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Vought Reports Fourth Quarter, Year-End 2004 Earnings

DALLAS, MARCH 30, 2005 – Vought Aircraft Industries, Inc. today reported results for its fourth quarter and year ending Dec. 31, 2004.

Net sales for the fourth quarter 2004 were \$330.3 million, a decrease of 7.5 percent compared to \$357 million in the same period a year ago. The decrease in net sales is primarily due to lower prices received for the C-17 and lower Boeing Commercial deliveries, partially offset by an increase in deliveries for Airbus. Net loss for the fourth quarter 2004 was \$74.9 million, compared to a net loss of \$55.4 million for the same period last year. Net loss in the fourth quarter of 2004 was impacted by the company's on-going facility consolidation project, nonrecurring investments in the Boeing 787 program and a non-cash identified intangible asset impairment charge of \$26.0 million. Adjusted EBITDA, as defined by our senior secured credit agreement, for the fourth quarter 2004 was \$51.8 million, as compared to \$53.6 million for the same period last year.

Net sales for the fiscal year ending December 31 were \$1,214.7 million, an increase of less than 1 percent compared to \$1,208.8 million for the same period last year, primarily attributable to increased sales to Airbus partially offset by lower C-17 revenues. Net loss for the fiscal year ending December 31 was \$155.0 million, compared to a net loss of \$70.4 million for the same period in 2003 and was primarily due to the company's on-going facility consolidation project, nonrecurring investments in the Boeing 787 program and a non-cash identified intangible asset impairment charge of \$26.0 million. Adjusted EBITDA for the fiscal year ending December 31 was \$153.7 million, compared to \$201.0 million for the same period last year. The decrease in adjusted EBITDA is primarily attributable due to lower prices received for the C-17 Program.

"We remain focused on and are performing to our plans in this challenging environment," said Vought's Chairman, President and Chief Executive Officer Tom Risley. "Our facility consolidation project, investments in the Boeing 787 Program and recent win of the Sikorsky BLACK HAWK program are positioning the company to compete and win in our marketplace."

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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.
Consolidated Statements of Operations
(\$ in millions)

(Unaudited)

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Net sales	\$ 330.3	\$ 357.0	\$ 1,214.7	\$ 1,208.8
Costs and expenses				
Cost of sales	281.8	334.0	1,027.5	1,012.3
Selling, general and administrative expenses	83.5	66.5	273.6	234.6
Intangible impairment charge	26.0	-	26.0	-
Total costs and expenses.....	<u>391.3</u>	<u>400.5</u>	<u>1,327.1</u>	<u>1,246.9</u>
Operating loss	(61.0)	(43.5)	(112.4)	(38.1)
Other income (expense)				
Non-cash income -interest rate swaps	—	2.7	—	10.3
Interest income	0.6	0.5	2.4	2.1
Interest expense	<u>(14.7)</u>	<u>(12.8)</u>	<u>(45.2)</u>	<u>(42.4)</u>
Loss before income taxes	(75.1)	(53.1)	(155.2)	(68.1)
Income taxes	0.2	(2.3)	0.2	(2.3)
Net loss	<u>\$ (74.9)</u>	<u>\$ (55.4)</u>	<u>\$ (155.0)</u>	<u>\$ (70.4)</u>

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

	Twelve Months			
	Three Months Ended		Ended	
	12/31/04	12/31/03	12/31/04	12/31/03
Net loss	\$(74.9)	\$(55.4)	\$(155.0)	\$(70.4)
Plus:				
Provision for income taxes	(0.2)	2.3	(0.2)	2.3
Interest, net	14.1	9.6	42.8	30.0
Depreciation and amortization	24.6	17.6	89.2	72.2
EBITDA	(36.4)	(25.9)	(23.2)	34.1
 Adjusted EBITDA				
Plus:				
Unusual charges – Plant consolidation and other merger & integration expenses	19.5	0.6	56.8	1.2
Unusual charge – Cancellation of 757	-	(5.6)	-	4.4
Loss on disposal of property, plant and equipment	3.1	-	4.7	-
Loss on disposal of capital lease	-	(0.8)	-	-
Closing cost from acquisition of Vought	0.1	-	0.9	-
Pension & OPEB Curtailment	4.5	-	20.7	-
Non-recurring investment in Boeing 787	9.6	-	24.7	-
Non-cash forward loss accruals	-	65.4	-	87.3
Stock Compensation	-	-	-	11.1
Management fees & expenses	5.6	-	5.6	-
Impairment charge/intangibles	26.0	-	26.0	-
FAS 87 & FAS 106 expense over cash contributions	19.3	9.1	26.5	14.0
Amortization of learning inventory	0.2	0.9	2.1	3.8
Amortization of stepped up inventory	0.3	9.9	8.9	45.1
Total Adjusted EBITDA	\$51.8	\$53.6	\$153.7	\$201.0

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

	Three Months Ended		Twelve Months Ended	
	12/31/04	12/31/03	12/31/04	12/31/03
Adjusted EBITDA (unaudited).....	\$ 51.8	\$ 53.6	\$ 153.7	\$ 201.0
Less:				
Unusual items	25.2	(5.0)	63.3	5.6
Non-cash expense	53.4	84.5	88.9	161.3
Non-recurring investment in Boeing 787.....	9.6	-	24.7	-
EBITDA (unaudited).....	(36.4)	(25.9)	(23.2)	34.1
Less:				
Income taxes	(0.2)	2.3	(0.2)	2.3
Interest expense and other, net.....	14.1	9.6	42.8	30.0
Depreciation and amortization	24.6	17.6	89.2	72.2
Net loss	(74.9)	(55.4)	(155.0)	(70.4)
Plus:				
Depreciation and amortization	24.6	17.6	89.2	72.2
Intangible impairment charge	26.0	-	26.0	-
Stock compensation expense	-	-	-	11.1
Amortization of debt issuance costs and other	4.0	1.1	6.4	4.3
Loss on disposition of property, plant and equipment.....	3.1	0.4	4.7	2.0
Gain on derivative financial instruments and cumulative effect of a change in accounting principle.....	-	(2.7)	-	(10.3)
Change in operating assets and liabilities:				
Accounts receivable	16.9	9.4	(8.7)	0.4
Inventories.....	(61.6)	10.0	(82.0)	27.8
Other current assets	(0.9)	(2.9)	(0.6)	(1.8)
Accounts payable	19.1	(1.7)	46.4	2.6
Accrued interest	5.1	-	-	-
Accrued payroll and employee benefits	4.5	13.2	5.0	(3.8)
Accrued & other liabilities	18.2	(15.1)	14.2	(6.5)
Accrued contract liabilities	(70.4)	(54.1)	(50.6)	56.0
Other assets and liabilities – long term	0.1	13.4	79.2	15.2
Net cash provided by/(used in) operating activities.....	\$ (86.2)	\$ (66.8)	\$ (25.8)	\$ 98.8
Net cash used in investing activities.....	\$ (40.1)	\$ (13.8)	\$ (69.6)	\$ (217.8)
Net cash provided by financing activities.....	\$ 119.2	\$ -	\$ 117.9	\$ 156.8

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

	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 128.9	\$ 106.4
Accounts receivable.....	123.2	114.5
Inventories	279.3	197.3
Other current assets.....	7.2	6.4
Total current assets	538.6	424.6
Property, plant and equipment, net.....	407.7	414.1
Goodwill, net.....	527.7	527.7
Identifiable intangible assets, net.....	91.5	114.9
Debt origination costs, net and other assets.....	23.5	18.4
Total assets	\$ 1,589.0	\$ 1,499.7
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable, trade.....	\$ 100.7	\$ 54.3
Accrued and other liabilities	90.0	77.7
Accrued payroll and employee benefits.....	51.4	46.4
Accrued post-employment benefits-current.....	57.3	54.1
Accrued pension-current.....	27.2	30.5
Capital lease obligation.....	0.9	1.2
Current portion of long-term debt.....	4.0	-
Accrued contract liabilities	142.0	192.6
Total current liabilities	473.5	456.8
Long-term liabilities:		
Accrued post employment benefits.....	486.9	477.7
Accrued pension	420.7	282.0
Long-term bank debt.....	421.0	295.9
Long-term bond debt	270.0	270.0
Long-term capital lease obligation.....	2.0	3.3
Other non-current liabilities.....	69.4	36.9
Total liabilities.....	2,143.5	1,822.6
Stockholders' 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	(1.9)	(3.9)
Stockholders' loans.....	(2.3)	(2.3)
Accumulated deficit.....	(374.4)	(219.4)
Accumulated other comprehensive loss.....	(594.2)	(515.6)
Total stockholders' deficit	\$ (554.5)	\$ (322.9)
Total liabilities and stockholders' deficit	\$ 1,589.0	\$ 1,499.7