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Vought Reports Fourth Quarter 2003 Earnings

DALLAS, MARCH 30, 2004 – Vought Aircraft Industries, Inc. today reported results for its fourth quarter and year ending Dec. 31, 2003.

Net sales for the fourth quarter 2003 were \$357.0 million, an increase of 30 percent compared to \$274.7 million in the same period a year ago. The increase in net sales is due to the acquisition of The Aerostructures Corp. in July as well as increased military sales. Net loss for the fourth quarter 2003 was \$55.4 million, compared to a net loss of \$37.2 million for the same period last year. Net loss in the fourth quarter of 2003 was impacted by forward losses recorded on several of the company's long-term commercial contracts. Adjusted EBITDA, as defined by our senior secured credit agreement, for the fourth quarter 2003 was \$53.6 million, as compared to \$28.0 million for the same period last year. The increase in adjusted EBITDA is the result of increased revenue as well as performance improvements on certain military and commercial programs.

Net sales for the fiscal year ending Dec. 31 were \$1,208.8 million, a increase of 0.7 percent compared to \$1,200.7 million for the same period last year, due to the acquisition of The Aerostructures Corp. in July and increased military sales, partially offset by lower commercial revenues. Net loss for the fiscal year ending Dec. 31 was \$70.4 million, compared to a net loss of \$79.7 million for the same period in 2002. Adjusted EBITDA for the fiscal year ending Dec. 31 was \$201.0 million, compared to \$164.9 million for the same period last year. Had the acquisition of The Aerostructures Corp. been completed on Dec. 31, 2002, adjusted EBITDA would have been \$228.2 million.

On Feb. 26, Vought announced it will receive a \$35 million grant from the Texas Enterprise Fund, which will be combined with the company's capital resources and other resources from the State of Texas to modernize and consolidate operations in its Dallas headquarters. Vought intends to move work from its Nashville, Tenn. and Stuart, Fla., operations to Dallas over the next 18 to 36 months.

"Vought continues to perform well financially in a challenging market environment," said Vought's President and Chief Executive Officer Tom Risley. "We're excited by the opportunity to work with the state of Texas and several other government agencies to consolidate operations into Dallas. In doing so, we will be able to optimize our capacity, implement new technologies and be well positioned for long-term growth."

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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)

	3 Months Ended		12 Months Ended	
	<u>12/31/03</u>	<u>12/31/02</u>	<u>12/31/03</u>	<u>12/31/02</u>
Net Sales	\$357.0	\$274.7	\$1,208.8	\$1200.7
Costs and expenses				
Cost of Sales	333.9	239.0	1,012.3	1,051.9
Selling, general and administrative expenses	66.6	59.8	234.6	186.8
Intangible impairment charge	-	5.9	-	5.9
Total costs and expenses	<u>400.5</u>	<u>304.7</u>	<u>1,246.9</u>	<u>1,244.6</u>
Operating income (loss)	(43.5)	(30.0)	(38.1)	(43.9)
Other income (expense)				
Non-cash income (expense)-interest rate swaps	2.7	3.0	10.3	6.1
Interest income	0.5	0.7	2.1	2.3
Interest expense	<u>(12.8)</u>	<u>(10.9)</u>	<u>(42.4)</u>	<u>(44.2)</u>
Loss before income taxes	(53.1)	(37.2)	(68.1)	(79.7)
Income taxes	(2.3)	-	(2.3)	-
Net loss	<u>(\$55.4)</u>	<u>(\$37.2)</u>	<u>(\$70.4)</u>	<u>(\$79.7)</u>

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

	3 Months Ended		12 months Ended		Pro Forma
					Combined For
	12/31/03	12/31/02	12/31/03	12/31/02	the Twelve
					Months Ended
					12/31/03
Net loss	(\$55.4)	(\$37.2)	(\$70.4)	(\$79.7)	(\$67.2)
Plus:					
Provision for income taxes	2.3	-	2.3	-	2.3
Interest, net	9.6	7.3	30.0	35.8	40.8
Depreciation	15.4	12.0	55.1	47.2	68.3
Amortization	2.2	4.1	17.1	16.2	17.1
Impairment of goodwill and purchased intangibles	-	5.9	-	5.9	-
EBITDA	(25.9)	(7.9)	34.1	25.4	61.3
Adjusted EBITDA					
Plus:					
Unusual charges – Perry and other merger & integration expenses	0.6	5.2	1.2	11.7	1.2
Unusual charges – 757 cancellation	(5.6)	-	4.4	-	4.4
Non-cash charges	73.7	19.2	112.4	73.2	112.4
Amortization of learning inventory	0.9	0.6	3.8	4.1	3.8
Amortization of stepped up inventory	9.9	10.9	45.1	50.5	45.1
Total Adjusted EBITDA	\$53.6	\$28.0	\$201.0	\$164.9	\$228.2

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

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Assets		
Current Assets:		
Cash and Cash equivalents	\$106.4	\$68.6
Trade and other receivables	114.5	86.7
Inventories	197.3	202.7
Other Current assets	6.4	4.6
Total current assets	424.6	362.6
Property, plant and equipment, net	414.1	334.7
Goodwill, net	527.7	96.7
Identifiable intangible assets, net	114.9	71.5
Debt origination costs, net and other assets	18.4	7.8
Total assets	\$1,499.7	\$873.3
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable, trade	54.3	38.3
Accrued and other liabilities	96.5	68.4
Accrued payroll and employee benefits	46.4	55.8
Accrued postemployment benefits – current	54.1	43.8
Accrued pension – current	30.5	16.7
Derivative liability – interest rate swaps	-	10.3
Capital lease obligation	1.2	-
Accrued contract liabilities	192.6	104.3
Total current liabilities	475.6	337.6
Long-term liabilities:		
Accrued postemployment benefits, net of current portion	477.7	389.6
Accrued pension	282.0	234.0
Long-term bank debt	295.9	395.6
Long-term bond debt	270.0	-
Other non-current liabilities	21.4	19.4
Total Liabilities	1,822.6	1,376.2
Stockholders' equity (deficit):		
Common stock par value \$.01; 50,000,000 shares authorized, 25,012,052 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	(219.4)	(149.0)
Accumulated other comprehensive loss	(515.6)	(528.7)
Total stockholders' equity (deficit)	(\$322.9)	(\$502.9)
Total liabilities and stockholders' equity (deficit)	\$1,499.7	\$873.3