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Vought Reports Third Quarter 2003 Earnings

DALLAS, NOV. 12, 2003 – Vought Aircraft Industries, Inc. today reported results for its third quarter and nine-month period ending Sept. 28, 2003. Vought's acquisition of The Aerostructures Corp. was completed on July 2, 2003, and this is the first quarter to include Aerostructures' financial performance.

Net sales for the third quarter 2003 were \$314.1 million, an increase of 5.7 percent compared to \$297.2 million in the same period a year ago. The increase in net sales is due to contribution from Aerostructures and higher military sales, partially offset by lower commercial sales. Without contribution from Aerostructures, net sales would have been down 13 percent. Net loss for the third quarter 2003 was (\$7.5) million, compared to a net loss of (\$15.5) million for the same period last year. Net loss in the third quarter of 2003 was impacted by a \$10 million charge taken due to Boeing's decision to terminate the 757 program. Adjusted EBITDA, as defined by our senior secured credit agreement, for the third quarter 2003 was \$66.7 million, compared to \$34.4 million for the same period last year. The increase in adjusted EBITDA is the result of aggressive cost reduction initiatives implemented over the last year.

Net sales for the first nine months of 2003 were \$851.8 million, a decrease of 8 percent compared to \$926 million for the same period last year, due to the continuing cyclical downturn in the commercial aerospace industry. Lower commercial sales were partially offset by contribution from Aerostructures and higher military sales. Net loss for the first nine months of 2003 was (\$12) million, compared to a net loss of (\$42.5) million for the first nine months of 2002. In addition to the \$10 million charge for the 757 taken in the third quarter, the 2003 net loss reflects a \$11.1 million non-cash stock compensation expense taken in the first quarter of 2003. Adjusted EBITDA for the nine months of 2003 was \$150.4 million, compared to \$136.9 million for the same period last year. Had the acquisition of The Aerostructures Corp. been completed on Sept. 28, 2002, adjusted EBITDA would have been \$229 million.

"I am pleased with the overall financial and operating performance of Vought and Aerostructures in a challenging operating environment," said Vought's President and Chief Executive Officer Tom Risley. "We are continuing to integrate the Aerostructures business into our organization and continue to provide superior products and services to our customers. We have been able to grow our military business and were able to extend a number of our commercial contracts. This performance positions us well for the future."

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Vought Aircraft Industries, Inc. (www.voughtaircraft.com) is one of the world's largest independent suppliers of aerostructures. Headquartered in Dallas, the company designs and manufactures major airframe structures such as wings, fuselage subassemblies, empennages, nacelles and other components for prime manufacturers of aircraft. Vought has annual sales of approximately \$1.2 billion and more than 6,000 employees in seven U.S. locations.

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This release contains 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 could differ materially from those anticipated due to the company's dependence on conditions in the airline industry, the level of new commercial aircraft orders, production rates for commercial and military aircraft, the level of defense spending, competitive pricing pressures, 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.

VOUGHT AIRCRAFT INDUSTRIES, INC.
Condensed Consolidated Statements of Operations
(Dollars In Millions)
(Unaudited)

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 28, 2003</u>	<u>September 29, 2002</u>	<u>September 28, 2003</u>	<u>September 29, 2002</u>
Net Sales	\$314.1	\$297.2	\$851.8	\$926.0
Costs and expenses				
Cost of Sales	252.3	262.6	675.3	804.5
Selling, general and administrative expenses	58.7	40.2	168.1	135.5
Total costs and expenses	<u>311.0</u>	<u>302.8</u>	<u>843.4</u>	<u>940.0</u>
Operating income (loss)	3.1	(5.6)	8.4	(14.0)
Other income (expense)				
FAS 133 non-cash income (expense)-interest rate swaps	2.8	0.5	7.6	3.1
Interest income	0.5	0.7	1.6	1.7
Interest expense	<u>(13.9)</u>	<u>(11.1)</u>	<u>(29.6)</u>	<u>(33.3)</u>
Loss before income taxes	(7.5)	(15.5)	(12.0)	(42.5)
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss	<u><u>(\$7.5)</u></u>	<u><u>(\$15.5)</u></u>	<u><u>(\$12.0)</u></u>	<u><u>(\$42.5)</u></u>

Vought Aircraft Industries, Inc.
Condensed Consolidated Balance Sheets
(Dollars In Millions)
Unaudited

	<u>September 28, 2003</u>	<u>December 31, 2002</u>
Assets		
Current assets:		
Cash and cash equivalents	\$187.0	\$68.6
Trade and other receivables	123.8	86.7
Inventories	209.5	202.7
Other current assets	4.0	4.6
Total current assets	524.3	362.6
Property, plant and equipment, net	397.7	334.7
Goodwill, net	452.2	96.7
Identifiable intangible assets, net	202.2	71.5
Debt origination costs, net and other assets	19.5	7.8
Total assets	\$1,595.9	\$873.3
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable, trade	56.0	38.3
Accrued and other liabilities	92.5	68.4
Accrued payroll and employee benefits	63.7	72.5
Accrued postemployment benefits - current	54.1	43.8
Derivative liability - interest rate swaps	2.8	10.3
Accrued contract liabilities	246.7	104.3
Total current liabilities	515.8	337.6
Long-term liabilities:		
Accrued postemployment benefits, net of current portion	482.7	389.6
Accrued pension	287.6	234.0
Long-term bank debt	295.9	395.6
Long-term bond debt	270.0	-
Other non-current liabilities	21.5	19.4
Total liabilities	1,873.5	1,376.2
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock par value \$.01; 50,000,000 shares authorized, 25,011,452 and 17,896,965 issued and outstanding in 2003, and 2002 respectively	0.3	0.2
Additional paid-in capital	418.0	178.8
Shares held in rabbi trust	(1.9)	(1.9)
CMG escrow	(2.0)	-
Stockholders' loans	(2.3)	(2.3)
Accumulated deficit	(161.0)	(149.0)
Accumulated other comprehensive loss	(528.7)	(528.7)
Total stockholders' equity (deficit)	(\$277.6)	(\$502.9)
Total liabilities and stockholders' equity (deficit)	\$1,595.9	\$873.3

VOUGHT AIRCRAFT INDUSTRIES, INC.
Condensed Consolidated Statements of Adjusted EBITDA
(\$ in Millions)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended		Pro Forma Combined For the Twelve Months Ended September 28, 2003
	September 28, 2003	September 29, 2002	September 28, 2003	September 29, 2002	
	Net loss	(\$7.5)	(\$15.5)	(\$12.0)	
Plus:					
Provision for income taxes					1.9
Interest, net	10.6	9.9	20.4	28.5	46.1
Depreciation	15.3	11.9	39.8	35.2	71.0
Amortization	7.3	4.0	14.8	12.1	26.2
Impairment of goodwill and purchased intangibles					5.9
EBITDA	25.7	10.3	63.0	33.3	105.8
Adjusted EBITDA					
Plus:					
Unusual charges - Perry	0.2	2.8	0.6	6.5	5.8
Unusual charges - loss on disposal of capital lease	0.8	0.0	0.8	0.0	
Unusual charges - merger integration expenses	0.1	0.0	0.1	0.0	
Unusual charges - 757 cancellation	10.0	0.0	10.0	0.0	10.0
Non-cash charges	16.9	7.6	37.8	54.0	57.6
Amortization of learning inventory	1.1	1.2	2.9	3.5	3.5
Amortization of stepped up inventory	11.9	12.5	35.2	39.6	46.1
Total Adjusted EBITDA	\$66.7	\$34.4	\$150.4	\$136.9	\$228.8