TURQUOISE HILL RESOURCES LTD.
Form SC 13G/A
February 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13G/A

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

Turquoise Hill Resources Ltd.

(Name of Issuer)

Common Stock
(Title of Class of Securities)

900435108
(CUSIP Number)

December 31, 2016
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

x Rule 13d-1(b)

o Rule 13d-1(c)

o Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSONS SailingStone Capital Partners LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) o		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware, USA		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 227,038,867
		6	SHARED VOTING POWER 0
		7	SOLE DISPOSITIVE POWER 227,038,867
		8	SHARED DISPOSITIVE POWER 0

9
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

227,038,867

10
CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

o
11
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.3%
12
TYPE OF REPORTING PERSON (See Instructions)

IA

1	NAME OF REPORTING PERSONS SailingStone Holdings LLC
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) o
3	SEC USE ONLY
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware, USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER 0
	6	SHARED VOTING POWER 227,038,867
	7	SOLE DISPOSITIVE POWER 0
	8	SHARED DISPOSITIVE POWER 227,038,867

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AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

227,038,867

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CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

o
11
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.3%
12
TYPE OF REPORTING PERSON (See Instructions)

HC, CO

1	NAME OF REPORTING PERSONS MacKenzie B. Davis		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) o		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER 0	
	6	SHARED VOTING POWER 227,038,867	
	7	SOLE DISPOSITIVE POWER 0	
	8	SHARED DISPOSITIVE POWER 227,038,867	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 227,038,867		
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) o		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 11.3%		
12	TYPE OF REPORTING PERSON (See Instructions)		

HC, IN

1	NAME OF REPORTING PERSONS Kenneth L. Settles Jr.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) o		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 0
		6	SHARED VOTING POWER 227,038,867
		7	SOLE DISPOSITIVE POWER 0
		8	SHARED DISPOSITIVE POWER 227,038,867

9
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

227,038,867

10
CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

o
11
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.3%
12
TYPE OF REPORTING PERSON (See Instructions)

HC, IN

Item 1. (a) Name of Issuer

Turquoise Hill Resources Ltd.

(b) Address of Issuer's Principal Executive Offices

200 Granville Street, Suite 354

Vancouver, British Columbia V6C 1S4

Item 2.

(a) Name of Person Filing
(b) Address of Principal Business Office, or, if none, Residence
(c) Citizenship

SailingStone Capital Partners LLC ("SailingStone")

One California Street, 30th Floor

San Francisco, CA 94111

Delaware

SailingStone Holdings LLC ("SailingStone Holdings")

One California Street, 30th Floor

San Francisco, CA 94111

Delaware

MacKenzie B. Davis ("Davis")

One California Street, 30th Floor

San Francisco, CA 94111

United States

Kenneth L. Settles Jr. ("Settles")

One California Street, 30th Floor

San Francisco, CA 94111

United States

(d) Title of Class of Securities

Common Stock

(e) CUSIP No.:

900435108

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a) ¨ Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);

(b) ¨ Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);

(c) ¨ Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);

(d) o Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);

(e) x An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f) ¨ An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

(g) x A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);

(h) ¨ A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i) ¨ A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) ¨ A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

SailingStone

(a) Amount beneficially owned: 227,038,867

(b) Percent of class: 11.3%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 227,038,867

(ii) Shared power to vote or to direct the vote: 0

(iii) Sole power to dispose or to direct the disposition of: 227,038,867

(iv) Shared power to dispose or to direct the disposition of: 0

SailingStone Holdings, Davis and Settles

(a) Amount beneficially owned: 227,038,867

(b) Percent of class: 11.3%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 0

(ii) Shared power to vote or to direct the vote: 227,038,867

(iii) Sole power to dispose or to direct the disposition of: 0

(iv) Shared power to dispose or to direct the disposition of: 227,038,867

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [ ].

Item 6. Ownership of More Than Five Percent on Behalf of Another Person

Not Applicable

Item 7. Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company or Control Person

Not Applicable

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 10, 2017

SailingStone Capital Partners LLC

By: /s/ Kathlyne Kiaie
Name: Kathlyne Kiaie
Title: Chief Compliance Officer

SailingStone Holdings LLC

By: /s/ MacKenzie B. Davis
Name: MacKenzie B. Davis
Title: Managing Member

MacKenzie B. Davis

By: /s/ MacKenzie B. Davis
Name: MacKenzie B. Davis

Kenneth L. Settles Jr.

By: /s/ Kenneth L. Settles Jr.
Name: Kenneth L. Settles Jr.

Exhibit 1

WHEREAS, in accordance with Rule 13d-1(k)(1) under the Securities and Exchange Act of 1934 (the "Act"), only one joint Statement and any amendments thereto need to be filed whenever one or more persons are required to file such a Statement or any amendments thereto pursuant to Section 13(d) of the Act with respect to the same securities, provided that said persons agree in writing that such Statement or amendments thereto is filed on behalf of each of them;

NOW, THEREFORE, the parties hereto agree as follows: SailingStone Capital Partners LLC, SailingStone Holdings LLC, MacKenzie B. Davis, and Kenneth L. Settles Jr., do hereby agree, in accordance with Rule 13d-1(k)(1) under the Act, to file a Statement on Schedule 13G/A relating to their ownership of the Common Stock of the Issuer, and do hereby further agree that said Statement on Schedule 13G/A shall be filed on behalf of each of them.

Date: February 10, 2017

SailingStone Capital Partners LLC

By: /s/ Kathlyne Kiaie
Name: Kathlyne Kiaie
Title: Chief Compliance Officer

SailingStone Holdings LLC

By: /s/ MacKenzie B. Davis
Name: MacKenzie B. Davis
Title: Managing Member

MacKenzie B. Davis

By: /s/ MacKenzie B. Davis
Name: MacKenzie B. Davis

Kenneth L. Settles Jr.

By: /s/ Kenneth L. Settles Jr.
Name: Kenneth L. Settles Jr.

lign="right">37.0

Less: Accumulated amortization-patents	(0.6)	(0.6)
Accumulated amortization-favorable leasehold interest	(2.8)	(2.5)
Accumulated amortization-customer relationships	(11.5)	(8.7)
Intangible assets, net	25.1	25.2
Deferred financing costs, net	21.8	14.3
Fair value of derivative instruments	1.0	3.8
Goodwill	3.0	2.7
Equity in net assets of affiliates	4.0	3.9
Other	11.2	2.7
Total	$66.1	$52.6

Deferred financing costs are recorded net of $17.5 and $14.7 of accumulated amortization at July 2, 2009 and December 31, 2008, respectively. During the second quarter of 2009, the Company incurred $10.2 of additional deferred financing costs in connection with the amendment to its revolving credit facility on June 8, 2009.

The Company recognized $1.1 and $1.2 of amortization expense of intangibles for the three months ended July 2, 2009 and June 26, 2008, respectively, and $2.0 and $2.6 for the six months ended July 2, 2009 and June 26, 2008, respectively.

8. Advance Payments and Deferred Revenue/Credits

Advance payments. Advance payments are those payments made to Spirit by third parties in contemplation of the future performance of services, receipt of goods, incurrence of expenditures, or for other assets to be provided by Spirit on a contract and are repayable if such obligation is not satisfied. The amount of advance payments to be recovered against units expected to be delivered within a year is classified as a short-term liability, with the balance of the unliquidated advance payments classified as a long-term liability. Progress payments differ from advance payments in that progress payments are made for work completed prior to receipt of payment.

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Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

Deferred revenue. Deferred revenue consists of nonrefundable amounts received in advance of revenue being earned for specific contractual deliverables. These payments are classified as deferred revenue when received, and recognized as revenue as the production units are delivered.

Advance payments and deferred revenue/credits are summarized by platform as follows:

	July 2, 2009	December 31, 2008
B737	$ 74.1	$ 87.3
B747	11.3	8.0
B787	974.6	1,019.9
Airbus All platforms	22.8	52.6
Gulfstream	42.5	42.5
Other	17.8	21.2
Total advance payments and deferred revenue/credits	$ 1,143.1	$ 1,231.5

9. Government Grants

As part of our site construction projects in Kinston, North Carolina and Subang, Malaysia, we have the potential benefit of grants related to government funding of a portion of these buildings and other specific capital assets. Due to the terms of the lease agreements, we are deemed to own the construction projects. During the construction phase of the facilities, as amounts eligible under the terms of the grants are expended, we will record that spending as Property, Plant and Equipment (construction-in-progress) and Deferred Grant Income Liability (less the present value of any future minimum lease payments). Upon completion of the facilities, the Deferred Grant Income will be amortized as a component of production cost. This amortization is based on specific terms associated with the different grants. In North Carolina, the Deferred Grant Income related to the capital investment criteria, which represents half of the grant, will be amortized over the lives of the assets purchased to satisfy the capital investment performance criteria. The other half of the Deferred Grant Income will be amortized over a ten year period in a manner consistent with the job performance criteria. In Malaysia, the Deferred Grant Income will be amortized based on the lives of the eligible assets constructed with the grant funds as there are no performance criteria. As of July 2, 2009, we recorded $86.5 within Property, Plant and Equipment and Deferred Grant Income Liability related to the use of grant funds in North Carolina and Malaysia. Of this amount, $80.9 in capital represents transactions where funds have been paid directly to contractors by an agency of the Malaysian Government in the case of Malaysia, and by the escrow agent in North Carolina, so they are not reflected on the Statement of Cash Flows.

Deferred grant income liability, net consists of the following:

	July 2, 2009	December 31, 2008
Beginning Balance	$ 38.8	$
Grant liability recorded	44.5	38.8
Grant income recognized	(0.5)	
Exchange rate	3.7	
Total deferred grant income liability	$ 86.5	$ 38.8

The asset related to the deferred grant income, net consists of the following:

	July 2, 2009	December 31, 2008
Beginning Balance	$ 38.8	$
Amount paid by Spirit (reimbursed by third parties)	0.6	2.3
Amount paid by escrow agent	43.9	37.0
Depreciation offset to amortization of grant income	(0.5)	
Exchange rate	3.7	(0.5)
Total asset value related to deferred grant income	$ 86.5	$ 38.8

Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

10. Derivative and Hedging Activities

Effective for the first quarter of 2009, we adopted SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133,* which expands the quarterly and annual disclosure requirements about our derivative instruments and hedging activities.

The Company enters into interest rate swap agreements to reduce its exposure to the variable rate portion of its long-term debt. The Company also enters into foreign currency forward contracts to reduce the risks associated with the changes in foreign exchange rates on sales. All gain/ loss on hedges is included in revenue and hedge contract revenue denominated in currencies other than the entities functional currencies. The Company does not use these contracts for speculative or trading purposes. On the inception date, the Company designates a derivative contract as either a fair value or cash flow hedge in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, *as amended by SFAS 137 and SFAS 138* (SFAS 133) and links the contract to either a specific asset or liability on the balance sheet, or to forecasted commitments or transactions. The Company formally documents the hedging relationship between the hedging instrument and the hedged item as well as its risk-management objective and strategy for undertaking the hedge, the nature of the risk being hedged, how the hedging instrument s effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge s inception and on a quarterly basis, whether the derivative item is effective in offsetting changes in fair value or cash flows.

Changes in the fair value of derivative instruments are reported in Accumulated Other Comprehensive Income, net of tax. In the case of interest rate swaps, amounts are subsequently reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings. If the actual interest rate on the fixed rate portion of debt is less than LIBOR, the monies received are recorded as an offset to interest expense. Conversely, if the actual interest rate on the fixed rate portion of debt is greater than LIBOR, then the Company pays the difference, which is recorded to interest expense. Reclassifications of the amounts related to the foreign currency forward contracts are recorded to revenues in the same period in which the contract is settled. Any change in the fair value resulting from ineffectiveness is immediately recognized in earnings.

The Company also considers counterparty credit risk and its own credit risk in its determination of all estimated fair values. The Company has applied these valuation techniques for the six months ended July 2, 2009 and believes it has obtained the most accurate information available for the types of derivative contracts it holds. The Company attempts to manage exposure to counterparty credit risk by only entering into agreements with major financial institutions which are expected to be able to fully perform under the terms of the agreement.

The Company discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item; the derivative expires or is sold, terminated or exercised; the derivative is no longer designated as a hedging instrument because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the Company continues to carry the derivative instrument on the balance sheet at its fair value with subsequent changes in fair value included in earnings, and gains and losses that were accumulated in Other Comprehensive Income are recognized immediately in earnings.

To the extent that derivative instruments do not qualify for hedge accounting treatment, they are marked-to-market with the changes in fair market value of the instruments reported in the results of operations for the current period.

The Company s hedge agreements do not include provisions requiring collateral. Certain of the Company s derivative instruments are covered by master netting arrangements whereby, in the event of a default as defined by the senior secured credit facility or termination event, the non-defaulting party has the right to offset any amounts payable against any obligation of the defaulting party under the same counterparty agreement.

The entire asset classes of the Company, including hedges, are pledged as collateral for both the term loan and the revolving credit facility under the Company s senior secured credit facility (see Note 12).

Interest Rate Swaps

As required under our senior secured credit facility (see Note 12), we enter into floating-to-fixed interest rate swap agreements periodically. As of July 2, 2009, the interest swap agreements had notional amounts totaling $800.0, of which $300.0 is a forward-starting swap effective from July 2009 to replace the swap expiring in July 2009.

Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

Principal Amount	Expires	Variable Rate	Fixed Rate	Effective Fixed Rate (2)	Fair Value, July 2, 2009
$ 300	July 2009	LIBOR	4.30%	6.05%	$ (2.3)
$ 100	July 2010	LIBOR	4.37%	6.12%	$ (4.3)
$ 100	July 2011	LIBOR	4.27%	6.02%	$ (6.3)
$ 300(1)	July 2011	LIBOR	3.23%	4.98%	$ (10.7)
				Total	$ (23.6)

(1) Forward-starting swap effective July 2009 entered into October 2008.

(2) Effective rates include the fixed rates plus 175 basis points.

The purpose of entering into these swaps was to reduce the Company s exposure to variable interest rates. The interest rate swaps settle on a quarterly basis when interest payments are made. These settlements occur through the maturity date. The fair value of the interest rate swaps was a liability (unrealized loss) of ($23.6) and ($23.0) at July 2, 2009 and December 31, 2008, respectively.

Foreign Currency Forward Contracts

In April 2006, the Company acquired BAE Aerostructures, which became Spirit Europe, headquartered in Prestwick, Scotland. The functional currency of Spirit Europe is the British pound sterling with approximately 83% of revenues from contracts denominated in British pounds and 75% of purchases denominated in British pounds for the Company s 2008 fiscal year. As a result of the BAE Acquisition, we have certain sales, expenses, assets and liabilities that are denominated in British pounds sterling. However, sales of Spirit Europe s products to Boeing and some procurement costs are denominated in U.S. dollars and Euros. As a consequence, movements in exchange rates could cause net sales and our expenses to fluctuate, affecting our profitability and cash flows. In addition, even when revenues and expenses are matched, we must translate British pound sterling denominated results of operations, assets and liabilities for our foreign subsidiaries to U.S. dollars in our consolidated financial statements. Consequently, increases and decreases in the value of the U.S. dollar as compared to the British pound sterling will affect our reported results of operations and the value of our assets and liabilities on our consolidated balance sheet, even if our results of operations or the value of those assets and liabilities has not changed in its original currency. These transactions could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and shareholders equity.

We use foreign currency forward contracts to reduce our exposure to currency exchange rate fluctuations. The objective of these contracts is to minimize the impact of currency exchange rate movements on our operating results. The hedges are being accounted for as cash flow hedges in accordance with SFAS 133. Gains and losses from these cash flow hedges are recorded to Other Comprehensive Income until the underlying transaction for which the hedge was placed is recognized and then the value in Other Comprehensive Income is reclassified to earnings. The last of these cash flow hedges were settled in the second quarter of 2009. The Company may enter into additional cash flow hedges in the future. The fair value of the forward contracts was a net liability of $0.3 and $2.6 as of July 2, 2009 and December 31, 2008, respectively.

Notional Amount

Year	USD Buy/(Sell)		Foreign Currency Buy/(Sell)	
2009	$		£	
2010 (1)		0.3		(0.2)
2011-2013 (1)				(0.2)
	$	0.3	£	(0.4)

(1) The foreign currency forward contracts for 2010 through 2013, acquired as part of the BAE Acquisition, had no underlying contractual transactions at the inception date of the contracts and, therefore, are classified as debt securities which are not subject to hedge accounting. The mark-to-market values of these debt securities are recorded through the Consolidated Statement of Operations on a monthly basis in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity*

Securities (as amended).

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Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

The following table summarizes the Company s fair value of outstanding derivatives at July 2, 2009 and December 31, 2008:

	Fair Values of Derivative Instruments			
	Other Asset Derivatives		Other Liability Derivatives	
	July 2, 2009	December 31, 2008	July 2, 2009	December 31, 2008
Derivatives designated as hedging instruments under SFAS 133				
Interest rate swaps				
Current	$	$	$ 16.3	$ 4.0
Non-current			7.3	19.0
Foreign currency forward contracts				
Current				2.4
Non-current				
Total derivatives designated as hedging instruments under SFAS 133			23.6	25.4
Derivatives not designated as hedging instruments under SFAS 133				
Interest rate swaps				
Current				
Non-current				
Foreign currency forward contracts				
Current	0.4		0.4	
Non-current	1.0	3.8	1.3	4.0
Total derivatives not designated as hedging instruments under SFAS 133	1.4	3.8	1.7	4.0
Total derivatives	$ 1.4	$ 3.8	$ 25.3	$ 29.4

The impact on Other Comprehensive Income (OCI) and earnings from cash flow hedges for the three months ended July 2, 2009 and June 26, 2008 was as follows:

	Location of (Gain) or Loss Reclassified	Amount of (Gain) or Loss	Location of (Gain) or Loss Recognized in Income on	Amount of (Gain) or Loss

Derivatives in SFAS 133 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI, net of tax, on Derivative (Effective Portion) For the three months ended July 2, 2009	June 26, 2008	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the three months ended July 2, 2009	June 26, 2008	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) For the three months ended July 2, 2009	June 26, 2008
Interest rate swaps	$ (1.3)	$ 2.2	Interest expense	$ 4.0	$ 1.3	Other (income)/ expense	$	$ 0.3
Foreign currency forward contracts	(0.2)	0.5	Sales/ Revenue	1.8	(0.8)	Other (income)/ expense	0.1	
Total	$ (1.5)	$ 2.7		$ 5.8	$ 0.5		$ 0.1	$ 0.3

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Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

The impact on Other Comprehensive Income (OCI) and earnings from cash flow hedges for the six months ended July 2, 2009 and June 26, 2008 was as follows:

Derivatives in SFAS 133 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI, net of tax, on Derivative (Effective Portion) For the six months ended July 2, 2009	June 26, 2008	Location of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective Portion) For the six months ended July 2, 2009	June 26, 2008	Location of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) For the six months ended July 2, 2009	June 26, 2008
Interest rate swaps	$ (2.7)	$ (2.6)	Interest expense	$ 7.3	$ 1.0	Other (income)/ expense	$	$ 0.6
Foreign currency forward contracts		(0.2)	Sales/ Revenue	3.2	(1.4)	Other (income)/ expense	0.1	
Total	$ (2.7)	$ (2.8)		$ 10.5	$ (0.4)		$ 0.1	$ 0.6

The impact on earnings from foreign currency forward contracts that do not qualify as cash flow hedges under SFAS 133, was insignificant for the three months ended July 2, 2009 and June 26, 2008.

Gains and losses accumulated in Other Comprehensive Income for interest rate swaps are reclassified into earnings as each interest rate period is reset. During the next twelve months, the Company estimates that ($10.4) will be reclassified from Other Comprehensive Income, net of tax, as a charge to earnings from interest rate swaps. Interest rate swaps are placed for a period of time not to exceed the maturity of the Company s senior secured term loan. None of the gains or losses reclassified to earnings were attributable to the discontinuance of cash flow hedges.

Gains and losses accumulated in Other Comprehensive Income for foreign currency forward contracts are reclassified into earnings as the underlying transactions for which the contracts were entered into are realized. During the next twelve months, the Company estimates that zero dollars will be reclassified from Other Comprehensive Income, net of tax, as a charge to earnings from foreign currency forward contracts. None of the gains or losses reclassified to earnings were attributable to the discontinuance of cash flow hedges.

11. Fair Value Measurements

SFAS No. 157, *Fair Value Measurements* (SFAS 157), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the

asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.
The standard discloses three levels of inputs that may be used to measure fair value:
Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.
Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Observable inputs, such as current and forward interest rates and foreign exchange rates, are used in determining the fair value of our interest rate swaps and foreign currency forward contracts.
Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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	July 2, 2009			Fair Value Measurements At July 2, 2009 Using		
Description	**Total Carrying Amount in Balance Sheet**	**Assets Measured at Fair Value**	**Liabilities Measured at Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest Rate Swaps	$(23.6)	$	$ (23.6)	$	$(23.6)	$
Foreign Currency Forward Contracts	$ (0.3)	$ 1.4	$ (1.7)	$	$ (0.3)	$

	December 31, 2008			Fair Value Measurements At December 31, 2008 Using		
Description	**Total Carrying Amount in Balance Sheet**	**Assets Measured at Fair Value**	**Liabilities Measured at Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest Rate Swaps	$(23.0)	$	$ (23.0)	$	$(23.0)	$
Foreign Currency Forward Contracts	$ (2.6)	$ 3.8	$ (6.4)	$	$ (2.6)	$

The fair value of the interest rate swaps and foreign currency forward contracts are determined by using mark-to-market reports generated for each derivative and evaluated for counterparty risk. In the case of the interest rate swaps, the Company evaluated its counterparty risk using credit default swaps, historical default rates and credit spreads.

The Company s long-term debt consists of obligations with variable interest rates. The estimated fair value of our debt obligations is based on the quoted market prices for such obligations. The estimated fair value of the senior secured term loan at July 2, 2009 with a carrying value of $575.0 is $542.6. The estimated fair value of the senior secured term loan at December 31, 2008 with a carrying value of $577.9 was $479.7. The estimated fair value of the

Malaysia term loan at July 2, 2009 with a carrying value of $8.7 is $7.1. The estimated fair value of the Malaysia term loan at December 31, 2008 with a carrying value of $8.9 was $7.4.

12. Debt

Credit Agreement

In connection with the Boeing Acquisition, Spirit executed an $875.0 credit agreement that consisted of a $700.0 senior secured term loan used to fund the acquisition and pay all related fees and expenses associated with the acquisition and the credit agreement, and a $175.0 senior secured revolving credit facility. In March 2008, the revolving credit facility was increased to $650.0. In June 2009, Spirit entered into an amendment No. 2 to its senior secured credit facility, whereby the revolving credit facility was increased from $650.0 to $729.0. The maturity date with respect to $408.8 of the revolver was extended to June 30, 2012. The maturity date for the remaining $320.2 of the revolver will continue to be June 30, 2010. Commitment fees associated with the portion of the revolver that was extended to June 30, 2012 increased from a rate of 50 basis points on the undrawn amount to 75 basis points. Commitment fees associated with the undrawn portion of the revolver that terminates on June 30, 2010 continue to be 50 basis points. The applicable margin payable on revolving loans in respect of which the underlying revolving credit commitment has been extended to June 30, 2012 (Extending Revolving Loans) has been increased. The applicable margin continues to be determined in accordance with a performance grid based on total leverage ratio and, for Extending Revolving Loans, ranges from 4.00% to 3.00% per annum in the case of

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LIBOR advances and from 3.00% to 2.00% per annum in the case of alternate base rate advances. The applicable margin payable in respect of loans that are not Extending Revolving Loans continues to range from 2.75% to 2.25% per annum in the case of LIBOR advances and from 1.75% to 1.25% per annum in the case of alternate base rate advances. As of July 2, 2009, Spirit had $150.0 of outstanding borrowings under the revolving credit facility. The entire asset classes of Spirit, including inventory and property, plant and equipment, are pledged as collateral for both the term loan and the revolving credit facility.

The amended credit agreement contains customary affirmative and negative covenants, including restrictions on indebtedness, liens, type of business, acquisitions, investments, sales or transfers of assets, payments of dividends, transactions with affiliates, change in control and other matters customarily restricted in such agreements. The amended credit agreement contains a revised Covenant Leverage Ratio and a new Interest Coverage Ratio. The Covenant Leverage Ratio (as defined in the credit agreement) financial covenant was modified to provide that the maximum Covenant Leverage Ratio as of the last day of any fiscal quarter through the final maturity date of the credit agreement shall not exceed 2.5:1 through maturity. The new Interest Coverage Ratio (as defined in the credit agreement) financial covenant was added to provide that the Interest Coverage Ratio as of the last day of any fiscal quarter through the final maturity date of the credit agreement shall not be less than 4:1. The Financial Covenant ratios are calculated each quarter in accordance with the credit agreement. Failure to meet these financial covenants would be an event of default under the senior secured credit facility. As of July 2, 2009, we were and expect to continue to be in full compliance with all covenants contained within our credit agreement.

Malaysian Term Loan

On June 2, 2008, Spirit s wholly owned subsidiary, Spirit AeroSystems Malaysia SDN BHD (Spirit Malaysia) entered into a Facility Agreement (Malaysia Facility Agreement) for a term loan facility of Ringgit Malaysia (RM) 69.2 (approximately USD $20.0) (the Malaysia Facility), with EXIM Bank to be used towards partial financing of plant and equipment (including the acquisition of production equipment), materials, inventory and administrative costs associated with the establishment of an aerospace-related composite component assembly plant, plus potential additional work packages in Malaysia at the Malaysia International Aerospace Center in Subang, Selangor, Malaysia (the Project). Funds for the Project will be available on a drawdown basis over a twenty-four month period from the date of the Malaysia Facility Agreement. Spirit Malaysia is scheduled to make periodic draws against the Malaysia Facility.

The indebtedness repayment requires quarterly principal installments of RM 3.3 (USD $1.0) from September 2011 through May 2017, or until the entire loan principal has been repaid.

Outstanding amounts drawn under the Malaysia Facility are subject to a fixed interest rate of 3.5% per annum, payable quarterly.

Total debt shown on the balance sheet is comprised of the following:

	July 2, 2009	December 31, 2008
Senior secured debt (short and long-term)	$ 575.0	$ 577.9
Revolving credit facility	150.0	
Malaysian term loan	8.7	8.9
Present value of capital lease obligations	2.3	1.2
Total	$ 736.0	$ 588.0

13. Pension and Other Post-Retirement Benefits

	Defined Benefit Plans			
	For the Three Months Ended		For the Six Months Ended	
Components of Net Periodic Pension Income	**July 2, 2009**	**June 26, 2008**	**July 2, 2009**	**June 26, 2008**
Service cost	$ 1.5	$ 1.8	$ 2.9	$ 3.7
Interest cost	9.7	9.7	19.4	19.3
Expected return on plan assets	(13.9)	(18.0)	(27.8)	(35.9)
Amortization of prior service cost				
Amortization of net (gain)/loss	1.9	(1.2)	4.1	(2.9)
Net periodic pension income	$ (0.8)	$ (7.7)	$ (1.4)	$ (15.8)

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	Other Benefits			
	For the Three Months Ended		For the Six Months Ended	
Components of Net Periodic Benefit Cost	**July 2, 2009**	**June 26, 2008**	**July 2, 2009**	**June 26, 2008**
Service cost	$ 0.7	$ 0.4	$ 1.0	$ 0.8
Interest cost	0.7	0.4	1.4	1.0
Expected return on plan assets				
Amortization of prior service cost				
Amortization of net (gain)/loss		(0.2)		(0.3)
Net periodic benefit cost	$ 1.4	$ 0.6	$ 2.4	$ 1.5

Employer Contributions

We expect to contribute zero dollars to the U.S. qualified pension plan and less than $0.2 to both the Supplemental Executive Retirement Plan (SERP) and post-retirement medical plans in 2009. Our projected contributions to the U.K. pension plan for 2009 were $7.3, of which $4.1 was contributed by the end of the second quarter of 2009. We anticipate contributing an additional $3.2 to the U.K. pension plan during the remainder of 2009. The entire amount contributed and the projected contributions can vary based on exchange rate fluctuations.

14. Stock Compensation

The Company has established various stock compensation plans which include restricted share grants and stock purchase plans. Compensation values are based on the value of the Company s common stock at the grant date. The common stock value is added to equity and charged to period expense or included in inventory and cost of sales.

For the three months ended July 2, 2009, the Company recognized a total of $3.2 of stock compensation expense, net of forfeitures, as compared to $3.8 of stock compensation expense, net of forfeitures, recognized for the three months ended June 26, 2008. Of the total $3.2 of stock compensation expense recorded for the three months ended July 2, 2009, $3.1 was recorded as expense in Selling, general and administrative expense while the remaining $0.1 was capitalized in inventory and is recognized through Cost of sales consistent with the accounting methods we follow in accordance with SOP 81-1. Of the $3.8 of stock compensation expense recorded for the three months ended June 26, 2008, $3.7 was recorded as expense in Selling, general and administrative expense while the remaining $0.1 was capitalized in inventory in accordance with SOP 81-1.

For the six months ended July 2, 2009, the Company recognized a total of $6.0 of stock compensation expense, net of forfeitures, as compared to $7.5 of stock compensation expense, net of forfeitures, recognized for the six months ended June 26, 2008. Of the total $6.0 of stock compensation expense recorded for the six months ended July 2, 2009, $5.8 was recorded as expense in Selling, general and administrative expense while the remaining $0.2 was capitalized in inventory and is recognized through Cost of sales consistent with the accounting methods we follow in accordance with SOP 81-1. Of the $7.5 of stock compensation expense recorded for the six months ended June 26, 2008, $7.3 was recorded as expense in Selling, general and administrative expense while the remaining $0.2 was capitalized in inventory in accordance with SOP 81-1.

The fair value of vested class A and class B shares granted under the Company s stock compensation plans was $0.3 and $24.5, respectively, at July 2, 2009, based on the market value of the Company s common stock on that date.

On May 5, 2009, 852,294 class A shares with a value of $11.0 were granted under the Company s Long-Term Incentive Plan and will vest annually in three equal installments beginning on the two-year anniversary of the grant date. Also on May 5, 2009, 56,451 class A shares with a value of $0.7 were granted under the Company s Director Stock Plan and will vest on the one-year anniversary of the grant date. In the second quarter of 2009, 5,521 class A shares granted under the Long-Term Incentive Plan and 20,816 class A shares granted under the Company s Director Stock Plan with grant date fair values of $0.2 and $0.6, respectively, vested.

On June 15, 2009, which was the four-year anniversary of the Executive Incentive Plan grant date for certain participants in the plan, those participants acquired an incremental 8.81% interest in the shares granted to them such that their total cumulative interest in the shares granted to them would be 80%. The total number of additional shares in which an interest was acquired on June 15, 2009 was 639,114. The participants have a nonforfeitable interest in those shares; however, as per the plan document, the shares are still restricted until the sooner of a liquidity event or June 15, 2015. Participants do not have the unrestricted rights of stockholders until

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those shares vest. Other participants will acquire the cumulative 80% interest as they reach the four-year anniversary date of their grant dates throughout the remainder of 2009 and 2010.

15. Income Taxes

The process for calculating our income tax expense involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability. The total deferred tax assets, net of deferred tax liabilities, as of July 2, 2009 and December 31, 2008 were $206.2 and $204.7, respectively.

We file income tax returns in all jurisdictions in which we operate. We established reserves to provide for additional income taxes that may be due in future years as these previously filed tax returns are audited. These reserves have been established based on management s assessment as to the potential exposure attributable to permanent differences and interest applicable to both permanent and temporary differences. All tax reserves are analyzed quarterly and adjustments made as events occur that warrant modification.

In general, the Company records income tax expense each quarter based on its best estimate as to the full year s effective tax rate. Certain items, however, are given discrete period treatment and the tax effects for such items are therefore reported in the quarter that an event arises. Events or items that give rise to discrete recognition include finalizing amounts in income tax returns filed, finalizing audit examinations for open tax years, and a statute of limitations expiration.

The 31.0% effective tax rate for the six months ended July 2, 2009 differs from the 33.75% effective tax rate for the same period in the prior year, primarily due to the reinstatement of the U.S. Research and Experimentation Tax Credit (R&E Tax Credit) on October 3, 2008, partially offset by a decrease in state income tax credits. The 31.0% estimated annualized effective rate may fluctuate due to discrete events and changes to the Company s liability assessment for uncertain tax positions.

The Company s 2005 and 2006 U.S. Federal income tax returns are currently being examined. The Company reasonably expects no material change in its recorded unrecognized tax benefit liability in the next 12 months.

16. Shareholders Equity

Earnings (loss) per Share Calculation

The following table sets forth the computation of basic and diluted earnings per share:

	For the Three Months Ended					
	July 2, 2009			June 26, 2008		
	Income	Shares (in millions) (1)	Per Share Amount	Income	Shares (in millions)	Per Share Amount
Basic EPS						
Income available to common shareholders	$(8.3)	138.0	$(0.06)	$86.4	137.0	$0.63
Diluted potential common shares					2.8	
Diluted EPS						
Income available to common shareholders + assumed vesting	$(8.3)	138.0	$(0.06)	$86.4	139.8	$0.62

(1) Common equivalent shares are excluded from the computation of net loss per share since their effect is anti-dilutive.

	For the Six Months Ended					
	July 2, 2009			June 26, 2008		
	Income	Shares (in millions)	Per Share Amount	Income	Shares (in millions)	Per Share Amount
Basic EPS						
Income available to common shareholders	$54.4	137.9	$0.39	$171.6	136.9	$1.25
Diluted potential common shares		2.0			2.9	
Diluted EPS						
Income available to common shareholders + assumed vesting	$54.4	139.9	$0.39	$171.6	139.8	$1.23

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Other Comprehensive Income

Components of Other Comprehensive Income, net of tax, consist of the following:

	For the Three Months Ended July 2, 2009	For the Three Months Ended June 26, 2008
Net income (loss)	$ (8.3)	$ 86.4
Other Comprehensive Income (loss), net of tax		
Unrealized gain (loss) on investments		
Unrealized gain (loss) on interest rate swaps, net of tax	(1.3)	2.2
Pension, SERP, and Retiree Medical adjustments, net of tax	(1.3)	
Unrealized (loss) on foreign currency forward contracts, net of tax	(0.2)	0.5
Reclassification of realized (gain) loss on hedging instruments into net income, net of tax	3.8	0.5
Foreign currency translation adjustments	14.6	(2.0)
Total Other Comprehensive Income	$ 7.3	$ 87.6

	For the Six Months Ended July 2, 2009	For the Six Months Ended June 26, 2008
Net income	$ 54.4	$ 171.6
Other Comprehensive Income (loss), net of tax		
Unrealized gain (loss) on investments		
Unrealized gain (loss) on interest rate swaps, net of tax	(2.7)	(2.6)
Pension, SERP, and Retiree Medical adjustments, net of tax	(2.5)	
Unrealized gain (loss) on foreign currency forward contracts, net of tax		(0.2)
Reclassification of realized (gain) loss on hedging instruments into net income, net of tax	6.8	
Foreign currency translation adjustments	15.0	(1.0)
Total Other Comprehensive Income	$ 71.0	$ 167.8

17. Related Party Transactions

On March 26, 2007, Hawker Beechcraft, Inc. (Hawker), of which Onex Partners II LP (an affiliate of Onex) owns approximately a 49% interest, acquired Raytheon Aircraft Acquisition Company and substantially all of the assets of Raytheon Aircraft Services Limited. Spirit s Prestwick facility provides wing components for the Hawker 800 Series manufactured by Hawker. For the three months ended July 2, 2009 and June 26, 2008, sales to Hawker were $3.3 and $7.4, respectively, and $7.6 and $12.5 for the six months ended July 2, 2009 and June 26, 2008, respectively.

A member of the Holdings Board of Directors is also a member of the Board of Directors of Hawker.

Since February 2007, an executive of the Company has been a member of the Board of Directors of one of the Company s suppliers, Precision Castparts Corp. of Portland, Oregon, a manufacturer of complex metal components and products. For the three months ended July 2, 2009 and June 26, 2008, the Company purchased $10.5 and $15.2 of products, respectively, from this supplier. For the six months ended July 2, 2009 and June 26, 2008, the Company purchased $24.0 and $32.9 of products, respectively, from this supplier.

A member of Holdings Board of Directors is the president and chief executive officer of Aviall, Inc., the parent company of one of our customers, Aviall Services, Inc. and a wholly owned subsidiary of Boeing. On September 18, 2006, Spirit entered into a distribution agreement with Aviall Services, Inc. Net revenues under the distribution agreement were $1.6 and $1.3 for the three months ended July 2, 2009 and June 26, 2008, respectively, and $3.3 and $2.9 for the six months ended July 2, 2009 and June 26, 2008, respectively.

The Company paid less than $0.1 and $0.2 to a subsidiary of Onex for services rendered for the three months ended July 2, 2009 and June 26, 2008, respectively, and $0.1 and $0.2 for the six months ended July 2, 2009 and June 26, 2008, respectively. Management believes the amounts charged were reasonable in relation to the services provided.

Boeing owns and operates significant information technology systems utilized by the Company and, as required under the acquisition agreement for the Boeing Acquisition, is providing those systems and support services to Spirit under a Transition Services

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Agreement. A number of services covered by the Transition Services Agreement have now been established by the Company, and the Company is scheduled to continue to use the remaining systems and support services it has not yet established. The Company incurred fees of $2.0 and $6.6 for services performed for the three months ended July 2, 2009 and June 26, 2008, respectively, and $7.5 and $12.4 for the six months ended July 2, 2009 and June 26, 2008, respectively. The amounts owed to Boeing and recorded as accrued liabilities were $11.1 and $9.5 at July 2, 2009 and December 31, 2008, respectively.

The spouse of one of the Company s executives is a special counsel at a law firm utilized by the Company and at which the executive was previously employed. The Company paid fees of $0.5 and $0.3 to the firm for the three month periods ended July 2, 2009 and June 26, 2008, respectively, and $0.9 for each of the six month periods ended July 2, 2009 and June 26, 2008, respectively.

An executive of the Company is a member of the Board of Directors of a Wichita, Kansas bank that provides banking services to Spirit. In connection with the banking services provided to Spirit, the Company pays fees consistent with commercial terms that would be available to unrelated third parties. Such fees are not material to Spirit.

18. Commitments, Contingencies and Guarantees

Litigation

From time to time we are subject to, and are presently involved in, litigation or other legal proceedings arising in the ordinary course of business. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available, it is the opinion of the Company that none of these items, when finally resolved, will have a material adverse effect on the Company s long-term financial position or liquidity. Consistent with the requirements of SFAS No. 5, *Accounting for Contingencies*, we had no accruals at July 2, 2009 or December 31, 2008 for loss contingencies. However, an unexpected adverse resolution of one or more of these items could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

From time to time, in the ordinary course of business and like others in the industry, we receive requests for information from government agencies in connection with their regulatory or investigational authority. Such requests can include subpoenas or demand letters for documents to assist the government in audits or investigations. We review such requests and notices and take appropriate action. We have been subject to certain requests for information and investigations in the past and could be subject to such requests for information and investigations in the future. Additionally, we are subject to federal and state requirements for protection of the environment, including those for disposal of hazardous waste and remediation of contaminated sites. As a result, we are required to participate in certain government investigations regarding environmental remediation actions.

In 2005, a lawsuit was filed against Spirit, Onex, and Boeing alleging age discrimination in the hiring of employees by Spirit when Boeing sold its Wichita commercial division to Onex. The complaint was filed in U.S. District Court in Wichita, Kansas and seeks class-action status, an unspecified amount of compensatory damages and more than $1.5 billion in punitive damages. The Asset Purchase Agreement requires Spirit to indemnify Boeing for damages resulting from the employment decisions that were made by us with respect to former employees of Boeing Wichita, which relate or allegedly relate to the involvement of, or consultation with, employees of Boeing in such employment decisions. The Company intends to vigorously defend itself in this matter. Management believes the resolution of this matter will not materially affect the Company s financial position, results of operations or liquidity.

In December 2005, a federal grand jury sitting in Topeka, Kansas issued subpoenas regarding the vapor degreasing equipment at our Wichita, Kansas facility. The government s investigation appeared to focus on whether the degreasers were operating within permit parameters and whether chemical wastes from the degreasers were disposed of properly. The subpoenas covered a time period both before and after our purchase of the Wichita, Kansas facility. Subpoenas were issued to Boeing, Spirit and individuals who were employed by Boeing prior to the Boeing Acquisition, but are now employed by us. We responded to the subpoena and provided additional information to the government as requested. On March 25, 2008, the U.S. Attorney s Office informed the Company that it was closing its criminal file on the investigation. A civil investigation into this matter is ongoing. Management believes the resolution of this matter will not materially affect the Company s financial position, results of operations or liquidity.

On February 16, 2007, an action entitled Harkness et al. v. The Boeing Company et al. was filed in the U.S. District Court for the District of Kansas. The defendants were served in early July 2007. The defendants include Spirit AeroSystems Holdings, Inc., Spirit AeroSystems, Inc., the Spirit AeroSystems Holdings Inc. Retirement Plan for the International Brotherhood of Electrical Workers (IBEW), Wichita Engineering Unit (SPEEA WEU) and Wichita Technical and Professional Unit (SPEEA WTPU) Employees, and the Spirit AeroSystems Retirement Plan for International Association of Machinists and Aerospace Workers (IAM) Employees, along with The Boeing Company and Boeing retirement and health plan entities. The named plaintiffs are twelve former Boeing employees,

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eight of whom were or are employees of Spirit. The plaintiffs assert several claims under ERISA and general contract law and brought the case as a class action on behalf of similarly situated individuals. The putative class consists of approximately 2,500 current or former employees of Spirit. The parties agreed to class certification and are currently in the discovery process. The sub-class members who have asserted claims against the Spirit entities are those individuals who, as of June 2005, were employed by Boeing in Wichita, Kansas, were participants in the Boeing pension plan, had at least 10 years of vesting service in the Boeing plan, were in jobs represented by a union, were between the ages of 49 and 55, and who went to work for Spirit on or about June 17, 2005. Although there are many claims in the suit, the plaintiffs claims against the Spirit entities, asserted under various theories, are (1) that the Spirit plans wrongfully failed to determine that certain plaintiffs are entitled to early retirement bridging rights to pension and retiree medical benefits that were allegedly triggered by their separation from employment by Boeing and (2) that the plaintiffs pension benefits were unlawfully transferred from Boeing to Spirit in that their claimed early retirement bridging rights are not being afforded these individuals as a result of their separation from Boeing, thereby decreasing their benefits. The plaintiffs seek a declaration that they are entitled to the early retirement pension benefits and retiree medical benefits, an injunction ordering that the defendants provide the benefits, damages pursuant to breach of contract claims and attorney fees. Boeing has notified Spirit that it believes it is entitled to indemnification from Spirit for any indemnifiable damages it may incur in the Harkness litigation, under the terms of the Asset Purchase Agreement (APA) between Boeing and Spirit s corporate predecessor, Mid-Western Aircraft Systems, Inc. Management believes the resolution of this matter will not materially affect the Company s financial position, results of operations or liquidity.

On July 21, 2005, the International Union, Automobile, Aerospace and Agricultural Implement Workers of America (UAW) filed a grievance against Boeing on behalf of certain former Boeing employees in Tulsa and McAlester, Oklahoma, regarding issues that parallel those asserted in Harkness et al. v. The Boeing Company et al. Boeing denied the grievance, and the UAW subsequently filed suit to compel arbitration, which the parties eventually agreed to pursue. The arbitration was conducted in January 2008. In July 2008, the arbitrator issued an opinion and award in favor of the UAW. The arbitrator directed Boeing to reinstate the seniority of the employees and afford them the benefits appurtenant thereto. On March 5, 2009, the arbitrator entered an Opinion and Supplemental Award that directed Boeing to award certain benefits to UAW members upon whose behalf the grievance was brought, notwithstanding the prior denial of such benefits by the Boeing Plan Administrator. On April 10, 2009, Boeing filed a Complaint in the United States District Court for the Northern District of Illinois, seeking a ruling that the Arbitrator exceeded his authority in granting the Supplemental Award. Boeing has notified Spirit of its intent to seek indemnification from Spirit for any indemnifiable damages it may incur in the UAW matter, pursuant to the terms of the APA. Management believes the resolution of this matter will not materially affect the Company s financial position, results of operations or liquidity.

On May 11, 2009, Spirit filed a lawsuit in the United States District Court for the District of Kansas against SPS Technologies (SPS), LLC and Precision Castparts Corp. Spirit s claims are based on the sale by SPS of certain non-conforming nutplate fasteners to Spirit between August 2007 and August 2008. Many of the fasteners were used on assemblies that Spirit sold to a customer. In the fall of 2008, Spirit discovered the non-conformity and notified the customer of the discrepancy. Subsequently, Spirit and the customer removed and replaced nutplates on various in-process aircraft assemblies. Spirit s lawsuit seeks damages, including damages related to these efforts, under various theories, including breach of contract and breach of implied warranty.

Guarantees

Contingent liabilities in the form of letters of credit, letters of guarantee and performance bonds have been provided by the Company. These letters of credit reduce the amount of borrowings available under the revolving credit facility. As of July 2, 2009 and December 31, 2008, $18.4 and $14.0 were outstanding in respect of these guarantees, respectively.

Indemnification

The Company has entered into indemnification agreements with each of its directors, and some of its executive employment agreements include indemnification provisions. Under those agreements, the Company agrees to indemnify each of these individuals against claims arising out of events or occurrences related to that individual s service as the Company s agent or the agent of any of its subsidiaries to the fullest extent legally permitted.

Service and Product Warranties and Extraordinary Rework

The Company provides service and warranty policies on its products. Liability under service and warranty policies is based upon specific claims and a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience change. In addition, the Company incurs discretionary costs to service its products in connection with product performance or quality issues.

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The following is a roll forward of the service warranty balances at July 2, 2009:

Balance-December 31, 2008	$ 6.5
Charges to costs and expenses	3.3
Exchange rate	0.3
Balance-July 2, 2009	$ 10.1

19. Segment Information

The Company operates in three principal segments: Fuselage Systems, Propulsion Systems and Wing Systems. Essentially all revenues in the three principal segments are from Boeing, with the exception of Wing Systems, which includes revenues from Airbus and other customers. Approximately 95% of the Company s net revenues for the six months ended July 2, 2009 came from our two largest customers, Boeing and Airbus. All other activities fall within the All Other segment, principally made up of sundry sales of miscellaneous services, tooling contracts, and sales of natural gas through a tenancy-in-common with other Wichita companies. The Company s primary profitability measure to review a segment s operating performance is segment operating income before unallocated corporate selling, general and administrative expenses and unallocated research and development. Unallocated corporate selling, general and administrative expenses include centralized functions such as accounting, treasury and human resources that are not specifically related to our operating segments and are not allocated in measuring the operating segments profitability and performance and operating margins.

The Company s Fuselage Systems segment includes development, production and marketing of forward, mid and rear fuselage sections and systems, primarily to aircraft OEMs (OEM refers to aircraft original equipment manufacturer), as well as related spares and maintenance, repairs and overhaul (MRO).

The Company s Propulsion Systems segment includes development, production and marketing of struts/pylons, nacelles (including thrust reversers) and related engine structural components primarily to aircraft or engine OEMs, as well as related spares and MRO services.

The Company s Wing Systems segment includes development, production and marketing of wings and wing components (including flight control surfaces) as well as other miscellaneous structural parts primarily to aircraft OEMs, as well as related spares and MRO services. These activities take place at the Company s facilities in Tulsa and McAlester, Oklahoma, Prestwick, Scotland and Subang, Malaysia.

The Company s segments are consistent with the organization and responsibilities of management reporting to the chief operating decision-maker for the purpose of assessing performance. The Company s definition of segment operating income differs from operating income as presented in its primary financial statements and a reconciliation of the segment and consolidated results is provided in the table set forth below. Most selling, general and administrative expenses, and all interest expense or income, related financing costs and income tax amounts, are not allocated to the operating segments.

While some working capital accounts are maintained on a segment basis, much of the Company s assets are not managed or maintained on a segment basis. Property, plant and equipment, including tooling, is used in the design and production of products for each of the segments and, therefore, is not allocated to any individual segment. In addition, cash, prepaid expenses, other assets and deferred taxes are managed and maintained on a consolidated basis and generally do not pertain to any particular segment. Raw materials and certain component parts are used in the production of aerostructures across all segments. Work-in-process inventory is identifiable by segment, but is managed and evaluated at the program level. As there is no segmentation of the Company s productive assets, depreciation expense (included in fixed manufacturing costs and selling, general and administrative expenses) and capital expenditures, no allocation of these amounts has been made solely for purposes of segment disclosure requirements.

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Spirit AeroSystems Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
($ in millions other than per share)

The following table shows segment information:

	For the Three Months Ended		For the Six Months Ended	
	July 2, 2009	June 26, 2008	July 2, 2009	June 26, 2008
Segment Revenues				
Fuselage Systems	$ 541.2	$ 493.4	$ 971.7	$ 985.4
Propulsion Systems	278.5	296.9	505.9	571.6
Wing Systems	234.7	264.4	455.6	526.7
All Other	5.2	7.4	13.8	14.8
	$ 1,059.6	$ 1,062.1	$ 1,947.0	$ 2,098.5
Segment Operating Income (Loss)				
Fuselage Systems	$ 59.3	$ 92.4	$ 134.2	$ 181.5
Propulsion Systems	23.2	49.3	61.9	93.8
Wing Systems	(58.8)	32.9	(39.3)	65.4
All Other	(2.4)	(0.3)	(2.0)	0.1
Business Segment Operating Income	21.3	174.3	154.8	340.8
Unallocated corporate SG&A	(30.7)	(38.0)	(66.2)	(74.1)
Unallocated research and development	(1.0)	(0.2)	(1.2)	(0.4)
Total operating income (loss)	$ (10.4)	$ 136.1	$ 87.4	$ 266.3

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Item 2. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

The following section may include forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, anticipate, intend, estimate, project, continue, plan, forecast, or other similar words. These statements reflect management s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements.

Recent Events

On July 23 2009, members of the Wichita engineering union, the Society of Professional Engineering Employees in Aerospace (SPEEA-WEU) rejected the Company s three and one half year contract offer. The members are working under an extended contract as negotiations continue.

On July 8, 2009, Textron, the parent company of Cessna, filed a Form 8-K with the Securities and Exchange Commission stating that it had formally cancelled further development of the Cessna Citation Columbus business jet. Spirit had been selected as the supplier for the fuselage and empennage on the Cessna Citation Columbus in February 2008. As of July 2, 2009, Spirit recorded a $10.9 million charge to reflect the estimated impact of this termination. Spirit has submitted termination claims to Cessna seeking recovery of costs incurred.

On June 23, 2009, Boeing announced that it had postponed the first flight of its delayed 787 Dreamliner due to the discovery of a structural flaw that would, in turn, delay test flights and delivery dates to airline customers for an unspecified amount of time. The impact to Spirit deliveries to Boeing has not yet been determined. A significant additional delay in production or reduction of expected production volumes would exert additional pressure on this low-margin program. You should carefully consider the risks discussed in Item 1A, Risk Factors , in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on February 20, 2009, including Risk Factors Risk Factors Related to Our Business and Industry Our business depends, in part, on the success of a new model aircraft, the B787 .

On June 16, 2009, Spirit announced that it was selected to design and build the pylon for the Bombardier CSeries commercial jet. In addition to the pylon, the work package for both the CS100 and CS300 aircraft models includes systems, strut-to-wing hardware and the aft fairing package. The pylon will be manufactured at Spirit s Wichita, Kansas facility.

On April 9, 2009, Boeing announced that it will cut monthly production of its wide body B777 in June 2010 from seven planes a month to five. This production cut will not have a significant effect on our 2009 financial results.

Overview

We are the largest independent non-OEM (OEM refers to aircraft original equipment manufacturer) parts designer and manufacturer of commercial aerostructures in the world. Aerostructures are structural components, such as fuselages, propulsion systems and wing systems for commercial, military and business jet aircraft. We derive our revenues primarily through long-term supply agreements with Boeing and requirements contracts with Airbus. For the three months ended July 2, 2009, we generated net revenues of $1,059.6 million and a net loss of ($8.3) million and for the six months ended July 2, 2009, we generated net revenues of $1,947.0 million and net income of $54.4 million.

We are organized into three principal reporting segments: (1) Fuselage Systems, which include the forward, mid and rear fuselage sections, (2) Propulsion Systems, which include nacelles, struts/pylons and engine structural components, and (3) Wing Systems, which include facilities in Tulsa and McAlester, Oklahoma, Prestwick, Scotland and Subang, Malaysia that manufacture wings, wing components, flight control surfaces and other miscellaneous structural parts. All other activities fall within the All Other segment, principally made up of sundry sales of miscellaneous services, tooling contracts, and sales of natural gas through a tenancy-in-common with other Wichita companies. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 51%, 26%, 22% and 1%, respectively, of our net revenues for the three months ended July 2, 2009. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 50%, 26%, 23% and 1%, respectively, of our net revenues for the six months ended July 2, 2009.

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2009 Outlook

We expect the following results, or ranges of results, for the year ending December 31, 2009:

	2009 Outlook	2008 Actuals
Revenues	$4.2-$4.3 billion	$3.8 billion
Earnings per share, diluted	$1.45-$1.55 per share	$1.91 per share
Effective tax rate	31%-32%	30.9%
Cash flow from operations		$211 million
Capital expenditures	(See below)	$236 million
Capital reimbursement		$116 million

Our 2009 outlook is based on the following market assumptions:

Our revenue guidance for the full-year 2009 has been lowered slightly to reflect the termination of the Cessna Citation Columbus program. We expect our 2009 revenues to be approximately $4.2-$4.3 billion based on Boeing s 2009 delivery guidance of 480-485 aircraft; anticipated ramp up of B787 deliveries consistent with our expectations before Boeing s announcement on June 23, 2009; 2009 expected Airbus deliveries of approximately 483 aircraft; internal Spirit forecasts for non-OEM production activity and non-Boeing and Airbus customers; and foreign exchange rates consistent with year-end 2008 levels.

We expect our 2009 fully diluted earnings per share guidance to be between $1.45 and $1.55 per share, reflecting the impact of unusual items recorded in the second quarter of 2009.

We expect our 2009 cash flow from operations less capital expenditures, net of customer reimbursements, to be no more than a ($100) million use of cash in the aggregate with capital expenditures of approximately $250 million.

Results of Operations

	Three Months Ended July 2, 2009	Three Months Ended June 26, 2008	Percentage Change to Prior Year	Six Months Ended July 2, 2009	Six Months Ended June 26, 2008	Percentage Change to Prior Year
			($ in millions)			
Net revenues	$ 1,059.6	$ 1,062.1		$ 1,947.0	$ 2,098.5	(7%)
Operating costs and expenses						
Cost of sales	1,021.6	874.5	17%	1,758.9	1,731.8	2%
Selling, general and administrative	34.7	40.9	(15%)	73.1	80.0	(9%)
Research and development	13.7	10.6	29%	27.6	20.4	35%
Total costs and expenses	1,070.0	926.0	16%	1,859.6	1,832.2	2%
Operating income (loss)	(10.4)	136.1	N.A.	87.4	266.3	(67%)
Interest expense and financing fee amortization	(9.8)	(10.5)	(7%)	(18.9)	(19.6)	(4%)

Interest income	2.0	5.0	(60%)	4.6	10.7	(57%)
Other income, net	4.2	0.2	2000%	5.7	1.6	256%
Income (loss) before income taxes	(14.0)	130.8	N.A.	78.8	259.0	(70%)
Income tax benefit (provision)	5.8	(44.4)	N.A.	(24.4)	(87.4)	(72%)
Income (loss) before equity in net loss of affiliate	(8.2)	86.4	N.A.	54.4	171.6	(68%)
Equity in net loss of affiliate	(0.1)		N.A.			
Net income (loss)	$ (8.3)	$ 86.4	N.A.	$ 54.4	$ 171.6	(68%)

For purposes of measuring production or ship set deliveries for Boeing aircraft in a given period, the term ship set refers to sets of structural fuselage components produced or delivered for one aircraft in such period. For purposes of measuring production or ship set deliveries for Airbus aircraft in a given period, the term ship set refers to all structural aircraft components produced or delivered for one aircraft in such period. Other components which are part of the same aircraft ship sets could be produced or shipped in earlier or later accounting periods than the components used to measure production or ship set deliveries, which may result in slight variations in production or delivery quantities of the various ship set components in any given period.

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Comparative ship set deliveries by model are as follows:

Model	Three Months Ended July 2, 2009	Three Months Ended June 26, 2008	Six Months Ended July 2, 2009	Six Months Ended June 26, 2008
B737	96	95	170	188
B747	1	7	4	11
B767	3	3	6	6
B777	21	22	42	42
B787	2	1	4	2
Total Boeing	123	128	226	249
A320 Family	101	95	206	190
A330/340	23	21	49	45
A380	2	2	2	6
Total Airbus	126	118	257	241
Hawker 800 Series	13	24	31	39
Total	262	270	514	529

Results of Operations for the Three Months Ended July 2, 2009 and June 26, 2008

Net Revenues. Net revenues for the three months ended July 2, 2009 were $1,059.6 million, a decrease of $2.5 million, compared with net revenues of $1,062.1 million for the same period in the prior year. The decrease in net revenues is primarily attributable to fewer B747 deliveries due to the transition to the B747-8 model, net of B747-8 nonrecurring revenues, resulting in a $36.9 million decrease in net revenues, and a $29.3 million decrease in the value of net revenues from Spirit Europe as a result of the strengthening of the dollar, partially offset by $20.9 million in volume-based pricing adjustments for the quarter and increased development program net revenues of $38.0 million. Deliveries to Boeing decreased by 4% to 123 ship sets during the second quarter of 2009 compared to 128 ship sets delivered for the same period in the prior year, as unit deliveries to Boeing gradually returned to pre-strike levels in the second quarter of 2009. In total, in the second quarter of 2009, we delivered 262 ship sets compared to 270 ship sets delivered for the same period in the prior year, a 3% decrease. Approximately 96% of Spirit s net revenue for the second quarter of 2009 came from our two largest customers, Boeing and Airbus.

Cost of Sales. Cost of sales as a percentage of net revenues was 96% for the three month period ended July 2, 2009, as compared to 82% for the same period in the prior year. The increase in cost of sales in the second quarter of 2009 was due to several unusual charges including a $93.0 million forward-loss charge for the Gulfstream G250 business jet program and a $10.9 million charge for the Cessna Citation Columbus termination. Also during the second quarter of 2009, Spirit updated its contract profitability estimates resulting in an unfavorable cumulative catch-up adjustment of $33.0 million, which was realized primarily within the Fuselage Systems and Propulsion Systems segments. The unfavorable cumulative catch-up adjustment was driven primarily by disruption related to the post strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and nutplate rework along with the simultaneous transition to a new enterprise resource planning (ERP) system. A $4.0 million favorable cumulative catch-up adjustment was recognized during the second quarter of 2008.

Selling, General and Administrative. SG&A as a percentage of net revenues was 3% for the three month period ended July 2, 2009, as compared to 4% for the same period in the prior year, primarily driven by reduced spending and lower stock compensation expense. During the second quarter of 2009, we recognized $3.1 million in stock compensation expense, as compared to $3.7 million during the second quarter of 2008.

Research and Development. R&D costs as a percentage of net revenues was 1% for each of the three month periods ended July 2, 2009 and June 26, 2008. R&D costs increased $3.1 million, or 29%, primarily due to an increase in R&D spending on new programs in the second quarter of 2009 compared to the same period in the prior year.

Operating Income (Loss). Operating income (loss) for the three months ended July 2, 2009 was ($10.4) million, a decrease of $146.5 million, or 108%, as compared to operating income of $136.1 million for the same period in the prior year. The 2009 operating loss reflects the recognition of several unusual charges, including a $93.0 million forward-loss charge on the Gulfstream G250 business jet program, the $10.9 million impact of the Cessna Citation Columbus termination, and the realization of the $33.0 million unfavorable cumulative catch-up adjustment.

Interest Expense and Financing Fee Amortization. Interest expense and financing fee amortization for the second quarter of 2009 includes $8.3 million of interest and fees paid or accrued in connection with long-term debt and $1.5 million in amortization of

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deferred financing costs, as compared to $9.3 million of interest and fees paid or accrued in connection with long-term debt and $1.2 million in amortization of deferred financing costs for the same period in the prior year. In June 2009, the Company amended its credit facility which resulted in an increase in amortized deferred financing costs. The decrease in interest expense in the second quarter of 2009 was primarily driven by lower LIBOR rates on the floating portion of our Term B loan, partially offset by an increase in interest expense on the drawn portion of the revolver and an increase in amortizable costs associated with the amendment and restatement of our senior credit facility.

Interest Income. Interest income for the second quarter of 2009 consisted of $2.0 million of accretion of the discounted long-term receivable from Boeing for capital expense reimbursement pursuant to the Asset Purchase Agreement for the Boeing Acquisition, as compared to $4.4 million of accretion and $0.6 million in interest income for the same period in the prior year. The combined decrease of $3.0 million, as compared to the three months ended June 26, 2008, was primarily due to lower accretion income as a result of a lower outstanding balance on the discounted long-term receivable and lower interest rates on interest bearing accounts.

Provision for Income Taxes. The income tax provision for the second quarter of 2009 consisted of ($8.3) million for federal income taxes, $0.2 million for state taxes, and $2.3 million for foreign taxes. The income tax provision for the second quarter of 2008 consisted of $40.6 million for federal income taxes, $2.0 million for state taxes, and $1.8 million for foreign taxes. The 41.4% effective tax rate for the three months ended July 2, 2009 differs from the 33.9% effective tax rate for the same period in 2008, primarily due to disproportionate income (loss) before income taxes between the first and second quarters of 2009 caused by the unusual items recorded in the second quarter of 2009, partially offset by reinstatement of the U.S. Research and Experimentation Tax Credit (R&E Tax Credit) on October 3, 2008.

Segments. The following table shows comparable segment operating income before unallocated corporate expenses for the three months ended July 2, 2009 compared to the three months ended June 26, 2008:

	Three Months Ended July 2, 2009	Three Months Ended June 26, 2008
	($ in millions)	
Segment Revenues		
Fuselage Systems	$ 541.2	$ 493.4
Propulsion Systems	278.5	296.9
Wing Systems	234.7	264.4
All Other	5.2	7.4
	$ 1,059.6	$ 1,062.1
Segment Operating Income (Loss)		
Fuselage Systems	$ 59.3	$ 92.4
Propulsion Systems	23.2	49.3
Wing Systems	(58.8)	32.9
All Other	(2.4)	(0.3)
	21.3	174.3
Unallocated corporate SG&A	(30.7)	(38.0)
Unallocated research and development	(1.0)	(0.2)
Total operating income (loss)	$ (10.4)	$ 136.1

Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 51%, 26%, 22% and 1% respectively, of our net revenues for the three months ended July 2, 2009. Net revenues attributable to Airbus are recorded in the Wing Systems segment.

Fuselage Systems. Fuselage Systems segment net revenues for the second quarter of 2009 were $541.2 million, an increase of $47.8 million, or 10%, as compared to the same period in the prior year. The higher net revenues were primarily driven by increased development program revenues, partially offset by fewer B747 ship set deliveries as a result of the transition to the B747-8 model. Fuselage Systems posted segment operating margins of 11% for the second quarter of 2009, down from 19% for the same period of 2008, as an unfavorable cumulative catch-up adjustment of $23.0 million was realized during the second quarter of 2009, primarily driven by disruption related to the post strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and nutplate rework along with the simultaneous transition to a new ERP system. In addition, a $10.9 million charge for the termination for the Cessna Citation Columbus program was recorded in the second quarter of 2009. During the second quarter of 2008, the segment realized a $2.7 million favorable cumulative catch-up adjustment.

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Propulsion Systems. Propulsion Systems segment net revenues for the second quarter of 2009 were $278.5 million, a decrease of $18.4 million, or 6%, as compared to the same period in the prior year. The lower net revenues were primarily driven by a decrease in ship set deliveries to Boeing compared to the same period in 2008. Propulsion Systems posted segment operating margins of 8% for the second quarter of 2009, down from 17% for the same period of 2008, as an unfavorable cumulative catch-up adjustment of $17.7 million was realized during the second quarter of 2009, primarily driven by disruption related to the post strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and the simultaneous transition to a new ERP system.

Wing Systems. Wing Systems segment net revenues for the second quarter of 2009 were $234.7 million, a decrease of $29.7 million, or 11%, as compared to the same period in the prior year. The lower net revenue was primarily driven by a decrease in ship set deliveries to Boeing, which more than offset increased ship set deliveries to Airbus, and strengthening of the dollar, which resulted in a $29.3 million decrease in the value of net revenues from Spirit Europe, as compared to exchange rates from the second quarter of 2008. Wing Systems posted segment operating margins of (25%) for the second quarter of 2009, compared to 12% for the same period in the prior year. The 2009 negative margins reflect a $90.5 million forward-loss charge on the Gulfstream G250 business jet program. In addition, a favorable cumulative catch-up of $7.7 million was realized during the second quarter of 2009 related to cost improvements on production programs, as compared to a $1.4 million favorable cumulative catch-up realized for the same period in the prior year.

All Other. All Other net revenues consist of sundry sales of miscellaneous services, tooling contracts, and revenues from the Kansas Industrial Energy Supply Company, or KIESC. The decrease in net revenues in the second quarter of 2009, compared to the same period in the prior year, was driven primarily by a decrease in third party tooling sales and KIESC natural gas revenues. The decrease in margins of $2.1 million was primarily due to a $2.5 million charge related to tooling for the Gulfstream G250 business jet program.

Results of Operations for the Six Months Ended July 2, 2009 and June 26, 2008

Net Revenues. Net revenues for the six months ended July 2, 2009 were $1,947.0 million, a decrease of $151.5 million, or 7%, compared with net revenues of $2,098.5 million for the same period in the prior year. The decrease in net revenues is primarily attributable to the decrease in B737 deliveries, primarily due to the residual impact of the Boeing IAM Strike in the first quarter of 2009 and fewer B747 deliveries due to the transition to the B747-8 model, net of B747-8 nonrecurring revenues, resulting in a $205.1 million decrease in net revenues, and a $69.8 million decrease in the value of net revenues from Spirit Europe as a result of the strengthening of the dollar, partially offset by $39.1 million in volume-based pricing adjustments for the first six months of 2009, increased development program net revenues of $63.0 million, and a $23.8 million increase in net revenues primarily as a result of higher deliveries to Airbus in the first six months of 2009 compared to the same period in 2008. Deliveries to Boeing decreased by 9% to 226 ship sets during the six months ended July 2, 2009 compared to 249 ship sets delivered for the same period in the prior year, as unit deliveries to Boeing gradually returned to pre-strike levels in the second quarter of 2009. Deliveries to Airbus increased by 7% to 257 ship sets during the six months ended July 2, 2009 compared to 241 ship sets delivered for the same period in the prior year. Total deliveries decreased 3% to 514 ship sets during the six month period ended July 2, 2009 compared to 529 ship sets delivered for the same period in the prior year. Approximately 95% of Spirit s net revenues for the six months ended June 26, 2008 came from our two largest customers, Boeing and Airbus.

Cost of Sales. Cost of sales as a percentage of net revenues was 90% for the six month period ended July 2, 2009, as compared 83% for the same period in the prior year. The increase in cost of sales in the first half 2009 was due to several unusual charges including a $93.0 million forward-loss charge for the Gulfstream G250 business jet program and a $10.9 million impact of the Cessna Citation Columbus termination. Also during the first six months of 2009, Spirit updated its contract profitability estimates resulting in an unfavorable cumulative catch-up adjustment of $39.0 million driven primarily by unfavorable performance within the Fuselage Systems and Propulsion Systems segments current contract blocks, as compared to $4.8 million of favorable cumulative catch-up adjustments recorded in the first six months of 2008.

Selling, General and Administrative. SG&A as a percentage of net revenues was 4% for each of the six month periods ended July 2, 2009 and June 26, 2008. SG&A expenses decreased $6.9 million, or 9%, primarily due to reduced spending and lower stock compensation expense. In the first six months of 2009, we recognized $5.8 million in stock compensation expense, as compared to $7.3 million during the first six months of 2008.

Research and Development. R&D costs as a percentage of net revenues were approximately 1% for each of the six month periods ended July 2, 2009 and June 26, 2008. R&D costs increased $7.2 million, or 35%, primarily due to an increase in R&D spending on new programs in the first six months of 2009 compared to the first six months of 2008.

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Operating Income. Operating income for the six months ended July 2, 2009 was $87.4 million, a decrease of $178.9 million, or 67%, as compared to operating income of $266.3 million for the same period in the prior year. The decrease was driven by lower sales volume, the recognition of several unusual charges, including a $93.0 million forward-loss charge for the Gulfstream G250 business jet program, the $10.9 million impact of the Cessna Citation Columbus termination, and the realization of an unfavorable $39.0 million cumulative catch-up adjustment.

Interest Expense and Financing Fee Amortization. Interest expense and financing fee amortization for the six months ended July 2, 2009 includes $16.2 million of interest expense associated with long-term debt and $2.7 million in amortization of deferred financing costs, as compared to $17.5 million of interest expense associated with long-term debt and $2.1 million in amortization of deferred financing costs for the same period in the prior year. In June 2009, the Company amended its credit facility which resulted in an increase in amortized deferred financing costs. The decrease in interest expense in the first half of 2009 was primarily driven by lower LIBOR rates on the floating portion of our Term B loan, partially offset by an increase in interest expense on the drawn portion of the revolver and an increase in amortizable costs associated with the amendment and restatement of our senior secured credit facility.

Interest Income. Interest income for the six months ended July 2, 2009 consisted of $4.5 million of accretion of the discounted long-term receivable from Boeing for capital expense reimbursement pursuant to the Asset Purchase Agreement for the Boeing Acquisition and $0.1 million in interest income, as compared to $9.3 million of accretion of the discounted long-term receivable and $1.4 million of interest income for the same period in the prior year. The combined decrease of $6.1 million, as compared to the six months ended June 26, 2008, was primarily due to lower accretion income as a result of a lower outstanding balance on the discounted long-term receivable and lower interest rates on interest bearing accounts.

Provision for Income Taxes. The income tax provision for the six months ended July 2, 2009 includes $20.7 million for federal income taxes, $1.3 million for state taxes, and $2.4 million for foreign taxes. The income tax provision for the six months ended June 26, 2008 included $81.0 million for federal income taxes, $3.1 million for state taxes, and $3.3 million for foreign taxes. The 31.0% effective income tax rate for the six months ended July 2, 2009 differs from the 33.75% effective income tax rate for the same period in the prior year, primarily due to reinstatement of the R&E Tax Credit on October 3, 2008, partially offset by a decrease in state income tax credits.

Segments. The following table shows comparable segment revenues and operating income before unallocated corporate expenses for the six months ended July 2, 2009 compared to the six months ended June 26, 2008:

	Six Months Ended July 2, 2009	Six Months Ended June 26, 2008
	($ in millions)	
Segment Net Revenues		
Fuselage Systems	$ 971.7	$ 985.4
Propulsion Systems	505.9	571.6
Wing Systems	455.6	526.7
All Other	13.8	14.8
	$ 1,947.0	$ 2,098.5
Segment Operating Income (Loss)		
Fuselage Systems	$ 134.2	$ 181.5
Propulsion Systems	61.9	93.8
Wing Systems	(39.3)	65.4
All Other	(2.0)	0.1

	154.8	340.8
Unallocated corporate SG&A	(66.2)	(74.1)
Unallocated research and development	(1.2)	(0.4)
Total operating income	$ 87.4	$ 266.3

Declines to segment net revenues and operating income before unallocated corporate expenses for the six months ended July 2, 2009 compared to the six months ended June 26, 2008 were driven by lower deliveries, several unusual charges, including a $93.0 million forward-loss charge for the Gulfstream G250 business jet program, an unusually large unfavorable cumulative catch-up adjustment of $39.0 million, primarily driven by disruption related to the post-strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and nutplate rework along with the simultaneous transition to a new ERP system, the $10.9 million impact of the Cessna Citation Columbus termination, and increased R&D spending on new programs. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 50%, 26%, 23% and 1%, respectively, of our net revenues for the six months ended July 2, 2009.

Fuselage Systems. Fuselage Systems segment net revenues for the six months ended July 2, 2009 were $971.7 million, a decrease of $13.7 million, or 1%, from the same period in the prior year. This reflects a decrease in B737 deliveries, primarily driven by disruption related to the post-strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and fewer B747 deliveries due to the transition to the B747-8 model, partially offset by an increase in B787 deliveries. Fuselage Systems posted segment operating margins of 14% for the six months ended July 2, 2009, down from 18% for the same period in the prior year, as an unfavorable cumulative catch-up adjustment of $23.0 million was realized during the first half of 2009, primarily driven by disruption related to the post strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and nutplate rework along with the simultaneous transition to a new ERP system. In addition, a $10.9 million charge for the termination for the Cessna Citation Columbus program was recorded in the first half of 2009.

Propulsion Systems. Propulsion Systems segment net revenues for the six months ended July 2, 2009 were $505.9 million, a decrease of $65.7 million, or 11%, from the same period in the prior year. The lower net revenues were primarily driven by a decrease in ship set deliveries to Boeing compared to the same period in 2008. Propulsion Systems posted segment operating margins of 12% for the six month periods ended July 2, 2009, down from 16% for the same period in the prior year, as an unfavorable cumulative catch-up adjustment of $14.1 million realized during the first half of 2009, primarily driven by disruption related to the post strike production ramp-up as a result of the Boeing IAM Strike in late 2008 and the simultaneous transition to a new ERP system.

Wing Systems. Wing Systems segment net revenues for the six months ended July 2, 2009 were $455.6 million, a decrease of $71.1 million, or 13%, from the same period in the prior year. The lower net revenue was primarily driven by a decrease in ship set deliveries to Boeing, which more than offset increased ship set deliveries to Airbus, and strengthening of the dollar, which resulted in a $69.8 million decrease in the value of net revenues from Spirit Europe as compared to exchange rates from the first six months of 2008. Wing Systems posted segment operating margins of (9%) for the first six months of 2009 compared to 12% in same period in the prior year. The 2009 negative margins reflect a $90.5 million forward-loss charge on the Gulfstream G250 business jet program. In addition, an unfavorable cumulative catch-up adjustment of $1.9 million was realized during the first half of 2009, compared to a $1.7 million favorable cumulative catch-up realized for the same period in 2008.

All Other. All Other net revenues consist of sundry sales of miscellaneous services, tooling contracts, and revenues from the Kansas Industrial Energy Supply Company, or KIESC. The $1.0 million decrease in net revenues in the six months ended July 2, 2009, compared to the six months ended June 26, 2008, was primarily driven by decrease in third party tooling sales. The decrease in margins was primarily due to a $2.5 million charge related to tooling for the Gulfstream G250 business jet program.

Cash Flow

Six Months Ended July 2, 2009 Compared to the Six Months Ended June 26, 2008

Operating Activities. For the six months ended July 2, 2009, we had a net cash outflow of $216.0 million from operating activities, a decrease of $294.4 million, as compared to a net cash inflow of $78.4 million for the same period in the prior year. The decrease in cash provided from operations in the first six months of 2009 was primarily due to lower operating results and the liquidation of customer advances for the B787 of $45.2 million as compared to $231.0 million in B787 customer advances in the first six months of 2008, and inventory build-up as a result of increased nonrecurring costs on start-up programs and deferred production, net of the $93.0 million forward loss related to the Gulfstream G250 business jet program.

Investing Activities. For the six months ended July 2, 2009, we had a net cash outflow of $48.3 million from investing activities, a decrease of $13.1 million, or 21%, as compared to a net cash outflow of $61.4 million for the same period in the prior year. During the first six months of 2009, we invested $106.7 million in property, plant and equipment, software and program tooling, which was $12.7 million less than during the same period in the prior year. These outflows were partially offset in the first six months of 2009 by $57.7 million of capital reimbursements received from Boeing compared to $56.5 million for the same period in the prior year.

Financing Activities. For the six months ended July 2, 2009, we had a net cash inflow of $136.5 million from financing activities, an increase of $140.4 million, as compared to a net cash outflow of $3.9 million for the same period in the prior year. During the first six months of 2009, we had net borrowings of $150.0 million from our revolving credit facility, as compared to net borrowings of zero in the first half of 2008. In the first six months of 2009, we made principal debt payments of $3.9 million compared to $7.9 million in principal debt payments in the same period in the prior year. We also incurred $10.2 million in debt issuance costs in the first six months of 2009 and as compared to $6.8 million incurred in 2008.

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Liquidity and Capital Resources

Liquidity, or access to cash, is an important factor in determining our financial stability. The primary sources of our liquidity include cash flow from operations, which may include advance payments, government grants and borrowing capacity through our credit facilities. Our liquidity requirements and working capital needs depend on a number of factors, including delivery rates and payment terms under our contracts, the level of research and development expenditures related to new programs, capital expenditures, growth and contractions in the business cycle, contributions to our union-sponsored benefit plans and interest and debt payments.

We ended the first half of 2009 with Cash and cash equivalents of $88.9 million, a decrease of $127.6 million, compared to Cash and cash equivalents of $216.5 million at December 31, 2008. We maintain bank accounts with highly rated financial institutions and our cash investments have had no direct exposure to any sub-prime asset classes.

Our ability to make scheduled payments of principal of, or to pay the interest on, or to refinance, our indebtedness, or to fund non-acquisition related capital expenditures and research and development efforts, will depend on our ability to generate cash in the future. This is subject, in part, to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current levels of operations and absent any disruptive events, management believes that internally generated funds, advance payments and receivables from customers, government grants and borrowings available under our revolving credit facility should provide sufficient resources to finance our operations, non-acquisition related capital expenditures, research and development efforts and long-term indebtedness obligations through at least 2009. Given the current economic recession and its potential impact on the commercial aviation and business jet market, we entered into an amended credit agreement during the second quarter of 2009 to help maintain our liquidity needs through June of 2012. If we cannot generate sufficient cash flow, we may need to refinance all or a portion of our indebtedness on or before maturity. Also, to the extent we may have lower than anticipated sales or increases in expenses, we may need to raise additional capital. In particular, increased working capital needs occur whenever we consummate acquisitions, invest in new product development or experience increased demand for our products. We cannot assure you that we will be able to raise additional capital on commercially reasonable terms or at all.

Our revolving credit facility is a significant source of liquidity for our business. In June 2009, Spirit entered into an amendment No. 2 to its senior secured credit facility, whereby the revolving credit facility was increased from $650.0 to $729.0. The maturity date with respect to $408.8 of the revolver was extended to June 30, 2012. The maturity date for the remaining $320.2 of the revolver will continue to be June 30, 2010. Commitment fees associated with the portion of the revolver that was extended to June 30, 2012 increased from a rate of 50 basis points on the undrawn amount to 75 basis points. Commitment fees associated with the undrawn portion of the revolver that terminates on June 30, 2010 continue to be 50 basis points. The applicable margin payable on revolving loans in respect of which the underlying revolving credit commitment has been extended to June 30, 2012 (Extending Revolving Loans) has been increased. The applicable margin continues to be determined in accordance with a performance grid based on total leverage ratio and, for Extending Revolving Loans, ranges from 4.00% to 3.00% per annum in the case of LIBOR advances and from 3.00% to 2.00% per annum in the case of alternate base rate advances. The applicable margin payable in respect of loans that are not Extending Revolving Loans continues to range from 2.75% to 2.25% per annum in the case of LIBOR advances and from 1.75% to 1.25% per annum in the case of alternate base rate advances. As of July 2, 2009, Spirit had $150.0 of outstanding borrowings under the revolving credit facility. The entire asset classes of Spirit, including inventory and property, plant and equipment, are pledged as collateral for both the term loan and the revolving credit facility.

The amended credit agreement contains customary affirmative and negative covenants, including restrictions on indebtedness, liens, type of business, acquisitions, investments, sales or transfers of assets, payments of dividends, transactions with affiliates, change in control and other matters customarily restricted in such agreements. The amended credit agreement contains a revised Covenant Leverage Ratio and a new Interest Coverage Ratio. The Covenant Leverage Ratio (as defined in the credit agreement) financial covenant was modified to provide that the maximum Covenant Leverage Ratio as of the last day of any fiscal quarter through the final maturity date of the credit agreement shall not exceed 2.5:1 through maturity. The new Interest Coverage Ratio (as defined in the credit agreement) financial covenant was added to provide that the Interest Coverage Ratio as of the last day of any fiscal quarter through the final maturity date of the credit agreement shall not be less than 4:1. The Financial Covenant ratios are calculated each quarter in accordance with the credit agreement. Failure to meet these financial covenants would be an event of default under the senior secured credit facility. As of July 2, 2009, we were and expect to continue to be in full compliance with all covenants contained within our credit agreement.

We may pursue strategic acquisitions on an opportunistic basis. Our acquisition strategy may require substantial capital, and we may not be able to raise any necessary funds on acceptable terms or at all. If we incur additional debt to finance acquisitions, our total interest expense will increase.

We believe that the lenders participating in our credit facilities will be willing and able to provide financing to us in accordance with their legal obligations under the credit facilities. However, there can be no assurance that the cost or availability of future borrowings, if any, in the debt markets or our credit facilities will not be impacted by the ongoing credit market disruptions.

Our corporate credit ratings at Standard & Poor s Rating Services and Moody s Investor Service as of July 2, 2009 were BB and Ba3, respectively.

Our U.S. pension plan remained fully funded at July 2, 2009. As a result of the plan s asset performance during 2008 and the increased pension obligation resulting from a lower discount rate at the December 31 measurement date, we now expect significantly reduced non-cash pension income in future periods. Our plan investments are broadly diversified, and despite the recent downturn, we do not anticipate a near-term requirement to make cash contributions to our U.S. pension plan.

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, approximate fair value because of their short maturities.

Repayment of B787 Advance Payments

The original B787 Supply Agreement required Boeing to make advance payments to us for production articles in the aggregate amount of $700.0 million. These advances were received by the end of 2007. We must repay those advances, without interest, in the amount of a $1.4 million offset against the purchase price of each of the first five hundred B787 ship sets delivered to Boeing. In the event that Boeing does not take delivery of five hundred B787 ship sets, any advances not then repaid will first be applied against any outstanding B787 payments then due by Boeing to us, with any remaining balance repaid at the rate of $84.0 million per year beginning in the year in which we deliver our final B787 production ship set to Boeing, prorated for the remaining portion of the year in which we make our final delivery. Accordingly, portions of the repayment liability are included as current and long-term liabilities in our consolidated balance sheet.

On March 26, 2008, Boeing and Spirit amended their existing B787 Supply Agreement to, among other things, provide for revised payment terms for ship set deliveries from Spirit to Boeing. The Amended B787 Supply Agreement required Boeing to make additional advance payments to Spirit in 2008 in the amount of $396.0 million for production articles, in addition to the $700.0 million received through 2007. The additional advances will be applied against the full purchase price of the ship sets delivered (net of the $1.4 million per ship set applied against the initial $700.0 million of advances described above) until fully repaid. In the event that Boeing does not take delivery of the number of ship sets for which the additional advance payments have been made, any additional advances not then repaid will first be applied against any outstanding B787 payments then due by Boeing to us, with any remaining balance repaid beginning the year in which we deliver our final B787 production ship set to Boeing, with the full amount to be repaid no later than the end of the subsequent year.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements.

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Cautionary Statements regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements. Forward-looking statements reflect our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, anticipate, intend, estimate, believe, project, c forecast, or other similar words. These statements reflect management s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements.

Important factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to:

- our ability to continue to grow our business and execute our growth strategy; including the timing and execution of new programs;
- our ability to perform our obligations and manage cost related to our new commercial and business aircraft development programs;
- reduction in the build rates of certain Boeing aircraft including, but not limited to, the B737 program, the B747 program, the B767 program and the B777 program, and build rates of the Airbus A320 and A380 programs, which could be affected by the impact of a deep recession on business and consumer confidence and the impact of continuing turmoil in the global financial and credit markets;
- declining business jet manufacturing rates and customer cancellations or deferrals as a result of the weakened global economy;
- the success and timely execution of key milestones such as first flight and delivery of Boeing s new B787 and Airbus new A350 aircraft programs, including receipt of necessary regulatory approvals and customer adherence to their announced schedules;
- our ability to enter into supply arrangements with additional customers and the ability of all parties to satisfy their performance requirements under existing supply contracts with Boeing, Airbus, and other customers;
- any adverse impact on Boeing s and Airbus production of aircraft resulting from cancellations, deferrals or reduced orders by their customers;
- any adverse impact on the demand for air travel or our operations from the outbreak of diseases such as the influenza outbreak caused by the H1N1 virus, avian influenza, severe acute respiratory syndrome or other epidemic or pandemic outbreaks;
- returns on pension plan assets and impact of future discount rate changes on pension obligations;
- our ability to borrow additional funds, or refinance debt;
- competition from original equipment manufacturers and other aerostructures suppliers;
- the effect of governmental laws, such as U.S. export control laws, the Foreign Corrupt Practices Act, environmental laws and agency regulations, both in the U.S. and abroad;
- the cost and availability of raw materials and purchased components;
- our ability to successfully extend or renegotiate our primary collective bargaining contracts with our labor unions;
- our ability to recruit and retain highly skilled employees and our relationships with the unions representing many of our employees;
- spending by the U.S. and other governments on defense;
- the outcome or impact of ongoing or future litigation and regulatory actions; and

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our exposure to potential product liability claims.

These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Except to the extent required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

As a result of our operating and financing activities, we are exposed to various market risks that may affect our consolidated results of operations and financial position. These market risks include fluctuations in commodity pricing, interest rates, and foreign currency exchange rates, which impact the amount of interest we must pay on our variable rate debt. In addition to other information set forth in this report, you should carefully consider the factors discussed in Item 7A, Quantitative and Qualitative Disclosures About Market Risk , in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on February 20, 2009, which could materially affect our business, financial condition or results of operations. There have been no material changes to our market risk since the filing of our Form 10-K for the year ended December 31, 2008.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer have evaluated our disclosure controls as of July 2, 2009, and have concluded that these disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit is accumulated and communicated to management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

During the second quarter of 2009, we implemented portions of our new ERP system, which required us to make substantial modifications to our information technology systems and business processes. This conversion affected certain general ledger functions, and resulted in the use of new system reports and additional monitoring controls during the remaining transition from legacy systems which are expected to continue into the third quarter of 2009. Other than this item, there were no other changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the last fiscal quarter.

PART II- OTHER INFORMATION

Item 1. ***Legal Proceedings***

Information regarding any recent material developments relating to our legal proceedings since the filing of our most recent Annual Report on Form 10-K is included in Note 18 to our condensed consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. ***Risk Factors***

In addition to other information set forth in this report, you should carefully consider the factors discussed in Part 1, Item 1A, Risk Factors , in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on February 20, 2009, which could materially affect our business, financial condition or results of operations. Other than the modification to the risk factors set forth below, there have been no material changes to the Company s risk factors previously disclosed in our 2008 Annual Report on Form 10-K.

Any significant disruption in our supply from key vendors could delay production and adversely affect our financial performance.

We are highly dependent on the availability of essential materials and purchased components from our suppliers, some of which are available only from a sole source or limited sources. Moreover, we are dependent upon the ability of our suppliers to provide materials and components that meet specifications, quality standards and delivery schedules. Our suppliers failure to provide expected raw materials or component parts that meet our technical specifications could adversely affect production schedules and contract profitability.

Our continued supply of materials is subject to a number of risks including:

- the destruction of our suppliers facilities or their distribution infrastructure;
- a work stoppage or strike by our suppliers employees;
- the failure of our suppliers to provide materials of the requisite quality or in compliance with specifications;
- the failure of essential equipment at our suppliers plants;
- the failure of our foreign suppliers to satisfy U.S. import or export control laws for goods that we purchase from such suppliers;
- the failure of suppliers to meet regulatory standards;
- the failure, shortage or delays in the delivery of raw materials to our suppliers;
- contractual amendments and disputes with our suppliers; and
- inability of suppliers to perform as a result of the weakened global economy or otherwise.

We incur risk associated with new programs.

New programs with new technologies typically carry risks associated with design responsibility, development of new production tools, hiring and training of qualified personnel, increased capital and funding commitments, ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, ability of the customer to meet its contractual obligations to us, and our ability to accurately estimate costs associated with such programs. In addition, any new aircraft program may not generate sufficient demand or may experience technological problems or significant delays in the regulatory certification or manufacturing and delivery schedule. If we were unable to perform our obligations under new programs to the customer s satisfaction, if we were unable to manufacture products at our estimated costs, or if a new program in which we had made a significant investment was terminated or experienced weak demand, delays or technological problems, our business, financial condition and results of operations could be materially adversely affected. This risk includes the potential for default, quality problems, or inability to meet weight requirements and could result in low margin or forward loss contracts, and the risk of having to write-off inventory if it were deemed to be unrecoverable over the life of the program. In addition, beginning new work on existing programs also carries risks associated with the transfer of technology, knowledge and tooling.

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In order to perform on new programs we may be required to construct or acquire new facilities requiring additional up-front investment costs. In the case of significant program delays and/or program cancellations, for the costs that are not recoverable, we could be required to bear the construction and maintenance costs and incur potential impairment charges for the new facilities. Also, we may need to expend additional resources to determine an alternate revenue-generating use for the facilities. Likewise, significant delays in the construction or acquisition of a plant site could impact production schedules.

We are subject to environmental regulation and our ongoing operations may expose us to environmental liabilities.

Our operations are subject to extensive regulation under environmental, health and safety laws and regulations in the United States and the United Kingdom. We may be subject to potentially significant fines or penalties, including criminal sanctions, if we fail to comply with these requirements. We have made, and will continue to make, significant capital and other expenditures to comply with these laws and regulations. We cannot predict with certainty what environmental legislation will be enacted in the future or how existing laws will be administered or interpreted. Our operations involve the use of large amounts of hazardous substances and generate many types of wastes, including emissions of hexavalent chromium and volatile organic compounds. Spills and releases of these materials may subject us to clean-up liability, and we may become obligated to reduce our emissions of hexavalent chromium and volatile organic compounds. We cannot give any assurance that the aggregate amount of future clean-up costs and other environmental liabilities will not be material.

Boeing, our predecessor at the Wichita facility, is under an administrative consent order issued by the KDHE to contain and clean-up contaminated groundwater which underlies a majority of the site. Pursuant to this order and its agreements with us, Boeing has a long-term remediation plan in place, and treatment, containment and remediation efforts are underway. If Boeing does not comply with its obligations under the order and these agreements, we may be required to undertake such efforts and make material expenditures.

In connection with the BAE Acquisition, we acquired a manufacturing facility in Prestwick, Scotland that is adjacent to contaminated property retained by BAE Systems. The contaminated property may be subject to a regulatory action requiring remediation of the land. It is also possible that the contamination may spread into the property we acquired. BAE Systems has agreed to indemnify us for certain clean-up costs related to existing pollution on the acquired property, existing pollution that migrates from the acquired property to a third party s property and any pollution that migrates to our property from property retained by BAE Systems. If BAE Systems does not comply with its obligations under the agreement, we may be required to undertake such efforts and make material expenditures.

In the future, contamination may be discovered at our facilities or at off-site locations where we send waste. The remediation of such newly-discovered contamination, or the enactment of new laws or a stricter interpretation of existing laws, may require us to make additional expenditures, some of which could be material.

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

At the April 21, 2009 Annual Meeting of shareholders, the following matters were submitted to a vote of the shareholders:

(a) Election of Directors

In an uncontested election, the Company s shareholders elected 10 directors, each for a one-year term expiring on the date of the 2010 Annual Meeting.

The shareholders elected the Company s 10 nominees to the 10 director positions by the vote shown below:

Nominees	Votes For	Withheld
Charles L. Chadwell	428,015,894	514,564
Ivor Evans	427,733,911	796,547
Paul Fulchino	393,793,735	34,736,723
Richard Gephardt	394,888,806	33,641,652
Robert Johnson	427,798,192	732,266
Ronald Kadish	428,019,891	510,567
Francis Raborn	428,017,084	513,374
Jeffrey L. Turner	425,889,446	2,641,012
James L. Welch	427,565,519	964,939
Nigel Wright	390,328,684	38,201,774

(b) Ratification of the Appointment of Independent Registered Public Accounting Firm

The shareholders voted to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2009 as follows:

Votes For	Votes Against	Abstentions
428,312,484	133,337	84,637

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Item 6. *Exhibits*

Article I. Exhibit Number	Section 1.01 Exhibit
10.1	Amendment No. 2 dated as of June 8, 2009, to the Second Amended and Restated Credit Agreement, dated November 27, 2006, among Spirit AeroSystems, Inc. (f/k/a Mid-Western Aircraft Systems, Inc.), Spirit AeroSystems Holdings, Inc. (f/k/a Mid-Western Aircraft Systems Holdings, Inc.), the guarantors party thereto, Bank of America, N.A. and the other lenders party thereto. (1)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

* Filed herewith

(1) Incorporated by reference to the Current Report on Form 8-K (File No. 001-33160), filed June 10, 2009, Exhibit 10.1.

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SIGNATURES

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

Signature	Title	Date
/s/ Ulrich Schmidt Ulrich Schmidt	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 7, 2009
/s/ Daniel R. Davis Daniel R. Davis	Vice President and Corporate Controller (Principal Accounting Officer)	August 7, 2009