



# Q3 2009 Earnings Call

## November 10, 2009



Advancing Flight Through Excellence In Aerostructures

# Forward Looking Statements

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Except for statements of historical fact, the statements contained herein are forward-looking statements within the meaning of section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements involve known and unknown risks and uncertainties. Vought's actual financial results and future business prospects could differ materially from those anticipated due to the company's dependence on conditions in the airline industry, the level of new aircraft orders and production rates, manufacturing inefficiencies, start-up costs and possible overruns on new contracts, technology and product development risks and uncertainties, availability of materials and components from suppliers and other factors beyond the company's control. Additional risk factors are described in the company's filings with the SEC.

# Agenda

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- **Overview of Q3 2009**
- **Q3 2009 Financials**
- **Q & A**

# 787 Transaction

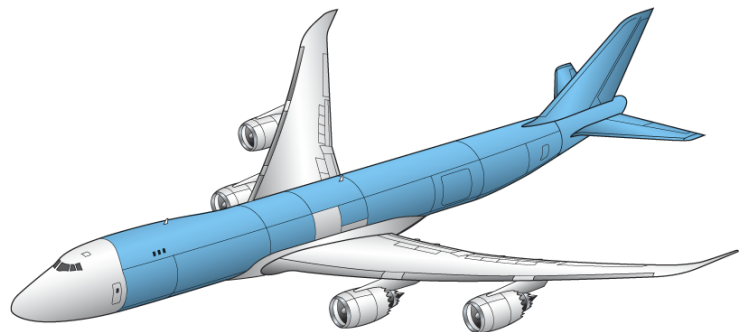
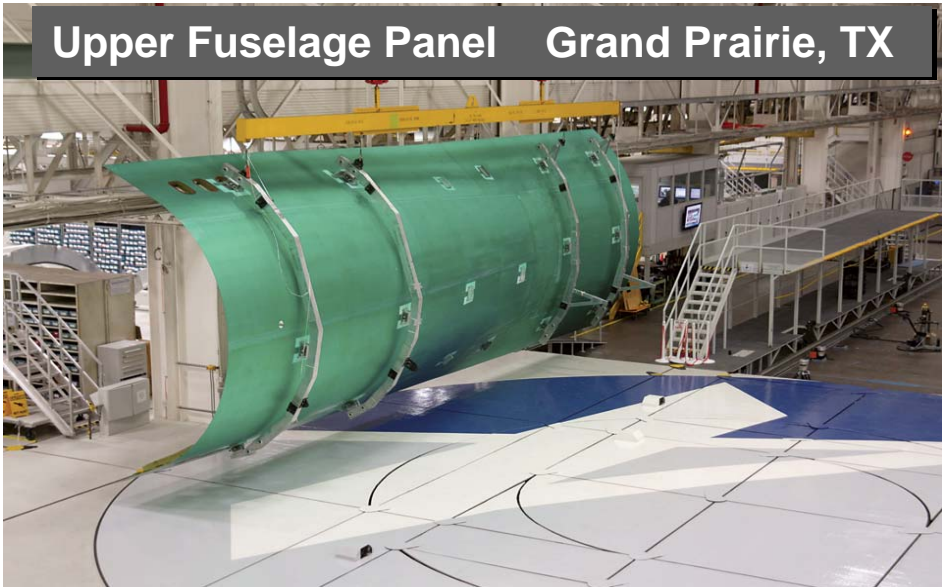
- Boeing subsidiary purchased Vought 787 Charleston, South Carolina operations and assumed Vought Statement of Work
  - Vought SC employees became Boeing employees
  - Vought Dallas employees continue to provide engineering services on 787 aft fuselage
  - Vought will produce composite detail parts for the aft fuselage



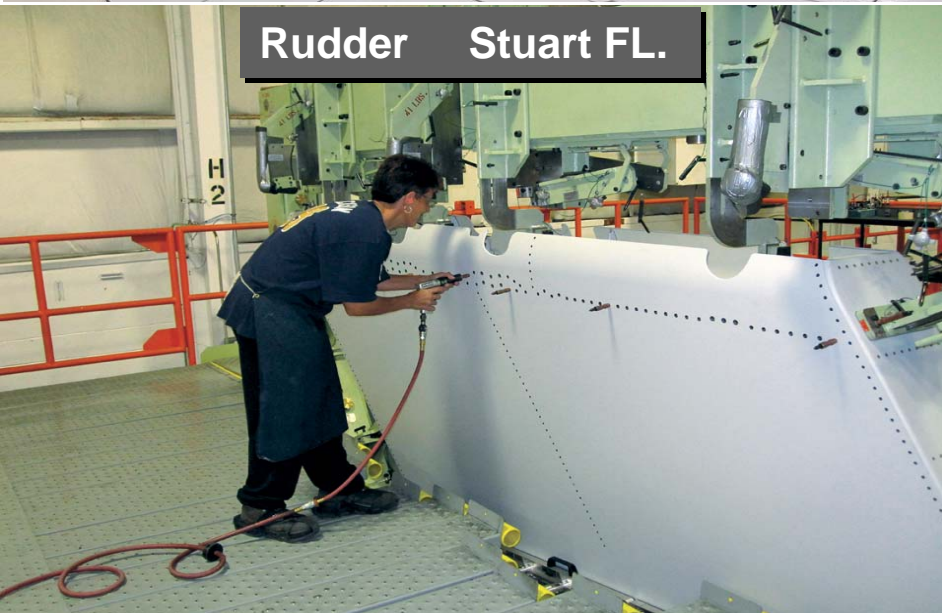
**787**

# 747-8 Vought Statement of Work

Upper Fuselage Panel Grand Prairie, TX



Rudder Stuart FL.



Fuselage Panel Hawthorne, CA



5

# New Boeing Work

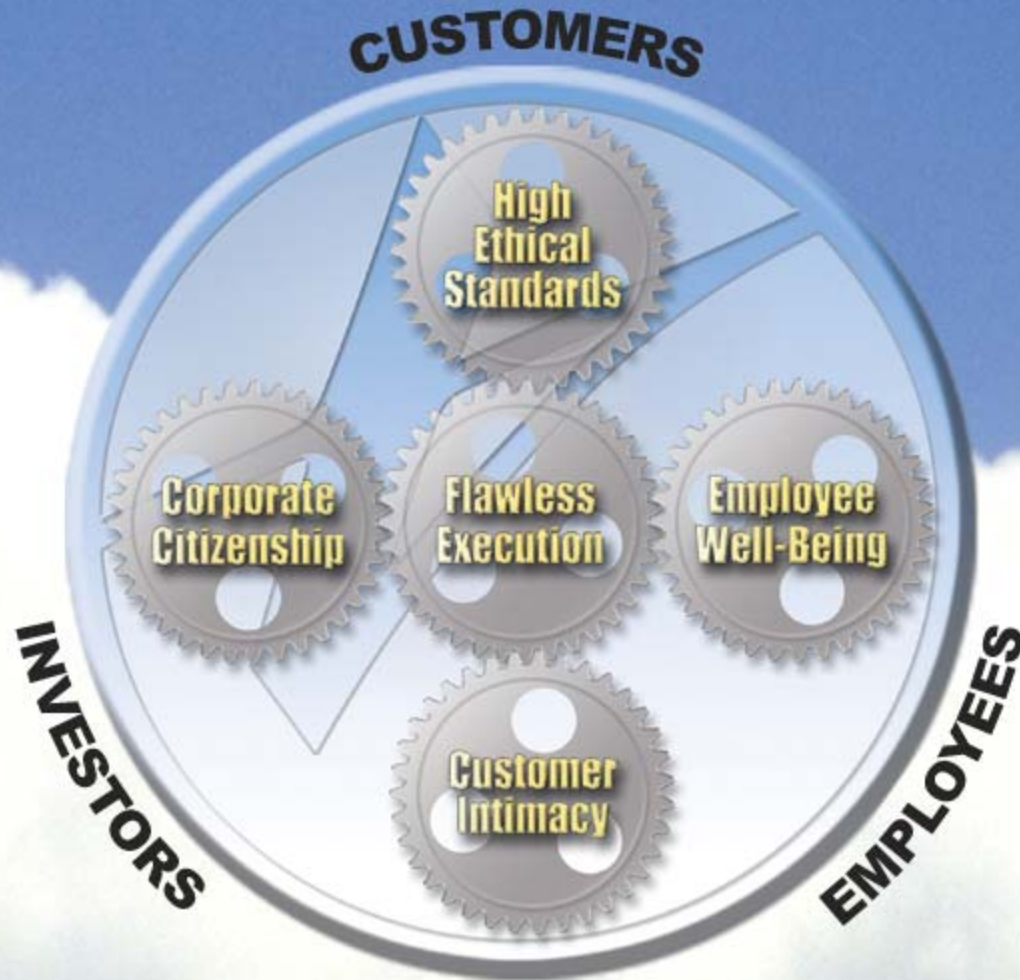
- Boeing entered into agreements with Vought for new work scope:
  - 737 NG inboard flaps
  - 777: added outboard flaps & ailerons and extended the inboard flaps & spoilers contract



777



737NG



*OUR VISION*

We are making Vought our customers' most valued partner and the best place to work, and will provide the highest returns in the industry

*OUR SUCCESS*

depends on our daily actions as individuals, teams, and as a company. Success will be judged by our customers, employees and investors.

# 3<sup>rd</sup> Quarter Financial Results

(\$ Millions)

	Q3 QTD			Q3 YTD		
	2009	2008	2009 B/(W) 2008	2009	2008	2009 B/(W) 2008
Revenue	\$447	\$477	(\$31)	\$1,322	\$1,362	(\$40)
Total Costs and Expenses	406	442	36	1,211	1,215	4
<i>% of revenue</i>	<i>91%</i>	<i>93%</i>	<i>1.7 pts</i>	<i>92%</i>	<i>89%</i>	<i>-2.3 pts</i>
Operating Income	41	35	5	112	147	(35)
<i>% of revenue</i>	<i>9%</i>	<i>7%</i>	<i>1.7 pts</i>	<i>8%</i>	<i>11%</i>	<i>-2.3 pts</i>
Income from Continuing Ops	19	21	(1)	67	147	(81)
Income from Discontinued Ops	219	(5)	224	214	(24)	238
Free Cash Flow <sup>(1)</sup>	\$222	(\$118)	\$340	\$101	(\$189)	\$290

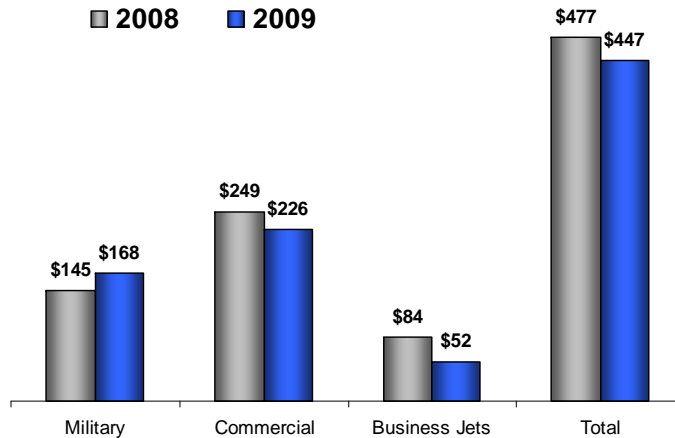
<sup>(1)</sup> Reconciled to GAAP on slide 17

- YTD Revenues decreased by \$40M due to the completion of an Airbus contract, reduced Business Jets delivery rates partially offset by increased deliveries on Military programs
- YTD Operating Income decreased by \$35M , primarily due to the one time release of purchased accounting reserves of \$23M in 2008, non-recurring pension and post-retirement benefits curtailment in 2009 and lower program margins primarily from the transition from 747-400 to 747-8
- Free Cash Flow increased primarily due to the sale of our 787 business

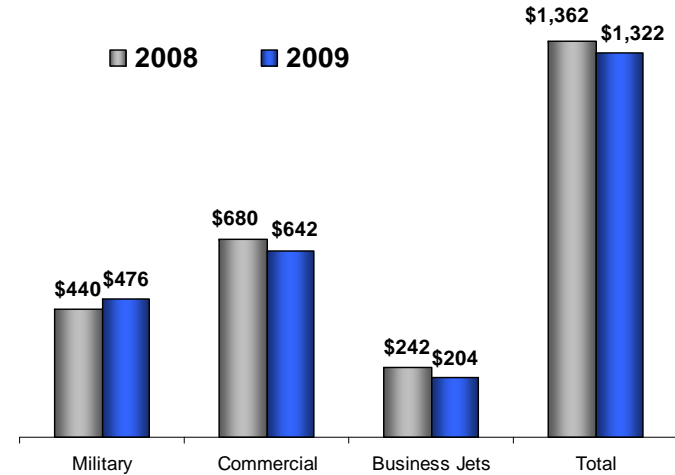
# Revenues

(\$ Millions)

Current Quarter



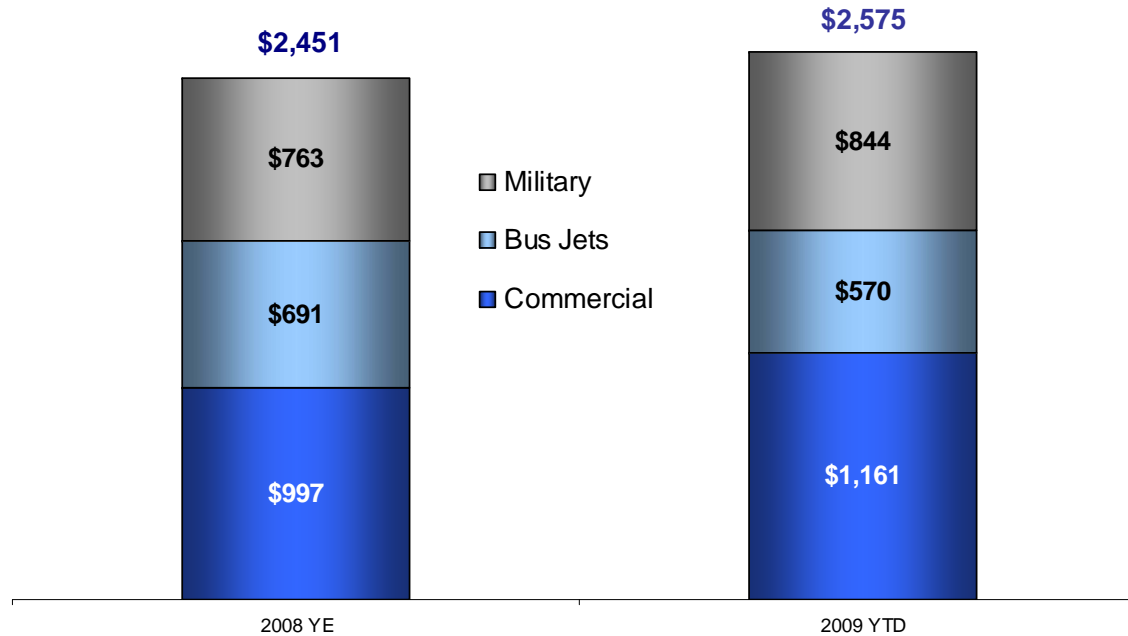
Year to Date



- Commercial
  - Decrease due to the completion of an Airbus contract
- Business Jets
  - Decrease due to lower deliveries from customer directed slow down
- Military
  - Increased deliveries on V-22 and C-130 programs and spare deliveries on C-17 program

# Funded Backlog is up 5% through Q3 2009

(\$ Millions)



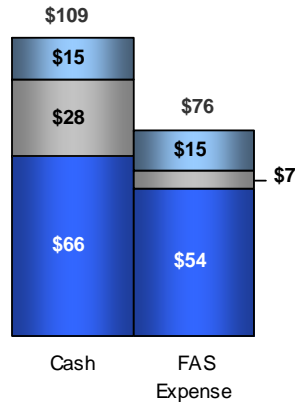
Backlog increase due to start-up and development activities for Boeing 747-8 program partially offset by the cancellation of the Cessna Citation Columbus program

Backlog calculation includes only funded orders  
2008 backlog adjusted to reflect 787 transaction

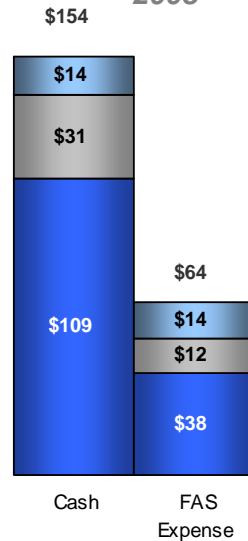
# Pension and OPEB Cash Requirements Lower Year to Date

(\$ Millions)

Q3 Year to Date  
2009

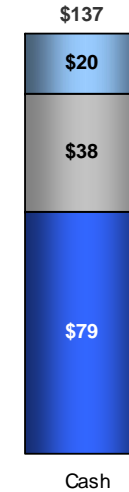


2008



2009 Projection

■ Defined Contribution Plans  
■ OPEB  
■ Pension



- 2009 pension funding of \$79 million based on minimum required funding requirement
- We expect to make contributions to our pension plan for the next several years until we reach the required funding level
- 2009 FAS expense includes \$10M pension and OPEB curtailment related to Nashville strike

# Q3 YTD Adjusted EBITDA

(\$ Millions)

	Year to Date		
	2009	2008	2009 B/(W) 2008
<b>EBITDA</b>	<b>\$370</b>	<b>\$218</b>	<b>\$152</b>
<i>% Margin</i>	<i>28.0%</i>	<i>16.0%</i>	<i>12.0 pts</i>
<b><u>Adjustments</u></b>			
Investment in Boeing 787 & Sale of 787 business	(214)	28	(242)
Unusual Charges - Plant consolidation & other non-recurring program costs and Other	17	9	8
(Gain)/Loss on Disposal of Property, Plant & Equipment	2	(50)	52
Pension & OPEB - Non-cash expense and curtailment	10	0	10
<b>Total Adjusted EBITDA<sup>(1)</sup></b>	<b>\$185</b>	<b>\$205</b>	<b>(\$19)</b>
<i>% Margin</i>	<i>14.0%</i>	<i>15.0%</i>	<i>-1.0 pts</i>
<b>Adjusted EBITDA excluding release of 2008 reserve</b>	<b>\$185</b>	<b>\$182</b>	<b>\$2</b>
<i>% Margin</i>	<i>14.0%</i>	<i>13.4%</i>	<i>0.6 pts</i>

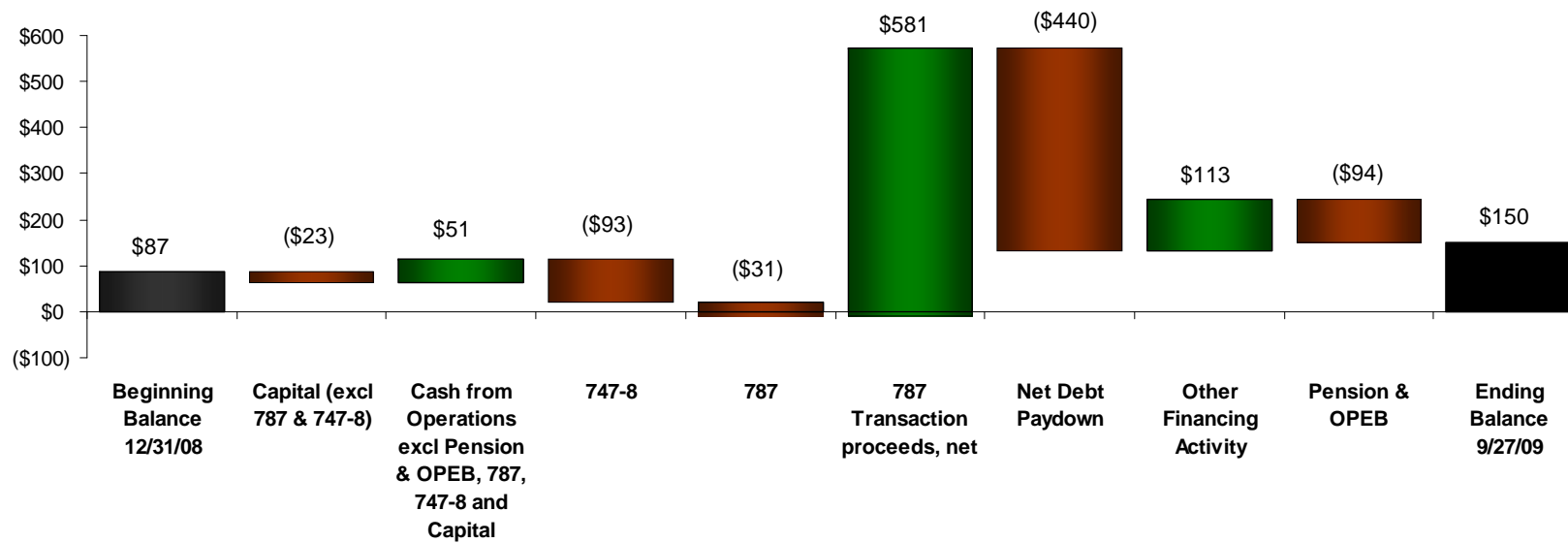
(1) For a full reconciliation of Adjusted EBITDA to GAAP refer to slide 16

## Q3 YTD 2009 Adjusted EBITDA reflects:

- Pension & OPEB Curtailment adjustment of \$10M due to Nashville strike
- Unusual charges are primarily from the impact of the Nashville Strike and sourcing effort

# Q3 YTD 2009 Sources and Uses of Cash

(\$ Millions)



- Cash from Operations positive excluding 747-8 working capital requirements
- Pension funding continued at expected levels
- Ending cash does not include \$44M of restricted cash

# Current Capitalization

(\$ Millions)

	<u>6/28/09</u>	<u>9/27/09</u>	<u>Debt Maturity</u>
Cash & Cash Equivalents	\$125	\$194 <sup>(1)</sup>	
Revolver	135	-	December 22, 2010
Term Loans	625	322	December 22, 2011 <sup>(2)</sup>
Total Bank Debt	<u>\$760</u>	<u>\$322</u>	
8% Senior Notes	270	270	July 15, 2011
Total Debt	<u>\$1,030</u>	<u>\$592</u>	
Net Debt	<u><u>\$905</u></u>	<u><u>\$398</u></u>	
Multiple of Adjusted EBITDA	3.77x	1.62x	

(1) Includes \$44M restricted cash

(2) Under the terms of our credit agreement, we are required to refinance the senior notes by the last business day of 2010 or any term loans outstanding at that time must be repaid

**Proceeds from 787 transaction significantly improved capital structure and liquidity**



# Supplemental Financial Data



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# GAAP Reconciliations

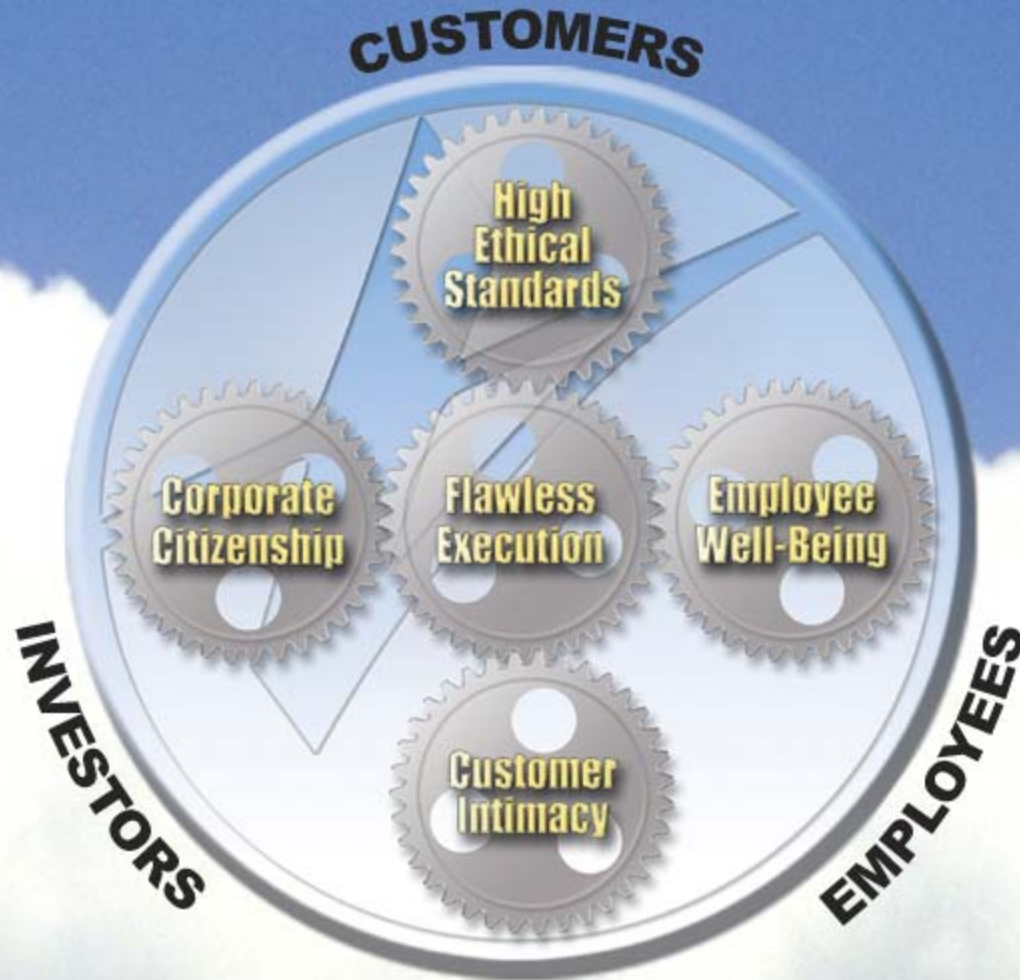
(\$ Millions)

	Q3			Year to Date		
	2009	2008	2009 B/(W) 2008	2009	2008	2009 B/(W) 2008
<b>Net cash provided by (used in) operating activities</b>	\$225	(\$109)	\$334	\$129	(\$147)	\$276
Interest expense, net	20	16	4	44	47	(3)
Income tax	1	0	1	1	0	1
Stock compensation expense	(0)	(1)	0	(1)	(2)	1
Equity in losses of joint venture	0	0	0	0	(1)	1
Loss from asset sales	(40)	2	(41)	(42)	50	(92)
Debt amortization costs	(8)	(2)	(7)	(12)	(4)	(8)
787 Tooling Amortization	0	0	0	1	1	0
Changes in operating assets and liabilities	75	141	(67)	250	273	(23)
<b>EBITDA</b>	<b>\$272</b>	<b>\$47</b>	<b>\$225</b>	<b>\$370</b>	<b>\$218</b>	<b>\$152</b>
787 Transaction	(223)	6	(229)	(214)	28	(242)
Unusual charges & Other	3	1	2	19	(41)	60
Pension & OPEB curtailment and non-cash expense	0	0	0	10	0	10
<b>Adjusted EBITDA</b>	<b>\$59</b>	<b>\$55</b>	<b>\$4</b>	<b>\$185</b>	<b>\$205</b>	<b>(\$19)</b>

# GAAP Reconciliations

(\$ Millions)

	Q3			Year to Date		
	2009	2008	2009 B/(W) 2008	2009	2008	2009 B/(W) 2008
Net Cash provided by (used in) operating activities	\$225	(\$109)	\$334	\$129	(\$147)	\$276
Less: Capital Expenditures	(3)	(9)	6	(28)	(42)	14
<b>Free Cash Flow</b>	<b>\$222</b>	<b>(\$118)</b>	<b>\$340</b>	<b>\$101</b>	<b>(\$189)</b>	<b>\$290</b>



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