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Vought Reports Second Quarter 2004 Earnings

DALLAS, August 10, 2004 - Vought Aircraft Industries, Inc. today reported financial results for its second quarter ending June 27, 2004.

Net sales for the second quarter 2004 were \$294.2 million, an increase of 7.3 percent compared to \$274.2 million in the same period a year ago. The increase in net sales is due to the acquisition of The Aerostructures Corp. in July 2003 partially offset by lower C-17 revenues. Net loss for the second quarter 2004 was \$14.8 million, compared to net earnings of \$5.3 million for the same period last year. Net loss in the second quarter 2004 was impacted by restructuring and facility consolidation charges of \$15.5 million related to the company's Feb. 26 announcement to consolidate its Nashville, Tennessee and Stuart, Florida operations to its Dallas facility and higher net interest expense. Adjusted EBITDA, as defined by our senior secured credit agreement, for the second quarter 2004 was \$44.0 million, compared to \$40.5 million for the same period last year.

"Our strategy is to sustain the appropriate focus on our consolidation activities and continue our efforts to win new military and commercial business," said Vought's President and Chief Executive Officer Tom Risley. "We must also maintain the product quality levels we have in our deliveries to current customers."

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.
Consolidated Statements of Operations
(\$ in millions)

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2004	June 29, 2003	June 27, 2004	June 29, 2003
Net sales	\$ 294.2	\$ 274.2	\$ 589.1	\$ 537.7
Costs and expenses				
Cost of sales	236.5	210.8	483.2	423.0
Selling, general and administrative expenses	63.0	53.8	125.7	109.4
Total costs and expenses.....	299.5	264.6	608.9	532.4
Operating income (loss)	(5.3)	9.6	(19.8)	5.3
Other income (expense)				
Non-cash income -interest rate swaps	—	2.6	—	4.8
Interest income	0.6	0.6	1.1	1.1
Interest expense	(10.1)	(7.5)	(19.8)	(15.7)
Income (loss) before income taxes.....	(14.8)	5.3	(38.5)	(4.5)
Income taxes	—	—	—	—
Net income (loss)	<u>\$ (14.8)</u>	<u>\$ 5.3</u>	<u>\$ (38.5)</u>	<u>\$ (4.5)</u>

Vought Aircraft Industries, Inc.
Condensed Consolidated Statements of Adjusted EBITDA
(\$ in Millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	6/27/04	06/29/03	6/27/04	06/29/03
Net Income (loss)	\$(14.8)	\$5.3	\$(38.5)	\$(4.5)
Plus:				
Interest, net	9.5	4.3	18.7	9.8
Depreciation and amortization	19.9	16.0	42.1	31.9
EBITDA	14.6	25.6	22.3	37.2
Adjusted EBITDA				
Plus:				
Unusual charges – Plant consolidation and other merger & integration expenses	5.4	.1	19.4	.4
Pension & OPEB Curtailment	11.9	-	11.9	-
Non-recurring investment in Boeing 7E7	9.0	-	9.0	-
Non-cash forward loss accruals	-	1.8	-	9.9
Stock Compensation	-	-	-	11.1
Amortization of learning inventory	0.6	0.9	1.3	1.8
Amortization of stepped up inventory	2.5	12.1	7.3	23.3
Total Adjusted EBITDA	\$44.0	\$40.5	\$71.2	\$83.7

Vought Aircraft Industries, Inc.
Reconciliation of Adjusted EBITDA to Net Cash
(\$ in Millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	6/27/04	06/29/03	6/27/04	06/29/03
Adjusted EBITDA (unaudited).....	\$ 44.0	\$ 40.5	\$ 71.2	\$ 83.7
Less:				
Unusual items.....	5.4	.1	19.4	.4
Non-cash expense	15.0	14.8	20.5	46.1
Non-Recurring investment in Boeing 7E7.....	9.0	-	9.0	-
EBITDA (unaudited)	14.6	25.6	22.3	37.2
Less:				
Interest expense and other, net (a).....	9.5	4.3	18.7	9.8
Depreciation and amortization (b).....	19.9	16.0	42.1	31.9
Net income (loss)	(14.8)	5.3	(38.5)	(4.5)
Plus:				
Depreciation and amortization (b).....	19.9	16.0	42.1	31.9
Stock compensation expense.....	-	-	-	11.1
Amortization of debt issuance costs and other.....	2.1	0.5	1.5	1.5
Loss on disposition of property, plant and equipment.....	-	0.1	1.5	0.2
Gain on derivative financial instruments and cumulative effect of a change in accounting principle	-	(2.6)	-	(4.8)
Change in operating assets and liabilities:	-	-	-	-
Accounts receivable	(5.5)	24.6	(4.7)	5.8
Inventories.....	1.8	8.9	(12.2)	19.9
Other current assets	2.1	0.9	0.7	1.9
Accounts payable	(3.3)	(5.1)	22.4	6.9
Accrued Interest	-	-	0.4	-
Accrued payroll and employee benefits	0.6	2.1	(6.0)	(24.0)
Accrued & other liabilities	1.1	0.4	(1.8)	(5.6)
Accrued contract liabilities.....	(97.3)	(39.5)	1.4	122.2
Other assets and liabilities - long term	57.2	(1.9)	66.8	2.9
Net cash provided by operating activities.....	\$(36.1)	\$ 9.7	\$ 73.6	\$165.4
Net cash used in investing activities	\$ (7.8)	\$ (8.1)	\$(16.3)	\$(13.8)
Net cash used in financing activities.....	\$ (0.6)	\$ (9.7)	\$(1.1)	\$(39.7)

(a) Interest expense, net includes interest rate swaps gain.

(b) Depreciation and amortization excludes debt origination cost amortization, which is included in interest expense, net.

Vought Aircraft Industries, Inc.
Consolidated Balance Sheets
(\$ in millions) (unaudited)

	6/27/04	12/31/03
Assets		
Current assets:		
Cash and cash equivalents	\$ 162.6	\$ 106.4
Accounts receivable.....	119.2	114.5
Inventories.....	209.5	197.3
Other current assets	5.7	6.4
Total current assets.....	497.0	424.6
Property, plant and equipment, net.....	396.8	414.1
Goodwill, net.....	527.7	527.7
Identifiable intangible assets, net.....	106.5	114.9
Debt origination costs, net and other assets.....	16.9	18.4
Total assets	\$ 1,544.9	\$ 1,499.7
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable, trade.....	\$76.7	\$54.3
Accrued and other liabilities.....	76.3	77.7
Accrued payroll and employee benefits	40.4	46.4
Accrued post-employment benefits-current	54.1	54.1
Accrued pension-current	30.5	30.5
Capital lease obligation	1.0	1.2
Accrued contract liabilities	194.0	192.6
Total current liabilities	473.0	456.8
Long-term liabilities:		
Accrued post employment benefits	491.5	477.7
Accrued pension	293.8	282.0
Long-term bank debt	295.9	295.9
Long-term bond debt	270.0	270.0
Long-term capital lease obligation	2.4	3.3
Other non-current liabilities	79.7	36.9
Total liabilities	1,906.3	1,822.6
Stockholders' equity (deficit):		
Common stock, par value \$.01; 50,000,000 shares authorized, 25,015,552 and 25,012,052 issued and outstanding in 2004 and 2003, respectively	0.3	0.3
Additional paid-in capital	418.0	418.0
Shares held in rabbi trust and CMG escrow	(3.9)	(3.9)
Stockholders' loans	(2.3)	(2.3)
Accumulated deficit	(257.9)	(219.4)
Accumulated other comprehensive loss	(515.6)	(515.6)
Total stockholders' equity (deficit)	\$ (361.4)	\$ (322.9)
Total liabilities and stockholders' equity (deficit)	\$ 1,544.9	\$ 1,499.7