526,071,821.82
Total Equity			$53,380,581,048.69
EV			-$1,613,918,951.43
Stock Price Based on Intrinsic Value			-$2.10

EV Model: Honeywell Evaluation

Inputs	
2015 Net Income	$8,667,763,356.51
US GDP Growth Rate	2.50%
Risk Free Rate	1.76%
Expected Market Return	10.00%
Income before Tax	$1,084,800,000.00
Beta (Find 2 sources and average them)	1.17
Long Term Debt	$3,839,800,000.00
Interest Expense	$177,200,000.00
Short Term/Current Long Term Debt	0.000737538
Market Cap	$13,770,000,000.00
Tax Expense	$227,100,000.00
2014 Net Income	$7,610,000,000.00
2013 Net Income	$4,900,000,000.00
2012 Net Income	$8,840,000,000.00
2011 Net Income	$6,750,000,000.00
Cash	$465,400,000.00
Actual Stock Price	$ 92.00
Shares Outstanding	149730000
Undervalued or Overvalued?	Undervalued

Growth Calculations	
2011 to 2012 Growth	30.96%
2012 to 2013 Growth	-44.57%
2013 to 2014 Growth	55.31%
Average Growth	13.90%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	11.39%
Cost of Debt	4.61%
Weight of Equity	78.20%
Weight of Debt	21.80%
Tax Rate	20.93%
WACC	9.70%

Discounted Cash Flows			
2016	1	$9,872,552,116.22	$8,999,639,304.98
2017	2	$11,244,802,295.43	$9,344,222,296.85
2018	3	$12,807,790,445.15	$9,701,998,866.19
2019	4	$14,588,028,475.47	$10,073,474,175.71
2020	5	$16,615,713,359.19	$10,459,172,730.11
Sum			$48,578,507,373.84
Terminal			$148,909,941,427.67
Total Equity			$197,488,448,801.51
EV			$194,114,048,801.51
Stock Price Based on Intrinsic Value			$1,296.43

EV Model: Stanley Black and Decker Evaluation

Inputs	
2015 Net Income	$4,110,909,000.00
US GDP Growth Rate	2.50%
Risk Free Rate	1.76%
Expected Market Return	10.00%
Income before Tax	$7,718,000,000.00
Beta (Find 2 sources and average them)	1.43
Long Term Debt	$35,601,000.00
Interest Expense	$44,300,000.00
Short Term/Current Long Term Debt	2.01
Market Cap	44450000000
Tax Expense	-$1,897,000,000.00
2014 Net Income	$3,949,000,000.00
2013 Net Income	$5,346,000,000.00
2012 Net Income	$6,188,000,000.00
2011 Net Income	$9,190,000,000.00
Cash	$15,238,000,000.00
Actual Stock Price	$ 28.78
Shares Outstanding	1540000000
Undervalued or Overvalued?	Undervalued

Growth Calculations	
2011 to 2012 Growth	-32.67%
2012 to 2013 Growth	-13.61%
2013 to 2014 Growth	-26.13%
Average Growth	4.10%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	13.50%
Cost of Debt	124.43%
Weight of Equity	99.92%
Weight of Debt	0.08%
Tax Rate	-24.58%
WACC	13.62%

Discounted Cash Flows			
2016	1	$4,279,456,269.00	$3,766,621,230.88
2017	2	$4,454,913,976.03	$3,451,167,490.42
2018	3	$4,637,565,449.05	$3,162,132,934.77
2019	4	$4,827,705,632.46	$2,897,304,962.71
2020	5	$5,025,641,563.39	$2,654,656,277.93
Sum			$15,931,882,896.71
Terminal			$24,480,077,088.43
Total Equity			$40,411,959,985.13
EV			$55,614,358,983.13
Stock Price Based on Intrinsic Value			$36.11

EV Model: General Motors Evaluation

Inputs	
2015 Net Income	$4,326,442,400.00
US GDP Growth Rate	2.50%
Risk Free Rate	1.76%
Expected Market Return	10.00%
Income before Tax	2855000000
Beta (Find 2 sources and average them)	1.17
Long Term Debt	$ 25,000,000,000.00
Interest Expense	$507,000,000.00
Short Term/Current Long Term Debt	0.0105212
Market Cap	38100000000.00
Tax Expense	742000000
2014 Net Income	$4,003,000,000.00
2013 Net Income	$3,815,000,000.00
2012 Net Income	$6,270,000,000.00
2011 Net Income	$5,201,000,000.00
Cash	$6,460,000,000.00
Actual Stock Price	65.42
Shares Outstanding	582320000
Undervalued or Overvalued?	Undervalued

Growth Calculations	
2011 to 2012 Growth	20.55%
2012 to 2013 Growth	-39.15%
2013 to 2014 Growth	4.93%
Average Growth	8.08%
Terminal Growth	2.50%

Cost of Capital Calculations	
Cost of Equity/CAPM	11.40%
Cost of Debt	0.80%
Weight of Equity	37.65%
Weight of Debt	62.35%
Tax Rate	25.99%
WACC	4.66%

Discounted Cash Flows			
2016	1	$4,676,018,945.92	$4,467,691,292.30
2017	2	$5,053,841,276.75	$4,613,551,652.34
2018	3	$5,462,191,651.91	$4,764,174,034.48
2019	4	$5,903,536,737.39	$4,919,713,908.32
2020	5	$6,380,542,505.77	$5,080,331,819.24
Sum			$23,845,462,706.69
Terminal			$240,748,162,608.58
Total Equity			$264,593,625,315.26
EV			$207,953,625,315.26
Stock Price Based on Intrinsic Value			$357.11

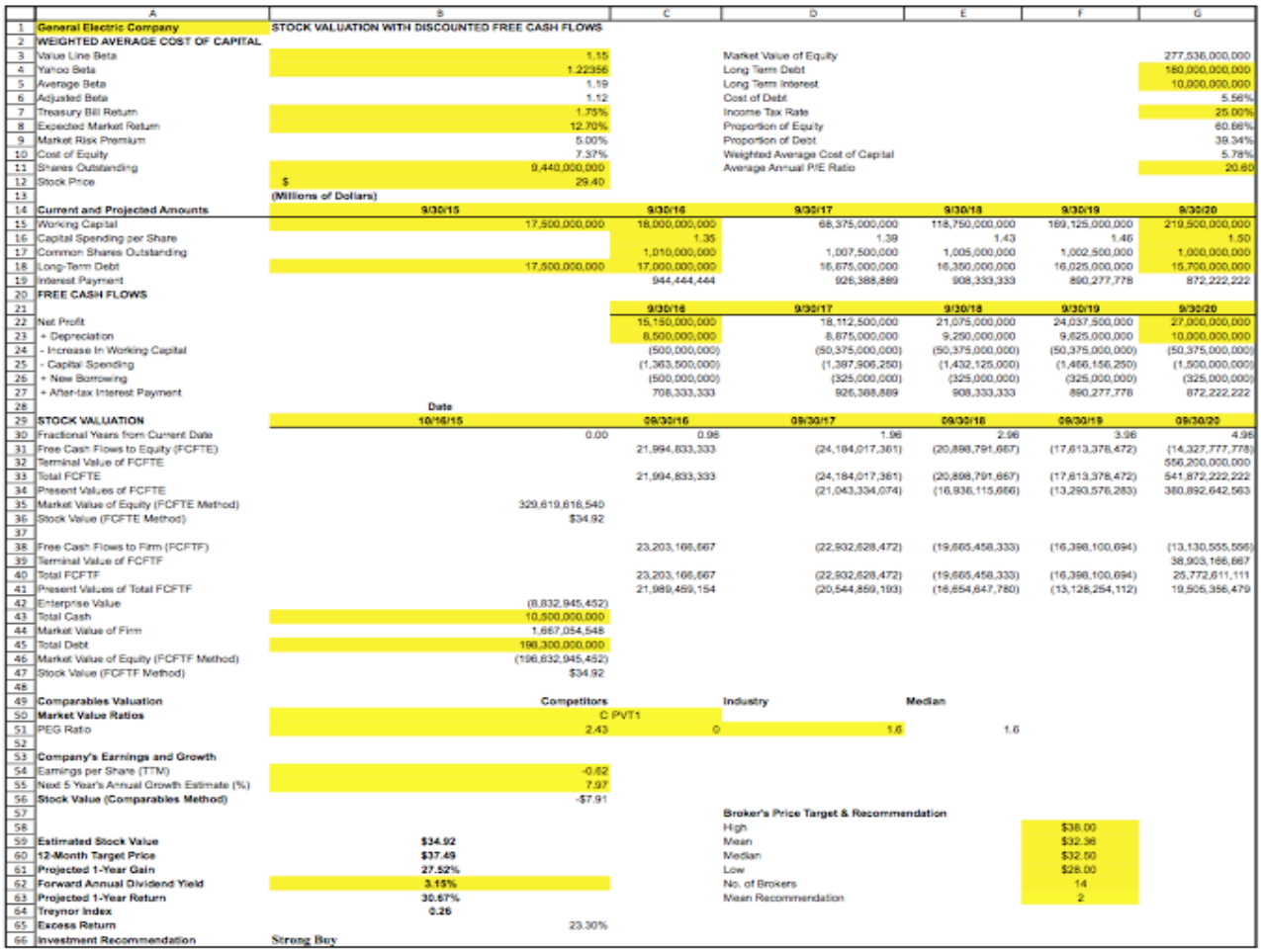
EV Model: Caterpillar Evaluation

	A	B	C	D	E	F	G
1	**Boeing Inc**	**STOCK VALUATION WITH DISCOUNTED FREE CASH FLOWS**					
2	**WEIGHTED AVERAGE COST OF CAPITAL**						
3	Value Line Beta	1.05		Market Value of Equity			78,281,000,000
4	Yahoo Beta	1.36442		Long Term Debt			8,402,000,000
5	Average Beta	1.21		Long Term Interest			28,000,000
6	Adjusted Beta	1.14		Cost of Debt			0.33%
7	Treasury Bill Return	1.75%		Income Tax Rate			30.00%
8	Expected Market Return	12.70%		Proportion of Equity			90.31%
9	Market Risk Premium	5.00%		Proportion of Debt			9.69%
10	Cost of Equity	7.44%		Weighted Average Cost of Capital			6.74%
11	Shares Outstanding	662,500,000		Average Annual P/E Ratio			17.40
12	Stock Price	$ 116.16					
13		**(Millions of Dollars)**					
14	**Current and Projected Amounts**	**9/30/15**	**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
15	Working Capital	10,000,000,000	11,000,000,000	11,875,000,000	12,750,000,000	13,625,000,000	14,500,000,000
16	Capital Spending per Share		3.75	3.81	3.88	3.94	4.00
17	Common Shares Outstanding		640,000,000	630,000,000	620,000,000	610,000,000	600,000,000
18	Long-Term Debt	8,402,000,000	8,000,000,000	7,750,000,000	7,500,000,000	7,250,000,000	7,000,000,000
19	Interest Payment		26,660,319	25,827,184	24,994,049	24,160,914	23,327,779
20	**FREE CASH FLOWS**						
21			**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
22	Net Profit		6,200,000,000	6,437,500,000	6,675,000,000	6,912,500,000	7,150,000,000
23	+ Depreciation		1,975,000,000	2,006,250,000	2,037,500,000	2,068,750,000	2,100,000,000
24	- Increase in Working Capital		(1,000,000,000)	(875,000,000)	(875,000,000)	(875,000,000)	(875,000,000)
25	- Capital Spending		(2,400,000,000)	(2,401,875,000)	(2,402,500,000)	(2,401,875,000)	(2,400,000,000)
26	+ New Borrowing		(402,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)
27	+ After-tax Interest Payment		18,662,223	25,827,184	24,994,049	24,160,914	23,327,779
28		**Date**					
29	**STOCK VALUATION**	**10/16/15**	**09/30/16**	**09/30/17**	**09/30/18**	**09/30/19**	**09/30/20**
30	Fractional Years from Current Date	0.00	0.96	1.96	2.96	3.96	4.96
31	Free Cash Flows to Equity (FCFTE)		4,391,662,223	4,942,702,184	5,209,994,049	5,478,535,914	5,748,327,779
32	Terminal Value of FCFTE						124,410,000,000
33	Total FCFTE		4,391,662,223	4,942,702,184	5,209,994,049	5,478,535,914	130,158,327,779
34	Present Values of FCFTE			4,295,483,611	4,214,206,522	4,124,530,101	91,203,834,041
35	Market Value of Equity (FCFTE Method)	103,838,056,274					
36	Stock Value (FCFTE Method)	$156.74					
37							
38	Free Cash Flows to Firm (FCFTF)		4,812,324,447	5,218,529,368	5,484,988,098	5,752,696,828	6,021,655,558
39	Terminal Value of FCFTF						11,812,324,447
40	Total FCFTF		4,812,324,447	5,218,529,368	5,484,988,098	5,752,696,828	17,833,980,005
41	Present Values of Total FCFTF		4,521,588,990	4,593,690,333	4,523,417,499	4,444,673,583	12,909,043,403
42	Enterprise Value	30,992,413,807					
43	Total Cash	12,010,000,000					
44	Market Value of Firm	43,002,413,807					
45	Total Debt	9,960,000,000					
46	Market Value of Equity (FCFTF Method)	33,042,413,807					
47	Stock Value (FCFTF Method)	$156.74					
48							
49	**Comparables Valuation**	**Competitors**		**Industry**	**Median**		
50	**Market Value Ratios**	NOC LMT					
51	PEG Ratio	2.44	2.27	18.11	2.44		
52							
53	**Company's Earnings and Growth**						
54	Earnings per Share (TTM)	7.44					
55	Next 5 Year's Annual Growth Estimate (%)	11.92					
56	**Stock Value (Comparables Method)**	$216.39					
57				**Broker's Price Target & Recommendation**			
58				High		$196.00	
59	**Estimated Stock Value**	**$156.74**		Mean		$141.00	
60	**12-Month Target Price**	**$168.40**		Median		$141.00	
61	**Projected 1-Year Gain**	**42.52%**		Low		$100.00	
62	**Forward Annual Dividend Yield**	**3.71%**		No. of Brokers		18	
63	**Projected 1-Year Return**	**46.23%**		Mean Recommendation		2.1	
64	**Treynor Index**	**0.39**					
65	**Excess Return**	38.79%					
66	**Investment Recommendation**	Strong Buy					

Mukherji Model: Boeing Evaluation

	A	B	C	D	E	F	G
1	**Caterpillar Inc**	**STOCK VALUATION WITH DISCOUNTED FREE CASH FLOWS**					
2	**WEIGHTED AVERAGE COST OF CAPITAL**						
3	Value Line Beta	1.25		Market Value of Equity			38,939,738,400
4	Yahoo Beta	1.09283		Long Term Debt			25,200,000,000
5	Average Beta	1.17		Long Term Interest			1,700,000,000
6	Adjusted Beta	1.11		Cost of Debt			6.75%
7	Treasury Bill Return	1.75%		Income Tax Rate			28.00%
8	Expected Market Return	12.70%		Proportion of Equity			60.71%
9	Market Risk Premium	5.00%		Proportion of Debt			39.29%
10	Cost of Equity	7.32%		Weighted Average Cost of Capital			6.03%
11	Shares Outstanding	582,320,000		Average Annual P/E Ratio			17.10
12	Stock Price	$ 66.87					
13		**(Millions of Dollars)**					
14	**Current and Projected Amounts**	**9/30/15**	**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
15	Working Capital	81,150,000,000	89,400,000,000	95,750,000,000	102,100,000,000	108,450,000,000	114,800,000,000
16	Capital Spending per Share		5.45	5.51	5.58	5.64	5.70
17	Common Shares Outstanding		585,000,000	578,750,000	572,500,000	566,250,000	560,000,000
18	Long-Term Debt	25,247,000,000	24,210,000,000	24,107,500,000	24,005,000,000	23,902,500,000	23,800,000,000
19	Interest Payment		1,633,214,286	1,626,299,603	1,619,384,921	1,612,470,238	1,605,555,556
20	**FREE CASH FLOWS**						
21			**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
22	Net Profit		2,215,000,000	2,857,500,000	3,500,000,000	4,142,500,000	4,785,000,000
23	+ Depreciation		3,046,000,000	3,122,000,000	3,198,000,000	3,274,000,000	3,350,000,000
24	- Increase in Working Capital		(8,250,000,000)	(6,350,000,000)	(6,350,000,000)	(6,350,000,000)	(6,350,000,000)
25	- Capital Spending		(3,188,250,000)	(3,190,359,375)	(3,191,687,500)	(3,192,234,375)	(3,192,000,000)
26	+ New Borrowing		(1,037,000,000)	(102,500,000)	(102,500,000)	(102,500,000)	(102,500,000)
27	+ After-tax Interest Payment		1,175,914,286	1,626,299,603	1,619,384,921	1,612,470,238	1,605,555,556
28		**Date**					
29	**STOCK VALUATION**	**10/16/15**	**09/30/16**	**09/30/17**	**09/30/18**	**09/30/19**	**09/30/20**
30	Fractional Years from Current Date	0.00	0.96	1.96	2.96	3.96	4.96
31	Free Cash Flows to Equity (FCFTE)		(6,038,335,714)	(2,037,059,772)	(1,326,802,579)	(615,764,137)	96,055,556
32	Terminal Value of FCFTE						81,823,500,000
33	Total FCFTE		(6,038,335,714)	(2,037,059,772)	(1,326,802,579)	(615,764,137)	81,919,555,556
34	Present Values of FCFTE			(1,774,180,167)	(1,076,751,144)	(465,627,383)	57,720,062,960
35	Market Value of Equity (FCFTE Method)	54,403,504,265					
36	Stock Value (FCFTE Method)	$93.43					
37							
38	Free Cash Flows to Firm (FCFTF)		(3,825,421,429)	(308,260,169)	395,082,341	1,099,206,101	1,804,111,111
39	Terminal Value of FCFTF						19,974,578,571
40	Total FCFTF		(3,825,421,429)	(308,260,169)	395,082,341	1,099,206,101	21,778,689,683
41	Present Values of Total FCFTF		(3,617,106,862)	(274,884,626)	332,255,091	871,794,533	16,289,874,701
42	Enterprise Value	13,601,932,837					
43	Total Cash	5,340,000,000					
44	Market Value of Firm	18,941,932,837					
45	Total Debt	38,100,000,000					
46	Market Value of Equity (FCFTF Method)	(19,158,067,163)					
47	Stock Value (FCFTF Method)	$93.43					
48							
49	**Comparables Valuation**	**Competitors**		**Industry**	**Median**		
50	**Market Value Ratios**	DE PVT1					
51	PEG Ratio	3.66	0	0.45	0.45		
52							
53	**Company's Earnings and Growth**						
54	Earnings per Share (TTM)	3.50					
55	Next 5 Year's Annual Growth Estimate (%)	0.43					
56	**Stock Value (Comparables Method)**	$0.66					
57				**Broker's Price Target & Recommendation**			
58				High		$77.00	
59	**Estimated Stock Value**	**$93.43**		Mean		$60.80	
60	**12-Month Target Price**	**$100.27**		Median		$62.00	
61	**Projected 1-Year Gain**	**49.94%**		Low		$28.00	
62	**Forward Annual Dividend Yield**	**4.58%**		No. of Brokers		20	
63	**Projected 1-Year Return**	**54.52%**		Mean Recommendation		3.1	
64	**Treynor Index**	**0.47**					
65	**Excess Return**	47.20%					
66	**Investment Recommendation**	**Strong Buy**					

Mukherji Model: Caterpillar Evaluation



	A	B	C	D	E	F	G
1	**General Electric Company**	**STOCK VALUATION WITH DISCOUNTED FREE CASH FLOWS**					
2	**WEIGHTED AVERAGE COST OF CAPITAL**						
3	Value Line Beta	1.15		Market Value of Equity			277,536,000,000
4	Yahoo Beta	1.22356		Long Term Debt			180,000,000,000
5	Average Beta	1.19		Long Term Interest			10,000,000,000
6	Adjusted Beta	1.12		Cost of Debt			5.56%
7	Treasury Bill Return	1.75%		Income Tax Rate			25.00%
8	Expected Market Return	12.70%		Proportion of Equity			60.66%
9	Market Risk Premium	5.00%		Proportion of Debt			39.34%
10	Cost of Equity	7.37%		Weighted Average Cost of Capital			5.78%
11	Shares Outstanding	9,440,000,000		Average Annual P/E Ratio			20.60
12	Stock Price	$ 29.40					
13		**(Millions of Dollars)**					
14	**Current and Projected Amounts**	**9/30/15**	**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
15	Working Capital	17,500,000,000	18,000,000,000	68,375,000,000	118,750,000,000	169,125,000,000	219,500,000,000
16	Capital Spending per Share		1.35	1.39	1.43	1.46	1.50
17	Common Shares Outstanding		1,010,000,000	1,007,500,000	1,005,000,000	1,002,500,000	1,000,000,000
18	Long-Term Debt	17,500,000,000	17,000,000,000	16,675,000,000	16,350,000,000	16,025,000,000	15,700,000,000
19	Interest Payment		944,444,444	926,388,889	908,333,333	890,277,778	872,222,222
20	**FREE CASH FLOWS**						
21			**9/30/16**	**9/30/17**	**9/30/18**	**9/30/19**	**9/30/20**
22	Net Profit		15,150,000,000	18,112,500,000	21,075,000,000	24,037,500,000	27,000,000,000
23	+ Depreciation		8,500,000,000	8,875,000,000	9,250,000,000	9,625,000,000	10,000,000,000
24	- Increase In Working Capital		(500,000,000)	(50,375,000,000)	(50,375,000,000)	(50,375,000,000)	(50,375,000,000)
25	- Capital Spending		(1,363,500,000)	(1,397,906,250)	(1,432,125,000)	(1,466,156,250)	(1,500,000,000)
26	+ New Borrowing		(500,000,000)	(325,000,000)	(325,000,000)	(325,000,000)	(325,000,000)
27	+ After-tax Interest Payment		708,333,333	926,388,889	908,333,333	890,277,778	872,222,222
28		**Date**					
29	**STOCK VALUATION**	**10/16/15**	**09/30/16**	**09/30/17**	**09/30/18**	**09/30/19**	**09/30/20**
30	Fractional Years from Current Date	0.00	0.96	1.96	2.96	3.96	4.96
31	Free Cash Flows to Equity (FCFTE)		21,994,833,333	(24,184,017,361)	(20,898,791,667)	(17,613,378,472)	(14,327,777,778)
32	Terminal Value of FCFTE						556,200,000,000
33	Total FCFTE		21,994,833,333	(24,184,017,361)	(20,898,791,667)	(17,613,378,472)	541,872,222,222
34	Present Values of FCFTE			(21,043,334,074)	(16,936,115,666)	(13,293,576,283)	380,892,642,563
35	Market Value of Equity (FCFTE Method)	329,619,616,540					
36	Stock Value (FCFTE Method)	$34.92					
37							
38	Free Cash Flows to Firm (FCFTF)		23,203,166,667	(22,932,628,472)	(19,665,458,333)	(16,398,100,694)	(13,130,555,556)
39	Terminal Value of FCFTF						38,903,166,667
40	Total FCFTF		23,203,166,667	(22,932,628,472)	(19,665,458,333)	(16,398,100,694)	25,772,611,111
41	Present Values of Total FCFTF		21,989,459,154	(20,544,859,193)	(16,654,847,780)	(13,128,254,112)	19,505,356,479
42	Enterprise Value	(8,832,945,452)					
43	Total Cash	10,500,000,000					
44	Market Value of Firm	1,667,054,548					
45	Total Debt	198,300,000,000					
46	Market Value of Equity (FCFTF Method)	(196,632,945,452)					
47	Stock Value (FCFTF Method)	$34.92					
48							
49	**Comparables Valuation**	**Competitors**		**Industry**	**Median**		
50	**Market Value Ratios**		C PVT1				
51	PEG Ratio	2.43	0	1.6	1.6		
52							
53	**Company's Earnings and Growth**						
54	Earnings per Share (TTM)	-0.62					
55	Next 5 Year's Annual Growth Estimate (%)	7.97					
56	**Stock Value (Comparables Method)**	-$7.91					
57				**Broker's Price Target & Recommendation**			
58				High		$38.00	
59	**Estimated Stock Value**	**$34.92**		Mean		$32.36	
60	**12-Month Target Price**	**$37.49**		Median		$32.50	
61	**Projected 1-Year Gain**	**27.52%**		Low		$28.00	
62	**Forward Annual Dividend Yield**	**3.15%**		No. of Brokers		14	
63	**Projected 1-Year Return**	**30.67%**		Mean Recommendation		2	
64	**Treynor Index**	**0.26**					
65	**Excess Return**	23.30%					
66	**Investment Recommendation**	**Strong Buy**					

Mukherji Model: General Electric Evaluation