Spirit AeroSystems Holdings, Inc.
Form 424B1
May 22, 2007

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PROSPECTUS

Filed Pursuant to Rule 424(b)(1)
Registration No. 333-142689

31,516,802 Shares

Spirit AeroSystems Holdings, Inc.

Class A Common Stock

The selling stockholders named in this prospectus are selling 31,516,802 shares of class A common stock. We will not receive any proceeds from the sale of the shares by the selling stockholders.

The underwriters have an option to purchase a maximum of 3,151,682 additional shares of class A common stock from the selling stockholders to cover over-allotments of shares. The underwriters can exercise this right at any time within 30 days from the date of this prospectus.

Our class A common stock is listed on the New York Stock Exchange under the symbol SPR. On May 21, 2007, the closing price of our common stock, as reported by the NYSE Consolidated Tape, was $33.94 per share.

Investing in our class A common stock involves risks. See Risk Factors beginning on page 10.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholders
Per Share	$ 33.50	$ 1.2563	$ 32.2437
Total	$ 1,055,812,867	$ 39,594,558.3526	$ 1,016,218,308.6474

Delivery of the shares of class A common stock will be made on or about May 25, 2007.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **Goldman, Sachs & Co.** **Morgan Stanley**

Banc of America Securities LLC
Citi
Cowen and Company
Deutsche Bank Securities
GMP Securities L.P.
Jefferies & Company
JPMorgan
Lehman Brothers
Merrill Lynch & Co.
RBC Capital Markets
Scotia Capital
UBS Investment Bank

Westwind Partners

The date of this prospectus is May 21, 2007.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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ABOUT THIS PROSPECTUS

Unless the context otherwise indicates or requires, as used in this prospectus, references to we, us, our or the compar refer to Spirit AeroSystems Holdings, Inc., its subsidiaries and predecessors. References to Spirit refer only to our subsidiary, Spirit AeroSystems, Inc., and references to Spirit Holdings refer only to Spirit AeroSystems Holdings, Inc. References to Boeing refer to The Boeing Company and references to Airbus refer to Airbus S.A.S. References to Onex entities refer to Onex Partners LP, Onex Corporation and their respective partners and affiliates that, after giving effect to this offering, will beneficially own 95.6% of our class B common stock, and Onex refers to Onex Corporation and its affiliates, including Onex Partners LP. References to OEMs refer to aircraft original equipment manufacturers. Except as otherwise indicated, all of the information presented in this prospectus assumes no exercise by the underwriters of their option to purchase 3,151,682 shares of class A common stock from the selling stockholders solely to cover over-allotments, if any.

Spirit Holdings was formed on February 7, 2005. However, it did not commence operations until June 17, 2005, following the acquisition of Boeing Wichita. The audited consolidated financial statements of Spirit Holdings included in this prospectus include the period from February 7, 2005 (date of inception) through December 29, 2005 and the twelve month period ended December 31, 2006. Throughout this prospectus, we refer to Spirit Holdings results of operations for the period from June 17, 2005 (date of commencement of operations) through December 29, 2005, which are substantially identical to Spirit Holdings results of operations for the period from February 7, 2005 through December 29, 2005.

This prospectus incorporates by reference the following documents that we have previously filed with the Securities and Exchange Commission (Commission File No. 001-33160): (1) Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed on March 5, 2007; (2) Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2007, filed on May 7, 2007; (3) Current Report on Form 8-K filed on February 12, 2007; and (4) Definitive Proxy Statement for our annual meeting of stockholders filed on April 9, 2007.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe, project, or continue, or c words. These statements reflect management s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements.

Important factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to:

- our ability to continue to grow our business and execute our growth strategy;
- the build rates of certain Boeing aircraft including, but not limited to, the B737 program, the B747 program, the B767 program and the B777 program and build rates of the Airbus A320 and A380 programs;
- our ability to enter into supply arrangements with additional customers and to satisfy performance requirements under existing supply contracts with Boeing and Airbus;
- any adverse impact on Boeing s production of aircraft resulting from reduced orders by Boeing s customers;
- the success and timely progression of Boeing s new B787 aircraft program, including receipt of necessary regulatory approvals;
- future levels of business in the aerospace and commercial transport industries;
- competition from original equipment manufacturers and other aerostructures suppliers;
- the effect of governmental laws, such as U.S. export control laws, environmental laws and agency regulation, in the U.S. and abroad;
- the effect of new commercial and business aircraft development programs, their timing and resource requirements that may be placed on us;
- the cost and availability of raw materials;
- our ability to recruit and retain highly skilled employees and our relationships with the unions representing many of our employees;
- spending by the United States and other governments on defense;
- our continuing ability to operate successfully as a stand alone company;
- the outcome or impact of ongoing or future litigation and regulatory actions; and
- our exposure to potential product liability claims.

These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Except to the extent required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

You should review carefully the sections captioned Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus for a more complete discussion of these and other factors that may affect our business.

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INDUSTRY AND MARKET DATA

The market data and other statistical information used throughout this prospectus are based on independent industry publications. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as independent industry publications, government publications, reports by market research firms or other published independent sources. Although we believe that these sources are reliable, we have not independently verified the information. None of the independent industry publications used in this prospectus was prepared on our or our affiliates behalf or at our expense.

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SUMMARY

This summary highlights information contained elsewhere (or incorporated by reference) in this prospectus. This summary does not contain all of the information you should consider before investing in our class A common stock. You should read the entire prospectus carefully, including the section describing the risks of investing in our class A common stock under the caption Risk Factors, the documents incorporated by reference in the section entitled Incorporation of Certain Documents by Reference and our financial statements and related notes included elsewhere in this prospectus before making an investment decision. Some of the statements in this summary constitute forward-looking statements. For more information, please see Cautionary Statements Regarding Forward-Looking Statements.

Our Company

Overview

We are the largest independent non-OEM designer and manufacturer of commercial aerostructures in the world. Aerostructures are structural components such as fuselages, propulsion systems and wing systems for commercial and military aircraft. Spirit s operations commenced on June 17, 2005 following the acquisition of Boeing s commercial aerostructures manufacturing operations located in Wichita, Kansas, Tulsa, Oklahoma and McAlester, Oklahoma, which we collectively refer to as Boeing Wichita. We refer to this acquisition as the Boeing Acquisition. On April 1, 2006, we became a supplier to Airbus through our acquisition of the aerostructures division of BAE Systems, or BAE Aerostructures, headquartered in Prestwick, Scotland, which we refer to as the BAE Acquisition. Although Spirit Holdings is a recently-formed company, its predecessor, Boeing Wichita, had 75 years of operating history and expertise in the commercial and military aerostructures industry. For the twelve months ended December 31, 2006, we generated net revenues of approximately $3,207.7 million and had net income of approximately $16.8 million. For the three months ended March 29, 2007, we generated net revenues of approximately $954.1 million and had net income of approximately $69.8 million.

We are the largest independent supplier of aerostructures to both Boeing and Airbus. We manufacture aerostructures for every Boeing commercial aircraft currently in production, including the majority of the airframe content for the Boeing B737. We were also awarded a contract that makes us the largest aerostructures content supplier on the Boeing B787, Boeing s next generation twin aisle aircraft. Furthermore, we believe we are the largest content supplier for the wing for the Airbus A320 family and we are a significant supplier for Airbus new A380. Sales related to the large commercial aircraft market, some of which may be used in military applications, represented approximately 99% of our net revenues for the twelve months ended December 31, 2006 and for the three months ended March 29, 2007.

We derive our revenues primarily through long-term supply agreements with both Boeing and Airbus. For the four quarters ended March 29, 2007 (the first four quarters following the BAE Acquisition), approximately 88% and approximately 10% of our net revenues were generated from sales to Boeing and Airbus, respectively. We are currently the sole-source supplier of 95% of the products we sell to Boeing and Airbus, as measured by dollar value of the products sold. We are a critical partner to our customers due to the broad range of products we currently supply to them and our leading design and manufacturing capabilities using both metallic and composite materials. Under our supply agreements with Boeing and Airbus, we supply essentially all of our products for the life of the aircraft program (other than the A380), including commercial derivative models. For the A380 we have a long-term supply contract with Airbus that covers a fixed number of product units.

We are organized into three principal reporting segments: (1) Fuselage Systems, which include the forward, mid- and rear fuselage sections, (2) Propulsion Systems, which include nacelles (aerodynamic engine enclosures which enhance propulsion installation efficiency, dampen engine noise and provide thrust reversing capabilities), struts/pylons (structures that attach engines to airplane wings) and engine structural components and (3) Wing Systems, which include wings, wing components and flight control surfaces. All other activities fall within the All Other segment.
Fuselage Systems, Propulsion Systems, Wing Systems and All Other

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represented approximately 49%, 28%, 22% and 1%, respectively, of our net revenues for the twelve months ended December 31, 2006. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 47%, 27%, 25% and 1%, respectively, of our net revenues for the three months ended March 29, 2007.

Industry Overview

Based on our research, the global market for aerostructures is estimated to have totaled $27.6 billion in annual sales in 2005. Currently OEMs outsource approximately half of the aerostructures market to independent third parties such as ourselves. We expect the outsourcing of the design, engineering and manufacturing of aerostructures to increase as OEMs increasingly focus operations on final assembly and support services for their customers. The original equipment aerostructures market can be divided by end market application into three market sectors: (1) commercial (including regional and business jets), (2) military and (3) modifications, upgrades, repairs and spares. While we serve all three market sectors, we primarily derive our current revenues from the commercial market sector. We estimate that the commercial sector represents approximately 63% of the total aerostructures market, while the military sector represents approximately 28% and the modifications, upgrades, repairs and spares sector represents approximately 9%.

Demand for commercial aerostructures is directly correlated to demand for new aircraft. New large commercial aircraft deliveries by Boeing and Airbus totaled 832 in 2006, up from 668 in 2005, 605 in 2004 and 586 in 2003, which was the most recent cyclical trough following the 1999 peak of 914 deliveries. Demand for aircraft has rebounded since 2003, resulting in aggregate record orders in 2005 for 2,057 Boeing and Airbus aircraft and the second highest aggregate annual number of orders in 2006 for 1,834 Boeing and Airbus aircraft, which are expected to be delivered over the next several years. According to published estimates by Boeing and Airbus, they expect to deliver a combined total of approximately 880 commercial aircraft in 2007. In Boeing s and Airbus first quarters of 2007, they reported a combined backlog of 5,074 commercial aircraft, which has grown from a reported backlog of 3,968 commercial aircraft as of December 31, 2005.

Our Competitive Strengths

We believe our key competitive strengths include:

Leading Position in the Growing Commercial Aerostructures Market. We are the largest independent non-OEM commercial aerostructures manufacturer, with an estimated 19% market share among all aerostructures suppliers. We are under contract to provide aerostructure products for approximately 98% of the aircraft that comprise Boeing s and Airbus commercial aircraft backlog as of March 29, 2007. The significant aircraft order backlog and our strong relationships with Boeing and Airbus should enable us to continue to profitably grow our core commercial aerostructures business.

Participation on High Volume and Major Growth Platforms. We derive a high proportion of our Boeing revenues from Boeing s high volume B737 program and a high proportion of our Airbus revenues from the high volume A320 program. The B737 and A320 families are Boeing s and Airbus best selling commercial airplanes. We also have been awarded a significant amount of work on the major new twin aisle programs launched by Boeing and Airbus, the B787 and the A380.

Stable Base Business. We have entered into exclusive long-term supply agreements with Boeing and Airbus, our two largest customers, making us the exclusive supplier for most of the business covered by these contracts. Under our supply agreements with Boeing and Airbus, we supply essentially all of our products for the life of the aircraft program (other than the A380), including commercial derivative models. For the A380, we have a long-term supply contract with Airbus that covers a fixed number of units. We believe our long-term supply contracts with our two largest customers provide us with a stable base business upon which to build.

Strong Incumbent and Competitive Position. We have a strong incumbent position on the products we currently supply to Boeing and Airbus due not only to our long-term supply agreements, but also to our long-

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standing relationships with Boeing and Airbus, as well as to the high costs OEMs would incur to switch suppliers on existing programs. We have strong, embedded relationships with our primary customers as most of our senior management team are former Boeing or Airbus executives.

We believe that OEMs incur significant costs to change aerostructures suppliers once contracts are awarded. Such changes after contract award require additional testing and certification, which may create production delays and significant costs for both the OEM and the new supplier. We also believe it would be cost prohibitive for other suppliers to duplicate our facilities and the over 20,000 major pieces of equipment that we own or operate. The combined insurable replacement value of all the buildings and equipment we own or operate is approximately $5.7 billion, including approximately $2.4 billion and approximately $1.7 billion for buildings and equipment, respectively, that we own and approximately $1.6 billion for other equipment used in the operation of our business. As a result, we believe that so long as we continue to meet our customers requirements, the probability of their changing suppliers on our current statement of work is quite low.

Industry Leading Technology, Design Capabilities and Manufacturing Expertise. We possess industry-leading engineering capabilities that include significant expertise in structural design and technology, use of metallic and composite materials, stress analysis, systems engineering and acoustics technology. With approximately 880 degreed engineering and technical employees (including approximately 190 degreed contract engineers), we possess knowledge and manufacturing know-how that would be difficult for other suppliers to replicate.

Competitive and Predictable Labor Cost Structure. In connection with the Boeing Acquisition, we achieved comprehensive cost reductions. The primary contributors to establishing our competitive cost structure were: (1) labor savings, (2) pension and other benefit savings, (3) reduced corporate overhead, and (4) operational efficiency improvements. At the time of the Boeing Acquisition, we reduced our workforce by 15% and entered into new labor contracts with our unions that established wage levels which are in-line with the local market. We also changed work rules and significantly reduced the number of job categories, resulting in greater flexibility in work assignments and increased productivity. We were also able to reduce pension costs, largely through a shift from a defined benefit plan to more predictable defined contribution and union-sponsored plans, and to reduce fringe benefits by increasing employee contributions to health care plans and decreasing retiree medical costs. In addition, we replaced corporate overhead previously allocated to Boeing Wichita when it was a division of Boeing with our own significantly lower overhead spending. Moreover, as a result of our long-term collective bargaining agreements with most of our labor unions, our labor costs should be fairly stable and predictable well into 2010.

We have also begun to implement a number of operational efficiency improvements, including global sourcing to reduce supplier costs and realignment of our business units. We believe that our competitive cost structure has positioned us to win significant new business and was a key factor in three recent significant contract awards.

Experienced Management Team with Significant Equity Ownership. We have an experienced and proven management team with an average of more than 20 years of aerospace industry experience. Our management team has successfully expanded our business, reduced costs and established the stand alone operations of our business. After giving effect to this offering, members of our management team and our Board of Directors will hold approximately 1.2% of Spirit Holdings outstanding common stock.

Our Business Strategy

Our goal is to remain a leading aerostructures manufacturer and to increase revenues while maximizing our profitability and growth. Our strategy includes the following:

Support Increased Aircraft Deliveries. We value being the largest independent aerostructures supplier to both Boeing and Airbus and core to our business strategy is a determination to meet or exceed their expectations under our existing supply arrangements. We are constantly focused on improving our manufacturing efficiency and maintaining our high standards of quality and on-time delivery to meet these expectations.

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We are also focused on supporting our customers increase in new aircraft production and the introduction of key aircraft programs such as the Boeing B787 and the Airbus A380. We are adjusting our manufacturing processes, properties and facilities to accommodate an increase in production and a shift in mix to a higher ratio of larger aircraft, which generally have higher dollar value content.

Win New Business from Existing and New Customers. We have established a sales and marketing infrastructure to support our efforts to win business from new and existing customers. We believe that we are well positioned to win additional work from Boeing and Airbus, given our strong relationships, our size, design and build capabilities and our financial resources, which are necessary to make proper investments. We believe that opportunities for increased business from our customers will arise on work that they currently produce internally but that they might shift to an external supplier in the future and work on new aircraft programs. As an independent company following the Boeing Acquisition, we now have significant opportunities to increase our sales to OEMs other than Boeing. We believe our design, engineering and manufacturing capabilities are highly attractive to potential new customers and provide a competitive advantage in winning new aerostructures business. We have won several significant contracts from non-Boeing customers in competitive bid processes since the Boeing Acquisition, including a recently awarded development contract with Sikorsky Aircraft to supply major structural components for the CH-53K heavy lift helicopter for the United States Marine Corps.

Research and Development Investment in Next Generation Technologies. We invest in direct research and development, or R&D, for current programs to strengthen our relationships with our customers and new programs to generate new business. As part of our R&D effort, we work closely with OEMs and integrate our engineering teams into their design processes. We believe our close coordination with OEMs positions us to win new business on new commercial and military platforms.

Provide New Value-Added Services to our Customers. We possess the core competencies not only to manufacture, but also to integrate and assemble complex system and structural components. We have been selected to assemble and integrate avionics, electrical systems, hydraulics, wiring and other components for the forward fuselage and pylons for the Boeing B787. Boeing expects to be able to ultimately assemble a B787 so that it is ready for test flying in significantly less time after it receives our shipset than is the case for a B737. We believe our ability to integrate complex components into aerostructures is a service that greatly benefits our customers by reducing their flow time and inventory holding costs.

Continued Improvement to our Low Cost Structure. Although we achieved significant cost reductions at the time of acquisition, we remain focused on further reducing costs. There continue to be cost saving opportunities in our business and we have identified and begun to implement them. We expect that most of our future cost saving opportunities will arise from increased productivity, continued outsourcing of non-core activities, and improved procurement and sourcing through our global sourcing initiatives. We believe our strategic sourcing expertise should allow us to develop and manage low-cost supply chains in Asia and Central Europe. Our goal is to continue to increase our material sourcing from low-cost jurisdictions.

Pursue Strategic Acquisitions on an Opportunistic Basis. The commercial aerostructures market is highly fragmented with many small private businesses and divisions of larger public companies. Given the market fragmentation, coupled with the trend by OEMs to outsource work to Tier 1 manufacturers that coordinate suppliers and integrate systems into airframes that the Tier 1 manufacturers produce, we believe our industry could experience significant consolidation in the coming years. Although our main focus is to grow our business organically, we believe we are well positioned to capture additional market share and diversify our current business through opportunistic strategic acquisitions.

The Boeing Acquisition and Related Transactions

An investor group led by Onex Partners LP and Onex Corporation formed Spirit in December 2004 and Spirit Holdings in February 2005 for the purpose of acquiring Boeing Wichita. The Boeing Acquisition was completed on June 16, 2005. Prior to the acquisition, Boeing Wichita functioned as an internal supplier of parts and assemblies for Boeing s airplane programs and had very few sales to third parties. See The Acquisition Transactions The Boeing Acquisition.

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In connection with the Boeing Acquisition, we entered into a long-term supply agreement under which we are Boeing s exclusive supplier for substantially all of the products and services provided by Boeing Wichita to Boeing prior to the Boeing Acquisition. Pricing for existing products on in-production models is contractually set through May 2013, with average prices decreasing at higher volume levels and increasing at lower volume levels, thereby helping to protect our margins if volume is reduced. We also entered into a long-term supply agreement for Boeing s new B787 platform covering the life of this platform, including commercial derivatives. Under this contract we will be Boeing s exclusive supplier for the forward fuselage, fixed and moveable leading wing edges and struts for the B787. Pricing for these products on the B787-8 model is generally set through 2021, with prices decreasing as cumulative production volume levels are achieved.

The BAE Acquisition

On April 1, 2006, through our wholly-owned subsidiary, Spirit AeroSystems (Europe) Limited, or Spirit Europe, we acquired BAE Aerostructures. Spirit Europe manufactures leading and trailing wing edges and other wing components for commercial aircraft programs for Airbus and Boeing and produces various aerostructure components for certain business jets manufactured by Hawker Beechcraft Corporation (formerly Raytheon), or Hawker Beechcraft. The BAE Acquisition provides us with a foundation to increase future sales to Airbus, as Spirit Europe is a key supplier of wing and flight control surfaces for the A320 platform, Airbus core single aisle program, and of wing components for the A380 platform, one of Airbus most important new programs and the world s largest commercial passenger aircraft.

Our Initial Public Offering

In November 2006, we issued and sold 10,416,667 shares of our class A common stock and certain of our stockholders sold 52,929,167 shares of our class A common stock at a price of $26.00 per share in our initial public offering. Upon completion of our initial public offering, our class A common stock became listed on the New York Stock Exchange under the symbol SPR.

Union Equity Participation Plan Compensation Expense

Pursuant to our Union Equity Participation Plan we were obligated to pay benefits tied to the value of our class B common stock for the benefit of certain employees represented by the International Association of Machinists and Aerospace Workers, or the IAM, the International Brotherhood of Electrical Workers, or the IBEW, and the International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW), or the UAW, upon the consummation of our initial public offering. The benefits were to be paid, at our option, in the form of cash and/or future issuance of shares of our class A common stock, valued at the initial public offering price. We expensed $321.9 million and $1.2 million related to the Union Equity Participation Plan for the year ended December 31, 2006 and the quarter ended March 29, 2007, respectively. We paid approximately 39.0% of the total benefit in shares of class A common stock, through the issuance of 4,813,270 shares in March 2007. The portion of the benefit that was paid in stock was accounted for as an equity based plan under SFAS 123(R), Statement of Financial Accounting Standards No. 123 (revised 2004) Shared-Based Payment, or SFAS 123(R). This treatment resulted in a $125.7 million increase and a $0.7 million decrease to additional paid-in capital on our consolidated balance sheet as of December 31, 2006 and March 29, 2007, respectively. The decrease as of March 29, 2007 resulted from the payment of cash in lieu of shares to employees whose employment terminated prior to March 15, 2007. The remainder of the benefit was paid in cash using $149.3 million of the proceeds of the initial public offering and $48.5 million from available cash.

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Company Information

Spirit Holdings, formerly known as Mid-Western Aircraft Systems Holdings, Inc., is a Delaware corporation that was formed on February 7, 2005. Spirit Holdings is the parent company of Spirit. Spirit s predecessor, Boeing Wichita, had more than 75 years of operating history as a division of Boeing. Our principal executive offices are located at 3801 South Oliver, Wichita, Kansas 67210 and our telephone number at that address is (316) 526-9000. Our website address is *www.spiritaero.com.* **Information contained on our website is not part of this prospectus and is not incorporated in this prospectus by reference.**

Our Principal Equity Investor

Upon completion of this offering, Onex entities will beneficially own an aggregate of approximately 25.7% of our common stock and 75.1% of our combined voting power. See Principal and Selling Stockholders.

Summary Risk Factors

Investing in our class A common stock involves risks. You should refer to the section entitled Risk Factors for a discussion of certain risks you should consider before deciding whether to invest in our class A common stock. Some of these risks are set forth below.

Sensitivity of Business to External Factors. Our business is sensitive to aircraft orders by and deliveries to commercial airlines, which are subject to general world safety and economic conditions, including fuel prices, that affect the demand for air transportation. Furthermore, the market in which we operate is cyclical, which affects our business and operating results.

Dependence on Boeing and, to a Lesser Extent, Airbus. We are dependent on Boeing and, to a lesser extent, Airbus, to continue to demand our products. In particular, we are dependent on Boeing s demand for a single aircraft program, the B737, which accounted for approximately 60% of our net revenues for the twelve months ended December 31, 2006 and 55% of our net revenues for the three months ended March 29, 2007. Although we intend to diversify our customer base, we expect that Boeing and, to a lesser extent, Airbus, will continue to account for a substantial portion of our sales for the foreseeable future.

Historical and Ongoing Relationship with Boeing. Our historical and ongoing relationship with Boeing may be a potential deterrent to potential and existing customers, including Airbus. Even though we believe that we have sufficient resources to service multiple OEMs, competitors of Boeing may see our relationship with Boeing as creating a conflict of interest, which would limit our ability to increase our customer base.

Dependence Upon the Success of Boeing s New B787 Program. We are dependent, in large part, on the success of Boeing s new B787 program. If there is not sufficient demand for the B787 aircraft, or if there are technological problems or other delays in the regulatory certification or manufacturing and delivery schedule, our business, financial condition and results of operations may be materially adversely affected.

Very Competitive Business Environment. We face competition from aircraft manufacturers choosing not to outsource production of aerostructures as well as from third party aerostructures suppliers, including companies with greater financial resources than ours.

Fixed-Price Contracts. We have fixed-price contracts, which may commit us to unfavorable terms. We bear the risk that increased or unexpected costs may reduce our profit margins or cause us to sustain losses on these contracts.

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The Offering

Class A common stock offered by the selling stockholders	31,516,802 shares
Common stock outstanding after this offering	99,675,906 shares of class A common stock and 36,653,734 shares of class B common stock
Voting rights of class A common stock	Our class A common stock is entitled to one vote per share. Our class B common stock, which is not being offered in this offering but votes together with our class A common stock as a single class, is entitled to ten votes per share (reducing to one vote per share under certain limited circumstances). Our class B common stock, which is convertible into shares of our class A common stock on a 1-for-1 basis, is identical to our class A common stock in all other respects.
Use of proceeds	We will not receive any proceeds from the sale of shares by the selling stockholders.
Dividend policy	We currently do not intend to pay cash dividends and, under conditions in which our cash is below specified levels, are prohibited from doing so under credit agreements governing our credit facilities.
Risk factors	See Risk Factors beginning on page 10 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our class A common stock.
NYSE symbol	SPR

The number of shares of class A common stock being offered in this offering represents 23.1% of our outstanding common stock and 6.8% of our combined voting power, in each case after giving effect to this offering. For more information on the ownership of our common stock, see Principal and Selling Stockholders.

Except as otherwise indicated, all of the information presented in this prospectus assumes the following:

- no exercise by the underwriters of their option to purchase additional shares;

- the exclusion of 3,019,199 shares issued to certain members of our management and to certain directors of Spirit which will remain subject to vesting requirements under our benefit plans (except in historical outstanding share numbers in our consolidated balance sheets and diluted net income per share calculations); and

- the exclusion of 860,244 Units of phantom stock issued pursuant to our Supplemental Executive Retirement Plan (except in diluted net income per share calculations).

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Summary Historical Financial Data

Set forth below is a summary of certain of our historical consolidated financial data for the periods and at the dates indicated. Results for periods prior to and including June 16, 2005 reflect data of our predecessor, Boeing Wichita, or the Predecessor, for financial accounting purposes. Results for periods beginning on or after June 17, 2005 reflect our financial data after the Boeing Acquisition. Financial data as of and for the year ended December 31, 2004 (Predecessor), for the period from January 1, 2005 through June 16, 2005 (Predecessor), as of June 16, 2005 (Predecessor), for the period from June 17, 2005 through December 29, 2005 (Spirit Holdings), as of December 29, 2005 (Spirit Holdings), and as of and for the twelve month period ended December 31, 2006 (Spirit Holdings) are derived from the audited consolidated financial statements of the Predecessor or the audited consolidated financial statements of Spirit Holdings, as applicable, included in this prospectus. Financial data as of and for the three months ended March 30, 2006 (Spirit Holdings) and March 29, 2007 (Spirit Holdings) are derived from the unaudited consolidated financial statements of Spirit Holdings included in this prospectus which, in the opinion of management, include all normal, recurring adjustments necessary to state fairly the data included therein in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year.

The Predecessor s historical financial data for periods and as of dates prior to the Boeing Acquisition are not comparable with Spirit Holdings financial data for periods and as of dates subsequent to the Boeing Acquisition. Prior to the Boeing Acquisition, the Predecessor was a division of Boeing and was not a separate legal entity. Historically, the Predecessor functioned as an internal supplier of parts and assemblies to Boeing airplane programs and had insignificant sales to third parties. It operated as a cost center of Boeing, meaning that it recognized the cost of products manufactured for Boeing Commercial Airplanes, or BCA, programs but did not recognize any corresponding revenues for those products. No intra-company pricing was established for the parts and assemblies that the Predecessor supplied to Boeing.

On the closing date of the Boeing Acquisition, Spirit entered into exclusive supply agreements with Boeing pursuant to which Spirit began to supply parts and assemblies to Boeing at pricing established under those agreements, and began to operate as a stand alone entity with revenues and its own accounting records. In addition, prior to the Boeing Acquisition, certain costs were allocated to the Predecessor which were not necessarily representative of the costs the Predecessor would have incurred for the corresponding functions had it been a stand alone entity. At the time of the Boeing Acquisition significant cost savings were realized through labor savings, pension and other benefit savings, reduced corporate overhead and operational improvements. As a result of these substantial changes which occurred concurrently with the Boeing Acquisition, the Predecessor s historical financial data for periods and as of dates prior to the Boeing Acquisition are not comparable with Spirit Holdings financial data for periods and as of dates subsequent to the Boeing Acquisition.

You should read the summary consolidated financial data set forth below in conjunction with Capitalization, Selected Consolidated Financial Information and Other Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and our restated consolidated financial statements and related notes contained elsewhere in this prospectus.

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	Spirit Holdings				Predecessor	
	Three Months Ended		Twelve Months Ended	Period From June 17, 2005 through	Period From January 1, 2005 through	Fiscal Year Ended
	March 29, 2007	March 30, 2006	December 31, 2006	December 29, 2005	June 16, 2005	December 31, 2004
	(In millions, except per share data)					
Statement of Operations Data:						
Net sales/total cost transferred	$ 954	$ 671	$ 3,208	$ 1,208	$ N/A	$ N/A
Costs of sales/products transferred	795	533	2,934	1,057	1,164	2,074
SG&A, R&D, other period costs(1)	55	87	330	219	91	173
Total costs and expenses	850	620	3,264	1,276	1,254	2,247
Operating income (loss)	104	51	(56)	(68)	N/A	N/A
Interest expense and financing fee amortization	(9)	(11)	(50)	(25)	N/A	N/A
Interest income	8	7	29	16	N/A	N/A
Other income (loss), net	2	1	6	1	N/A	N/A
Net income (loss) before taxes	105	48	(71)	(76)	N/A	N/A
(Provision for) benefit from income taxes	(35)	(25)	88	(14)	N/A	N/A
Net income (loss)	$ 70	$ 23	$ 17	$ (90)	N/A	N/A
Basic weighted average number of common shares outstanding	129.7	113.9	115.6	113.5	N/A	N/A
Basic net income (loss) per share applicable to common stock	$ 0.54	$ 0.20	$ 0.15	$ (0.80)	N/A	N/A
Diluted weighted average number of common shares outstanding	139.0	117.2	122.0	113.5	N/A	N/A
Diluted net income (loss) per share applicable to common stock	$ 0.50	$ 0.19	$ 0.14	$ (0.80)	N/A	N/A
Other Financial Data:						
Capital expenditures	$ 88	$ 94	$ 343	$ 145	$ 48	$ 54
Depreciation and amortization	$ 23	$ 18	$ 65	$ 32	$ 40	$ 91
Balance Sheet Data (end of period):						
Cash and cash equivalents(2)	$ 157	$ 236	$ 184	$ 241	$ 1	$ 3
Working capital(3)	$ 846	$ 436	$ 743	$ 436	$ 431	$ 481
Total assets	$ 2,840	$ 1,845	$ 2,722	$ 1,657	$ 1,020	$ 1,044
Total long-term debt	$ 590	$ 707	$ 594	$ 710	N/A	N/A

Shareholders equity	$ 935	$ 373	$ 859	$ 326	N/A	N/A

(1) Includes non-cash stock compensation expense of $7 million, $13 million, $57 million, $35 million, $22 million and $23 million for the respective periods starting with the three months ended March 29, 2007.

(2) Prior to the Boeing Acquisition, the Predecessor was part of Boeing s cash management system and, consequently, had no separate cash balance. Therefore, at June 16, 2005 and December 31, 2004, the Predecessor had negligible cash on the balance sheet.

(3) Ending balance of accounts receivable, inventory and accounts payable on net basis.

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RISK FACTORS

An investment in our class A common stock involves a high degree of risk. You should carefully consider the factors described below in addition to the other information set forth in this prospectus, or incorporated by reference herein, before deciding whether to make an investment in our class A common stock. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment.

Risk Factors Related to our Business and Industry

Our commercial business is cyclical and sensitive to commercial airlines profitability. The business of commercial airlines is, in turn, affected by general economic conditions and world safety considerations.

We compete in the aerostructures segment of the aerospace industry. Our business is affected indirectly by the financial condition of the commercial airlines and other economic factors, including general economic conditions and world safety considerations, which affect the demand for air transportation. Specifically, our commercial business is dependent on the demand from passenger airlines for the production of new aircraft. Accordingly, demand for our commercial products is tied to the worldwide airline industry s ability to finance the purchase of new aircraft and the industry s forecasted demand for seats, flights and routes. Similarly, the size and age of the worldwide commercial aircraft fleet affects the demand for new aircraft and, consequently, for our products. Such factors, in conjunction with evolving economic conditions, cause the market in which we operate to be cyclical to varying degrees, thereby affecting our business and operating results.

During the past several years, softening of the global and U.S. economies, reduced corporate travel spending, excess capacity in the market for commercial air travel, changing pricing models among airlines and significantly increased fuel, security and insurance costs have resulted in many airlines reporting, and continuing to forecast, significant net losses. Moreover, during recent years, in addition to the generally soft global and U.S. economies, the September 11, 2001 terrorist attacks, conflicts in Iraq and Afghanistan and concerns relating to the transmission of SARS have contributed to diminished demand for air travel. Many major U.S. air carriers have parked or retired a portion of their fleets and have reduced workforces and flights to mitigate their large losses. From 2001 to 2003, numerous carriers rescheduled or canceled orders for aircraft to be purchased from the major aircraft manufacturers, including Boeing and Airbus. Any protracted economic slump or future terrorist attacks, war or health concerns, including the prospect of human transmission of the Avian Flu Virus, could cause airlines to cancel or delay the purchase of additional new aircraft. If demand for new aircraft decreases, there would likely be a decrease in demand for our commercial aircraft products and our business, financial condition and results of operations could be materially adversely affected.

Our business could be materially adversely affected if one of our components causes an aircraft accident.

Our operations expose us to potential liabilities for personal injury or death as a result of the failure of an aircraft component that has been designed, manufactured or serviced by us or our suppliers. While we believe that our liability insurance is adequate to protect us from future product liability claims, it may not be adequate. Also, we may not be able to maintain insurance coverage in the future at an acceptable cost. Any such liability not covered by insurance or for which third party indemnification is not available could require us to dedicate a substantial portion of our cash flows to make payments on such liability, which could have a material adverse effect on our business, financial condition and results of operations.

An accident caused by one of our components could also damage our reputation for quality products. We believe our customers consider safety and reliability as key criteria in selecting a provider of aerostructures. If an accident were to be caused by one of our components, or if we were otherwise to fail to maintain a satisfactory record of safety and reliability, our ability to retain and attract customers could be materially adversely affected.

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Because we depend on Boeing and, to a lesser extent, Airbus, as our largest customers, our sales, cash flows from operations and results of operations will be negatively affected if either Boeing or Airbus reduces the number of products it purchases from us or if either experiences business difficulties.

Currently, Boeing is our largest customer and Airbus is our second-largest customer. For the four quarters ended March 29, 2007 (the first four quarters ended after the BAE Acquisition), approximately 88% and approximately 10% of our net revenues were generated from sales to Boeing and Airbus, respectively. Although we intend to diversify our customer base by entering into supply arrangements with additional customers, we cannot assure you that we will be successful in doing so. Even if we are successful in retaining new customers, we expect that Boeing and, to a lesser extent, Airbus, will continue to account for a substantial portion of our sales for the foreseeable future. Although we are a party to various supply contracts with Boeing and Airbus which obligate Boeing and Airbus to purchase all of their requirements for certain products from us, if we breach certain obligations under these supply agreements and Boeing or Airbus exercises its right to terminate such agreements, our business will be materially adversely affected. In addition, we have agreed to a limitation on recoverable damages in the event Boeing wrongfully terminates our main supply agreement with it with respect to any model of airplane program, so if this occurs, we may not be able to recover the full amount of our actual damages. Furthermore, if Boeing or Airbus (1) experiences a decrease in requirements for the products which we supply to it, (2) experiences a major disruption in its business, such as a strike, work stoppage or slowdown, a supply chain problem or a decrease in orders from its customers or (3) files for bankruptcy protection, our business, financial condition and results of operations could be materially adversely affected.

Our largest customer, Boeing, operates in a very competitive business environment.

Competition from Airbus, Boeing s main competitor, as well as from regional jet makers, has intensified as these competitors expand aircraft model offerings and competitively price their products. As a result of this competitive environment, Boeing continues to face pressure on product offerings and sale prices. While we do have supply agreements with Airbus, we currently have substantially more business with Boeing and thus any adverse impact on Boeing s production of aircraft resulting from this competitive environment may have a material adverse impact on our business, financial condition and results of operations.

Potential and existing customers, including Airbus, may view our historical and ongoing relationship with Boeing as a deterrent to providing us with future business.

We operate in a highly competitive industry and any of our other potential or existing customers, including Airbus, may be threatened by our historical and ongoing relationship with Boeing. Prior to the Boeing Acquisition, Boeing Wichita functioned as an internal supplier of parts and assemblies for Boeing s aircraft programs and had very few sales to third parties. Other potential and existing customers, including Airbus, may be deterred from using the same supplier that previously produced aerostructures solely for Boeing. Although we believe we have sufficient resources to service multiple OEMs, competitors of Boeing may see a conflict of interest in our providing both them and Boeing with the parts for their different aircraft programs. If we are unable to successfully develop our relationship with other customers and OEMs, including Airbus, we may be unable to increase our customer base. If there is not sufficient demand for our business, our financial condition and results of operations could be materially adversely affected.

Our business depends, in large part, on sales of components for a single aircraft program, the B737.

For the twelve months ended December 31, 2006 and the three months ended March 29, 2007, approximately 60% and 55% of our net revenues, respectively, were generated from sales of components to Boeing for the B737 aircraft. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and the military Multi-mission Maritime Aircraft, or MMA, derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model. In the event Boeing develops a next generation single-aisle aircraft program to replace the B737 which is not a commercial derivative, we may not have the next generation technology, engineering and manufacturing capability necessary to obtain significant aerostructures supply business for such replacement program, may not be able to provide components for such replacement program at competitive prices or, for other reasons, may not be engaged by Boeing to the extent of our involvement in the B737 or at all. If we were unable to obtain significant aerostructures supply business for the B737 replacement program, our business, financial condition and results of operations could be materially adversely affected.

Our business depends on the success of a new model aircraft, the B787.

The success of our business will depend, in large part, on the success of Boeing s new B787 program. We have entered into supply agreements with Boeing pursuant to which we will be a Tier 1 supplier to the B787 program. We have made and will continue to make a significant investment in this program before the first commercial delivery of a B787 aircraft, which is scheduled for 2008. If there is not sufficient demand for the B787 aircraft, or if there are technological problems or significant delays in the regulatory certification or manufacturing and delivery schedule for such aircraft, our business, financial condition and results of operations may be materially adversely affected.

We incur risk associated with new programs.

New programs with new technologies typically carry risks associated with design responsibility, development of new production tools, hiring and training of qualified personnel, increased capital and funding commitments, ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, ability of the customer to meet its contractual obligations to us, and our ability to accurately estimate costs associated with such programs. In addition, any new aircraft program may not generate sufficient demand or may experience technological problems or significant delays in the regulatory certification or manufacturing and delivery schedule. If we were unable to perform our obligations under new programs to the customer s satisfaction, if we were unable to manufacture products at our estimated costs or if a new program in which we had made a significant investment experienced weak demand, delays or technological problems, our business, financial condition and results of operations could be materially adversely affected.

In addition, beginning new work on existing programs also carries risks associated with the transfer of technology, knowledge and tooling.

Our operations depend on our ability to maintain continuing, uninterrupted production at our manufacturing facilities. Our production facilities are subject to physical and other risks that could disrupt production.

Our manufacturing facilities could be damaged or disrupted by a natural disaster, war, terrorist activity or sustained mechanical failure. Although we have obtained property damage and business interruption insurance, a major catastrophe, such as a fire, flood, tornado or other natural disaster at any of our sites, war or terrorist activities in any of the areas where we conduct operations or the sustained mechanical failure of a key piece of equipment could result in a prolonged interruption of all or a substantial portion of our business. Any disruption resulting from these events could cause significant delays in shipments of products and the loss of sales and customers and we may not have insurance to adequately compensate us for any of these events. A large portion of our operations takes place at one facility in Wichita, Kansas and any significant damage or disruption to this facility in particular would materially adversely affect our ability to service our customers.

We operate in a very competitive business environment.

Competition in the aerostructures segment of the aerospace industry is intense. Although we have entered into requirements contracts with Boeing and Airbus under which we are their exclusive supplier for certain aircraft parts, in trying to expand our customer base and the types of parts we make we will face substantial competition from both

OEMs and non-OEM aerostructures suppliers.

OEMs may choose not to outsource production of aerostructures due to, among other things, their own direct labor and other overhead considerations and capacity utilization at their own facilities. Consequently, traditional factors affecting competition, such as price and quality of service, may not be significant determinants when OEMs decide whether to produce a part in-house or to outsource.

Our principal competitors among aerostructures suppliers are Alenia Aeronautica, Fuji Aerospace Technology Co., Ltd., GKN Aerospace, The Goodrich Corporation, Kawasaki Precision Machinery (U.S.A.), Inc., Mitsubishi Electric Corporation, Saab AB, Snecma, Triumph Group, Inc. and Vought Aircraft Industries. Some of our competitors have greater resources than we do and, therefore, may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or devote greater resources to the promotion and sale of their products than we can. Providers of aerostructures have traditionally competed on the basis of cost, technology, quality and service. We believe that developing and maintaining a competitive advantage will require continued investment in product development, engineering, supply chain management and sales and marketing, and we may not have enough resources to make such investments. For these reasons, we may not be able to compete successfully in this market or against such competitors, which could have a material adverse effect on our business, financial condition and results of operations.

High switching costs may substantially limit our ability to obtain business that is currently under contract with other suppliers.

Once a contract is awarded by an OEM to an aerostructures supplier, the OEM and the supplier are typically required to spend significant amounts of time and capital on design, manufacture, testing and certification of tooling and other equipment. For an OEM to change suppliers during the life of an aircraft program, further testing and certification would be necessary, and the OEM would be required either to move the tooling and equipment used by the existing supplier for performance under the existing contract, which may be expensive and difficult (or impossible), or to manufacture new tooling and equipment. Accordingly, any change of suppliers would likely result in production delays and additional costs to both the OEM and the new supplier. These high switching costs may make it more difficult for us to bid competitively against existing suppliers and less likely that an OEM will be willing to switch suppliers during the life of an aircraft program, which could materially adversely affect our ability to obtain new work on existing aircraft programs.

Pre-Boeing Acquisition financial statements are not comparable to post-Boeing Acquisition statements and, because of our limited operating history, nothing in our financial statements can show you how we would operate in a market downturn.

Our historical financial statements prior to the Boeing Acquisition are not comparable to our financial statements subsequent to June 16, 2005. Historically, Boeing Wichita was operated as a cost center of BCA and recognized the cost of products manufactured for BCA programs without recognizing any corresponding revenues for those products. Accordingly, the financial statements with respect to periods prior to the Boeing Acquisition included in this prospectus do not represent the financial results that would have been achieved had Boeing Wichita been operated as a stand alone entity during those periods. Additionally, our financial statements are not indicative of how we would operate through a market downturn. Since the Boeing Acquisition on June 16, 2005, we have operated in a market experiencing an upturn, with Boeing and Airbus posting aggregate record orders in 2005 and the second highest aggregate annual number of orders in 2006. Our financial results from this limited history cannot give you any indication of our ability to operate in a market experiencing significantly lower demand for our products and the products of our customers. As such, we cannot assure you that we will be able to operate successfully in such a market.

Increases in labor costs, potential labor disputes and work stoppages at our facilities or the facilities of our suppliers or customers could materially adversely affect our financial performance.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. A majority of our workforce is represented by unions. If our workers were to engage in a strike, work stoppage or other slowdown, we could experience a significant disruption of our operations, which could cause us to be unable to deliver products to our customers on a timely basis and could result in a breach of our supply agreements. This could result in a loss of business and an increase in our operating expenses, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our non-unionized labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face.

We have agreed with Boeing to continue to operate substantial manufacturing operations in Wichita, Kansas until at least June 16, 2015. As a result, we may not be able to utilize lower cost labor from other locations. This may prevent us from being able to offer our products at prices which are competitive in the marketplace and could have a material adverse effect on our ability to generate new business.

In addition, many aircraft manufacturers, airlines and aerospace suppliers have unionized work forces. In 2005, a labor strike by unionized employees at Boeing, our largest customer, temporarily halted commercial aircraft production by Boeing, which had a significant short-term adverse impact on our operations. Additional strikes, work stoppages or slowdowns experienced by aircraft manufacturers, airlines or aerospace suppliers could reduce our customers demand for additional aircraft structures or prevent us from completing production of our aircraft structures.

Our business may be materially adversely affected if we lose our government, regulatory or industry approvals, if more stringent government regulations are enacted or if industry oversight is increased.

The Federal Aviation Administration, or FAA, prescribes standards and qualification requirements for aerostructures, including virtually all commercial airline and general aviation products, and licenses component repair stations within the United States. Comparable agencies, such as the Joint Aviation Authorities, or JAA, in Europe, regulate these matters in other countries. If we fail to qualify for or obtain a required license for one of our products or services or lose a qualification or license previously granted, the sale of the subject product or service would be prohibited by law until such license is obtained or renewed and our business, financial condition and results of operations could be materially adversely affected. In addition, designing new products to meet existing regulatory requirements and retrofitting installed products to comply with new regulatory requirements can be expensive and time consuming.

From time to time, the FAA, the JAA or comparable agencies propose new regulations or changes to existing regulations. These changes or new regulations generally increase the costs of compliance. To the extent the FAA, the JAA or comparable agencies implement regulatory changes, we may incur significant additional costs to achieve compliance.

In addition, certain aircraft repair activities we intend to engage in may require the approval of the aircraft s OEM. Our inability to obtain OEM approval could materially restrict our ability to perform such aircraft repair activities.

We are subject to regulation of our technical data and goods under U.S. export control laws.

As a manufacturer and exporter of defense and dual-use technical data and commodities, we are subject to U.S. laws and regulations governing international trade and exports, including but not limited to the International Traffic in Arms Regulations, administered by the U.S. Department of State, and the Export Administration Regulations, administered by the U.S. Department of Commerce. Collaborative agreements that we may have with foreign persons, including manufacturers and suppliers, are also subject to U.S. export control laws. In addition, we are subject to trade sanctions against embargoed countries, administered by the Office of Foreign Assets Control within the U.S. Department of the Treasury.

A determination that we have failed to comply with one or more of these export controls or trade sanctions could result in civil or criminal penalties, including the imposition of fines upon us as well as the denial of export privileges and debarment from participation in U.S. government contracts. Additionally, restrictions may be placed on the export of technical data and goods in the future as a result of changing geo-political conditions. Any one or more of such sanctions could have a material adverse effect on our business, financial condition and results of operations.

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We are subject to environmental regulation and our ongoing operations may expose us to environmental liabilities.

Our operations are subject to extensive regulation under environmental, health and safety laws and regulations in the United States and the United Kingdom. We may be subject to potentially significant fines or penalties, including criminal sanctions, if we fail to comply with these requirements. We have made, and will continue to make, significant capital and other expenditures in order to comply with these laws and regulations. We cannot predict with certainty what environmental legislation will be enacted in the future or how existing laws will be administered or interpreted. Our operations involve the use of large amounts of hazardous substances and generate many types of wastes. Spills and releases of these materials may subject us to clean-up liability. We cannot assure you that the aggregate amount of future clean-up costs and other environmental liabilities will not be material.

Boeing, our predecessor at the Wichita facility, is under an administrative consent order issued by the Kansas Department of Health and Environment, or KDHE, to contain and clean-up contaminated groundwater which underlies a majority of the site. Pursuant to this order and its agreements with us, Boeing has a long-term remediation plan in place, and treatment, containment and remediation efforts are underway. If Boeing does not comply with its obligations under the order and these agreements, we may be required to undertake such efforts and make material expenditures.

In connection with the BAE Acquisition, we acquired a manufacturing facility in Prestwick, Scotland that is adjacent to contaminated property retained by BAE Systems. The contaminated property may be subject to a regulatory action requiring remediation of the land. It is also possible that the contamination may spread into the property we acquired. BAE Systems has agreed to indemnify us for certain clean-up costs related to existing pollution on the acquired property, existing pollution that migrates from the acquired property to a third party s property and any pollution that migrates to our property from property retained by BAE Systems. If BAE Systems does not comply with its obligations under the agreement, we may be required to undertake such efforts and make material expenditures.

In the future, contamination may be discovered at our facilities or at off-site locations where we send waste. The remediation of such newly-discovered contamination, or the enactment of new laws or a stricter interpretation of existing laws, may require us to make additional expenditures, some of which could be material. See Business Environmental Matters in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 incorporated herein by reference.

Significant consolidation in the aerospace industry could make it difficult for us to obtain new business.

The aerospace industry has recently experienced consolidation among suppliers. Suppliers have consolidated and formed alliances to broaden their product and integrated system offerings and achieve critical mass. This supplier consolidation is in part attributable to aircraft manufacturers more frequently awarding long-term sole-source or preferred supplier contracts to the most capable suppliers, thus reducing the total number of suppliers. If this consolidation were to continue, it may become more difficult for us to be successful in obtaining new customers.

We may be materially adversely affected by high fuel prices.

Due to the competitive nature of the airline industry, airlines are often unable to pass on increased fuel prices to customers by increasing fares. Fluctuations in the global supply of crude oil and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. In the event there is an outbreak or escalation of hostilities or other conflicts or significant disruptions in oil production or delivery in oil-producing areas or elsewhere, there could be reductions in the production or importation of crude oil and significant increases in the cost of fuel. If there were major reductions in the availability of jet fuel or significant increases in its cost, or if current high prices are sustained for a significant period of time, the airline industry and, as a result, our business, could be materially adversely affected.

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Interruptions in deliveries of components or raw materials or increased prices for components or raw materials used in our products could materially adversely affect our profitability, margins and revenues.

Our dependency upon regular deliveries from particular suppliers of components and raw materials means that interruptions or stoppages in such deliveries could materially adversely affect our operations until arrangements with alternate suppliers, to the extent alternate suppliers exist, could be made. If any of our suppliers were unable or refused to deliver materials to us for an extended period of time, or if we were unable to negotiate acceptable terms for the supply of materials with these or alternative suppliers, our business could suffer. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for us. Even if acceptable alternatives were found, the process of locating and securing such alternatives might be disruptive to our business and might lead to termination of our supply agreements with our customers.

In addition, our profitability is affected by the prices of the components and raw materials, such as titanium, aluminum and carbon fiber, used in the manufacture of our products. These prices may fluctuate based on a number of factors beyond our control, including world oil prices, changes in supply and demand, general economic conditions, labor costs, competition, import duties, tariffs, currency exchange rates and, in some cases, government regulation. Although our supply agreements with Boeing and Airbus allow us to pass on certain unusual increases in component and raw material costs to Boeing and Airbus in limited situations, we will not be fully compensated for such increased costs.

Our business will suffer if certain key officers or employees discontinue employment with us or if we are unable to recruit and retain highly skilled staff.

The success of our business is highly dependent upon the skills, experience and efforts of our President and Chief Executive Officer, Jeffrey Turner, and certain of our other key officers and employees. As the top executive officer of Boeing Wichita for almost ten years prior to the Boeing Acquisition, Mr. Turner gained extensive experience in running our business and long-standing relationships with many high-level executives at Boeing, our largest customer. We believe Mr. Turner s reputation in the aerospace industry and relationship with Boeing are critical elements in maintaining and expanding our business. The loss of Mr. Turner or other key personnel could have a material adverse effect on our business, operating results or financial condition. Our business also depends on our ability to continue to recruit, train and retain skilled employees, particularly skilled engineers. The market for these resources is highly competitive. We may be unsuccessful in attracting and retaining the engineers we need and, in such event, our business could be materially adversely affected. The loss of the services of any key personnel, or our inability to hire new personnel with the requisite skills, could impair our ability to provide products to our customers or manage our business effectively.

We are subject to the requirements of the National Industrial Security Program Operating Manual for our facility security clearance, which is a prerequisite for our ability to perform on classified contracts for the U.S. government.

A Department of Defense, or DoD, facility security clearance is required in order to be awarded and perform on classified contracts for the DoD and certain other agencies of the U.S. government. We currently perform on several classified contracts, which generated less than 1% of our net revenues for the fiscal year ended December 31, 2006 and the fiscal quarter ended March 29, 2007. Spirit has obtained clearance at the secret level, and we are in the process of obtaining such clearance for Spirit Holdings. Due to the fact that more than 50% of our voting power is owned by a non-U.S. entity, we will be required to operate in accordance with the terms and requirements of our Special Security Agreement, or SSA, with the DoD. If we were to violate the terms and requirements of our SSA, the National Industrial Security Program Operating Manual, or any other applicable U.S. government industrial security regulations (which may apply to us under the terms of our classified contracts), we could lose our security clearance. We cannot assure you that we will be able to maintain our security clearance. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform our present classified contracts and we would not be able to enter into new classified contracts, which could adversely affect our revenues.

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We derive a significant portion of our revenues from direct and indirect sales outside the United States and are subject to the risks of doing business in foreign countries.

We derive a significant portion of our revenues from sales by Boeing and Airbus to customers outside the United States. In addition, for the twelve months ended December 31, 2006 and the three months ended March 29, 2007, direct sales to our non-U.S. customers accounted for approximately 8% and 11% of our net revenues, respectively. We expect that our and our customers international sales will continue to account for a significant portion of our revenues for the foreseeable future. As a result, we are subject to risks of doing business internationally, including:

- changes in regulatory requirements;
- domestic and foreign government policies, including requirements to expend a portion of program funds locally and governmental industrial cooperation requirements;
- fluctuations in foreign currency exchange rates;
- the complexity and necessity of using foreign representatives and consultants;
- uncertainties and restrictions concerning the availability of funding credit or guarantees;
- imposition of tariffs or embargoes, export controls and other trade restrictions;
- the difficulty of management and operation of an enterprise spread over various countries;
- compliance with a variety of foreign laws, as well as U.S. laws affecting the activities of U.S. companies abroad; and
- economic and geopolitical developments and conditions, including international hostilities, acts of terrorism and governmental reactions, inflation, trade relationships and military and political alliances.

While these factors or the impact of these factors are difficult to predict, adverse developments of any one or more of these factors could materially adversely affect our business, financial condition and results of operations in the future.

Our fixed-price contracts may commit us to unfavorable terms.

We provide most of our products and services through long-term contracts with Boeing and Airbus in which the pricing terms are fixed based on certain production volumes. Accordingly, we bear the risk that increased or unexpected costs may reduce our profit margins or cause us to sustain losses on these contracts. Other than certain increases in raw material costs which can be passed on to Boeing and Airbus, we must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs we will incur in performing these contracts and in projecting the ultimate level of sales that we may achieve. Our failure to anticipate technical problems, estimate delivery reductions, estimate costs accurately or control costs during performance of a fixed-price contract may reduce the profitability of a contract or cause a loss.

This is particularly a risk in relation to products such as the Boeing B787 for which to date we have delivered only a few production articles and in respect of which our profitability at the contracted price depends on our being able to achieve production cost reductions as we gain production experience. Pricing for the B787-8, the base model currently going into production, is generally established through 2021, with prices decreasing as cumulative volume levels are met over the life of the program. When we negotiated the B787-8 pricing, we assumed that our development of new technologies and capabilities would reduce our production costs over the life of the B787 program, thus maintaining or improving our margin on each B787 we produced. We cannot assure you that our development of new technologies or capabilities will be successful or that we will be able to reduce our B787 production costs over the life of the program. Our failure to reduce production costs as we have anticipated could result in decreasing margins on the B787 during the life of the program.

Many of our other production cost estimates also contain pricing terms which anticipate cost reductions over time. In addition, although we have entered into these fixed price contracts with Boeing and Airbus, they

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may nonetheless seek to re-negotiate pricing with us in the future. Any such higher costs or re-negotiations could materially adversely affect our profitability, margins and revenues.

We identified a material weakness in our internal control over financial reporting.

Due to a transition period established by the Securities and Exchange Commission, we have not yet been required to evaluate our internal control over financial reporting in the same manner that is currently required of certain public companies, nor have we completed such an evaluation. Such an evaluation would include documentation of internal control activities and procedures over financial reporting, assessment of design effectiveness of such controls and testing of operating effectiveness of such controls which could result in the identification of material weaknesses in our internal control over financial reporting.

Prior to the Boeing Acquisition, Boeing Wichita relied on Boeing s shared services group for certain business processes associated with its financial reporting, including treasury, income tax accounting and external reporting. Since the Boeing Acquisition, we have had to develop these and other functional areas as a stand alone entity, including the necessary processes and internal control to prepare our financial statements on a timely basis in accordance with U.S. GAAP.

Generally accepted auditing standards define a material weakness as a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

In connection with the issuance of our December 29, 2005 and June 29, 2006 financial statements during the third quarter of 2006, we concluded that we had the following material weakness in our internal control over financial reporting:

We did not maintain effective controls over our determination of the fair values ascribed for financial reporting purposes to stock compensation awards granted to our employees and directors through June 29, 2006 in accordance with SFAS No. 123(R), Share Based Payment. Specifically, we did not properly estimate the fair values of these awards in determining the accuracy of our stock compensation expense under SFAS No. 123(R). This control deficiency resulted in a restatement of our financial results as of December 29, 2005 and June 29, 2006 and for the periods then ended to adjust selling, general and administrative expenses, income taxes and equity accounts as well as our earnings per share and stock compensation financial statement disclosures.

While we believe that this material weakness has been remediated, we cannot be certain that additional material weaknesses or significant deficiencies will not develop or be identified. Any failure to maintain adequate internal control over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to report material weaknesses or other deficiencies in our internal control over financial reporting and could result in a more than remote possibility of errors or misstatements in the restated consolidated financial statements that would be material. Under current rules, beginning with our Annual Report on Form 10-K for fiscal year 2007, pursuant to Section 404 of the Sarbanes-Oxley Act, our management will be required to assess the effectiveness of our internal control over financial reporting, and we will be required to have our independent registered public accounting firm audit management s assessment and the operating effectiveness of our internal control over financial reporting. If our management or our independent registered public accounting firm were to conclude in their reports that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information and the value of our stock could be adversely impacted.

We face a potential class action lawsuit which could result in substantial costs, diversion of management s attention and resources and negative publicity.

Spirit, Boeing and Onex have been named as defendants in a lawsuit by certain former employees of Boeing who assert several claims and purport to bring the case as a class action and collective action on behalf of all individuals who were employed by BCA in Wichita, Kansas or Tulsa, Oklahoma within two years prior to the date of the Boeing Acquisition and who were terminated by or not hired by Spirit. The plaintiffs seek damages and injunctive relief for age discrimination, interference with their rights under the Employee Retirement Income Security Act of 1974, or ERISA, breach of contract and retaliation. Plaintiffs seek an unspecified amount of compensatory damages and more than $1.5 billion in punitive damages. On November 15, 2006, the court granted the plaintiffs motion for conditional class certification and held that the plaintiffs may send notice of the collective action to all former Boeing employees who were terminated by Boeing on or after January 1, 2002, were 40 years of age or older at the time of termination and were not hired by Spirit. Pursuant to the asset purchase agreement, dated as of February 22, 2005, between Spirit and Boeing, or the Asset Purchase Agreement, we agreed to indemnify Boeing for damages resulting from the employment decisions that were made by us with respect to former employees of Boeing Wichita which relate or allegedly relate to the involvement of, or consultation with, employees of Boeing in such employment decisions. The lawsuit could result in substantial costs, divert management s attention and resources from our operations and negatively affect our public image and reputation. An unfavorable outcome or prolonged litigation related to these matters could materially harm our business.

We have a limited operating history as a stand alone company and we may not be successful operating as a stand alone company.

Prior to the Boeing Acquisition, Boeing Wichita was a division of Boeing. Boeing Wichita relied on Boeing for many of its internal functions, including, without limitation, accounting and tax, payroll, technology support, benefit plan administration and human resources. Although we have replaced most of these services either through outsourcing or internal sources, we may not be able to perform any or all of these services in a cost-effective manner. In addition, while we implement our plan to replace certain technology and systems support services provided by Boeing, Boeing continues to provide such services to us under a transition services agreement which we entered into at the time of the Boeing Acquisition. We cannot assure you that we will be able to successfully implement our plan to replace the services that we continue to use and, in particular, our Enterprise Resource Planning System, upon expiration of the transition services agreement, which will expire in its entirety on June 15, 2007. We expect to extend the transition services agreement for an additional period, but we cannot assure you that we will be able to extend it if we need to do so. As such, we cannot assure you that we will be successful in operating as a stand alone company.

We do not own most of the intellectual property and tooling used in our business.

Our business depends on using certain intellectual property and tooling that we have rights to use under license grants from Boeing. These licenses contain restrictions on our use of Boeing intellectual property and tooling and may be terminated if we default under certain of these restrictions. Our loss of license rights to use Boeing intellectual property or tooling would materially adversely affect our business. In addition, we must honor our contractual commitments to our other customers related to intellectual property and comply with infringement laws in the use of intellectual property. In the event we obtain new business from new or existing customers, we will need to pay particular attention to these contractual commitments and any other restrictions on our use of intellectual property to make sure that we will not be using intellectual property improperly in the performance of such new business. In the event we use any such intellectual property improperly, we could be subject to an infringement claim by the owner or licensee of such intellectual property. See Business Our Relationship with Boeing License of Intellectual Property in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 incorporated herein by reference.

In the future, our entry into new markets may require obtaining additional license grants from Boeing and/or from other third parties. If we are unable to negotiate additional license rights on acceptable terms (or at all) from Boeing and/or other third parties as the need arises, our ability to enter new markets may be materially restricted. In addition, we may be subject to restrictions in future licenses granted to us that may materially restrict our use of third party intellectual property.

Our success depends in part on the success of our R&D initiatives.

We spent approximately $104.7 million and $10.4 million on R&D during the twelve months ended December 31, 2006 and the three months ended March 29, 2007, respectively. The significant capital we

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expend on our R&D efforts may not create any new sales opportunities or increases in productivity that are commensurate with the level of resources invested.

We are in the process of developing specific technologies and capabilities in pursuit of new business and in anticipation of customers going forward with new programs, including programs which have not yet been developed. For the twelve months ended December 31, 2006 and the three months ended March 29, 2007, we spent approximately $76.0 million, and $0.6 million, respectively, on these activities. Work in connection with the Boeing B787-8 consisted of approximately 72% and 6% of our total R&D costs during these periods. As of the first quarter of 2007, R&D work for the Boeing B787-8 model was completed. If the Boeing B787-8 or any other such programs do not go forward or are not successful, we may be unable to recover the costs incurred in anticipation of such programs and our profitability and revenues may be materially adversely affected.

The BAE Acquisition and any future business combinations, acquisitions or mergers expose us to risks, including the risk that we may not be able to successfully integrate these businesses or achieve expected operating synergies.

The BAE Acquisition involves risks, including difficulties in integrating the operations and personnel of BAE Aerostructures and the potential loss of key employees of BAE Aerostructures. We may not be able to satisfactorily integrate the acquired business in a manner and a timeframe that achieves the cost savings and operating synergies that we expect.

In addition, we actively consider strategic transactions from time to time. We evaluate acquisitions, joint ventures, alliances or co-production programs as opportunities arise, and we may be engaged in varying levels of negotiations with potential competitors at any time. We may not be able to effect transactions with strategic alliance, acquisition or co-production program candidates on commercially reasonable terms or at all. If we enter into these transactions, we also may not realize the benefits we anticipate. In addition, we may not be able to obtain additional financing for these transactions.

The integration of companies that have previously been operated separately involves a number of risks, including, but not limited to:

- demands on management related to the increase in size after the transaction;
- the diversion of management s attention from the management of daily operations to the integration of operations;
- difficulties in the assimilation and retention of employees;
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation of geographically dispersed operations and personnel, who may speak different languages;
- difficulties combining operations that use different currencies or operate under different legal structures;
- difficulties in the integration of departments, systems (including accounting systems), technologies, books and records and procedures, as well as in maintaining uniform standards, controls (including internal accounting controls), procedures and policies; and
- constraints (contractual or otherwise) limiting our ability to consolidate, rationalize and/or leverage supplier arrangements to achieve integration.

Consummating any acquisitions, joint ventures, alliances or co-production programs could result in equity dilution, the incurrence of additional debt and related interest expense, as well as unforeseen contingent liabilities.

Risk Factors Related to our Capital Structure

The interests of our controlling stockholder may conflict with your interests.

Upon completion of this offering, the Onex entities will own 35,026,759 shares of our class B common stock. Our class A common stock has one vote per share, while our class B common stock has ten votes per share on all matters to be voted on by our stockholders. After this offering, the Onex entities will control approximately 75.1% of the combined voting power of our outstanding common stock. Accordingly, and for so long as the Onex entities continue to hold class B common stock that represents at least 10% of the total number of shares of common stock outstanding, Onex will exercise a controlling influence over our business and affairs and will have the power to determine all matters submitted to a vote of our stockholders, including the election of directors and approval of significant corporate transactions such as amendments to our certificate of incorporation, mergers and the sale of all or substantially all of our assets. Onex could cause corporate actions to be taken even if the interests of Onex conflict with the interests of our other stockholders. This concentration of voting power could have the effect of deterring or preventing a change in control of Spirit that might otherwise be beneficial to our stockholders. Gerald W. Schwartz, the Chairman, President and Chief Executive Officer of Onex Corporation, owns shares representing a majority of the voting rights of the shares of Onex Corporation. See Principal and Selling Stockholders and Description of Capital Stock.

Our indebtedness could materially adversely affect our financial condition and our ability to operate our business.

As a result of the Boeing Acquisition, we have a significant amount of debt and debt servicing requirements. As of March 29, 2007, we had total debt of approximately $615.1 million, including approximately $589.8 million of borrowings under our senior secured credit facility and approximately $25.3 million of capital lease obligations. In addition to our debt, we have approximately $12.4 million of letters of credit outstanding. In addition, subject to restrictions in the credit agreement governing our senior secured credit facility, we may incur additional debt.

Our debt could have important consequences to you, including the following:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other general corporate purposes may be impaired;
- we must use a portion of our cash flow for payments on our debt, which will reduce the funds available to us for other purposes;
- we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited;
- our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our level of debt; and
- our ability to borrow additional funds or to refinance debt may be limited.

Our ability to generate sufficient cash to service our debt depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations.

Our business may not generate sufficient cash flow from operating activities. We may need to obtain new credit arrangements and other sources of financing in order to meet our current and future obligations and working capital requirements and to fund our future capital expenditures. In addition, our ability to make payments on and to refinance our debt and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you of our future performance, which depends in part on general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, including those described above under Risk Factors Related to our Business and Industry. Lower net revenues generally will reduce our cash flow.

If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we may need to refinance all or a portion of our debt, sell material assets or operations or raise additional debt or equity capital. We cannot assure you that we could effect any of these actions on a timely basis, on commercially reasonable terms or at all, or that these actions would be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements may restrict us from effecting certain or any of these alternatives.

Restrictive covenants in our senior secured credit facility may restrict our ability to pursue our business strategies.

Our senior secured credit facility limits our ability, among other things, to:

- incur additional debt or issue our preferred stock;
- pay dividends or make distributions to our stockholders;
- repurchase or redeem our capital stock;
- make investments;
- incur liens;
- enter into transactions with our stockholders and affiliates;
- sell certain assets;
- acquire the assets of, or merge or consolidate with, other companies; and
- incur restrictions on the ability of our subsidiaries to make distributions or transfer assets to us.

Our ability to comply with these covenants may be affected by events beyond our control, and any material deviation from our forecasts could require us to seek waivers or amendments of covenants, alternative sources of financing or reductions in expenditures. We cannot assure you that such waivers, amendments or alternative financings could be obtained, or, if obtained, would be on terms acceptable to us.

In addition, the amended credit agreement governing our senior secured credit facility requires us to meet a financial ratio of total debt outstanding under our senior secured credit facility to EBITDA, as defined under the credit agreement. We may not be able to maintain this ratio.

If a breach of any covenant or restriction contained in our credit agreement governing our senior secured credit facility results in an event of default, the lenders thereunder could discontinue lending, accelerate the related debt (which would accelerate other debt) and declare all borrowings outstanding thereunder to be due and payable. In addition, the lenders could terminate any commitments they had made to supply us with additional funds. In the event of an acceleration of our debt, we may not have or be able to obtain sufficient funds to make any accelerated debt payments, and we may not have sufficient capital to perform our obligations under our supply agreements.

We may issue more equity and reduce your ownership in Spirit Holdings.

Our business plan may require the investment of new capital, which we may raise by issuing additional equity (including equity interests which may have a preference over shares of our class A common stock) or additional debt (including debt securities and/or bank loans). However, this capital may not be available at all, or when needed, or upon terms and conditions favorable to us. The issuance of additional equity in Spirit Holdings may result in significant dilution of your shares of class A common stock. We may issue additional equity in connection with or to finance subsequent acquisitions. Further, our subsidiaries could issue securities in the future to persons or entities (including our affiliates) other than us or another subsidiary. This could materially adversely affect your investment in us because it would dilute your indirect ownership interest in our subsidiaries.

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Spirit Holdings certificate of incorporation and by-laws and our supply agreements with Boeing contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of Spirit Holdings certificate of incorporation and by-laws may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our current board of directors. These provisions include:

- multi-vote shares of common stock, which are owned by the Onex entities and management stockholders;
- advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and
- the authority of the board of directors to issue, without stockholder approval, up to 10 million shares of preferred stock with such terms as the board of directors may determine and an additional 60,651,161 shares of class A common stock (not including shares reserved for issuance upon conversion of outstanding shares of class B common stock) and an additional 110,327,067 shares of class B common stock (not including shares issued but subject to vesting requirements under our benefit plans).

In addition, our supply agreements with Boeing include provisions giving Boeing the ability to terminate the agreements in the event any of certain disqualified persons acquire a majority of Spirit s direct or indirect voting power or all or substantially all of Spirit s assets. See Business Our Relationship with Boeing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 incorporated herein by reference.

Spirit Holdings is a controlled company within the meaning of the New York Stock Exchange rules and, as a result, will qualify for, and intends to rely on, exemptions from certain corporate governance requirements.

Because the Onex entities will own more than 50% of the combined voting power of our common stock after the completion of this offering, we will continue to be deemed a controlled company under the rules of the New York Stock Exchange, or NYSE. As a result, we will continue to qualify for, and intend to continue to rely upon, the controlled company exception to the board of directors and committee composition requirements under the rules of the NYSE. Pursuant to this exception, we will continue to be exempt from rules that would otherwise require that Spirit Holdings board of directors be comprised of a majority of independent directors (as defined under the rules of the NYSE), and that Spirit Holdings compensation committee and corporate governance and nominating committee be comprised solely of independent directors, so long as the Onex entities continue to own more than 50% of the combined voting power of our common stock. Spirit Holdings board of directors consists of ten directors, five of whom qualify as independent. In addition, Spirit Holdings compensation and corporate governance and nominating committees are not comprised solely of independent directors. See Management Executive Officers and Directors and Committees of the Board of Directors.

Risk Factors Related to this Offering

Our stock price may be volatile and you may not be able to sell your shares at or above the offering price.

We completed our initial public offering in November 2006. An active and liquid public market for our class A common stock may not continue to develop or be sustained. Since our initial public offering the price of our class A common stock, as reported by the New York Stock Exchange, has ranged from a low of $27.45 on March 2, 2007 to a high of $33.70 on May 9, 2007. You may be unable to resell the class A common stock you purchase at or above the price you pay for shares of class A common stock in this offering.

The stock markets in general have experienced extreme volatility, often unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our class A common stock.

Price fluctuations in our class A common stock could result from general market and economic conditions and a variety of other factors, including:

- actual or anticipated fluctuations in our operating results;
- changes in aerostructures pricing;
- our competitors and customers announcements of significant contracts, acquisitions or strategic investments;
- changes in our growth rates or our competitors and customers growth rates;
- the timing or results of regulatory submissions or actions with respect to our business;
- our inability to raise additional capital;
- conditions of the aerostructure industry or in the financial markets or economic conditions in general; and
- changes in stock market analyst recommendations regarding our class A common stock, other comparable companies or the aerospace industry in general.

If a significant number of shares of our class A common stock are sold into the market following this offering, the market price of our class A common stock could significantly decline, even if our business is doing well.

Sales of a substantial number of shares of our class A common stock in the public market after this offering could materially adversely affect the prevailing market price of our class A common stock.

Upon completion of this offering, we will have 99,675,906 shares of class A common stock and 36,653,734 shares of class B common stock outstanding. Of these securities, the 63,345,834 shares of class A common stock sold in our initial public offering on November 27, 2006, or IPO, 4,813,270 shares issued under our Union Equity Participation Plan and 31,516,802 shares offered pursuant to this offering will be freely tradable without restriction or further registration under federal securities laws, except to the extent such shares are purchased by our affiliates. The 36,653,734 shares of class B common stock and any class A common stock owned by our officers, directors and affiliates, as that term is defined in the Securities Act of 1933, as amended, or the Securities Act, are restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

In connection with this offering, we, the Onex entities, our officers and directors, certain of our employees and each of the other selling stockholders have entered into lock-up agreements that prevent the sale of shares of our common stock for up to 90 days after the date of this prospectus, subject to an extension in certain circumstances as set forth in the section entitled Underwriting. Following the expiration of the lock-up period, the Onex entities will be permitted to exercise their right, subject to certain conditions, to require us to register the sale of these shares under the federal securities laws. If this right is exercised, holders of all shares subject to a registration rights agreement will be entitled to participate in such registration. By exercising their registration rights, and selling a large number of shares, these holders could cause the prevailing market price of our class A common stock to decline. Approximately

36,653,734 shares of our common stock will be subject to a registration rights agreement upon completion of this offering. See Shares Eligible for Future Sale and Description of Capital Stock Registration Agreement.

Furthermore, an additional 3,019,199 shares of our class B common stock have been issued to members of our management and other employees pursuant to our Executive Incentive Plan, Short Term Incentive Plan and Long Term Incentive Plan, which shares will remain subject to vesting requirements following the offering. Of this amount, 239,963 shares granted under our Short Term Incentive Plan will vest on February 22,

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2008 if the recipients of such shares continue to be employed by us at that time. See Management Compensation Discussion and Analysis Elements Used to Achieve the Philosophy and Objectives Annual Incentive Awards, and Long-Term, Equity-Based Incentive Compensation in our Definitive Proxy Statement on Form 14A filed with the SEC on April 9, 2007 and incorporated herein by reference. If these vesting requirements are satisfied, additional shares of class A common stock issuable upon conversion of the class B common stock will become eligible for sale in the public market one year following the date on which the shares were granted, subject to the volume, notice of sale, manner of sale and other restrictions of Rule 144 promulgated under the Securities Act or, if earlier, after the shares are registered under the Securities Act.

Our employees, officers and directors may elect to sell shares of our class A common stock issuable upon conversion of their shares of our class B common stock in the market when they are eligible to do so. Sales of a substantial number of shares of our class A common stock in the public market after this offering could depress the market price of our class A common stock and impair our ability to raise capital through the sale of additional equity securities.

We do not intend to pay cash dividends.

We do not intend to pay cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of our current, as well as any future, financing agreements may preclude us from paying any dividends. As a result, appreciation, if any, in the market value of our common stock will be your sole source of potential financial gain for the foreseeable future.

THE ACQUISITION TRANSACTIONS

The Boeing Acquisition

In December 2004 and February 2005, an investor group led by Onex Partners LP and Onex Corporation formed Spirit and Spirit Holdings, respectively, for the purpose of acquiring Boeing Wichita. On June 16, 2005, Spirit acquired Boeing Wichita in a negotiated, arms-length transaction for a cash purchase price of approximately $903.9 million and the assumption of certain liabilities, pursuant to the Asset Purchase Agreement. Based on final working capital and other factors specified in the Asset Purchase Agreement, a purchase price adjustment of $19.0 million was paid to Spirit in the fourth quarter of 2005. In connection with the Boeing Acquisition, Boeing is required to make payments to Spirit in amounts of $45.5 million ($11.4 million of which was paid in the first quarter of 2007), $116.1 million and $115.4 million in 2007, 2008 and 2009, respectively, in payment for various tooling and capital assets built or purchased by Spirit. Spirit will retain usage rights and custody of these assets for their remaining useful lives without compensation to Boeing. Boeing also contributed $30.0 million to us to partially offset our costs of transition to a stand alone company.

The Asset Purchase Agreement contains customary representations, warranties and covenants. Pursuant to the Asset Purchase Agreement, we are indemnified by Boeing for certain losses we incur. Claims for indemnification are subject to an aggregate deductible equal to $10.0 million and may not exceed $100.0 million, each subject to certain specified exceptions. Although our right to indemnification for certain claims expired on December 16, 2006, we continue to be indemnified for losses relating to taxes and certain ERISA matters until 30 days after the expiration of the applicable statute of limitations, losses relating to the title of the assets sold to us in the Boeing Acquisition until June 16, 2012, and losses relating to certain representations, including those relating to broker or finder fees and commissions, indefinitely.

The Boeing Acquisition was financed through an equity investment of $375.0 million and borrowings of a $700.0 million term loan B under our senior secured credit facilities. See Management s Discussion and Analysis of Financial Condition and Results of Operations The Boeing Acquisition and Related Transactions. Prior to the closing of the Boeing Acquisition, neither Spirit nor Spirit Holdings had engaged in any business activities except those incident to the acquisition of Boeing Wichita.

Prior to the completion of the Boeing Acquisition, Boeing Wichita was a division of Boeing and was not a separate legal entity. Historically, Boeing Wichita functioned as an internal supplier of parts and assemblies to Boeing airplane programs and had very few sales to third parties. It operated as a cost center of Boeing, meaning that it recognized the cost of products manufactured for BCA programs but did not recognize any corresponding revenues for those products. No intra-company pricing was established for the parts and assemblies that Boeing Wichita supplied to Boeing. Revenues from sales to third parties were insignificant prior to the Boeing Acquisition, consisting of less than $100,000 in each year from 2001 through 2004 and in the period from January 1, 2005 through June 16, 2005.

Pursuant to the Asset Purchase Agreement, on the closing date of the Boeing Acquisition, Spirit and Boeing entered into a series of agreements under which (1) Spirit has become Boeing s exclusive supplier of substantially all of the parts and assemblies supplied to Boeing by Boeing Wichita as at June 16, 2005 at pricing established under those agreements, (2) Spirit will be Boeing s exclusive supplier for the forward fuselage, fixed and moveable leading wing edges and struts for Boeing s new B787 platform, at pricing set forth in the relevant agreement and (3) Boeing has continued to provide to Spirit (in most cases on a transitional basis) certain technology and system support services historically provided to Boeing Wichita by Boeing, at pricing established under those agreements. See Business Our Relationship with Boeing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 incorporated herein by reference.

Prior to the Boeing Acquisition, certain Boeing Wichita employees were represented by unions under Boeing s labor agreements. After the closing of the Boeing Acquisition, Spirit employed most, but not all, of the employees of Boeing Wichita on new terms and conditions of employment that were in most cases established by collective bargaining between Spirit and the relevant labor unions. Spirit also established certain employee benefit and equity incentive plans in connection with hiring Boeing Wichita employees. See

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Management Compensation Discussion and Analysis in our Definitive Proxy Statement on Form 14A filed with the SEC on April 9, 2007 and incorporated herein by reference.

The BAE Acquisition

On April 1, 2006, through our wholly-owned subsidiary, Spirit Europe, we acquired BAE Aerostructures in a negotiated, arms-length transaction for a cash purchase price of approximately $145.7 million and the assumption of certain normal course liabilities (including accounts payable of approximately $67.0 million) financed with available cash balances. Spirit Europe manufactures leading and trailing wing edges and other wing components for commercial aircraft programs for Airbus and Boeing and produces various aerostructure components for certain Hawker Beechcraft business jets. The BAE Acquisition provides us with a foundation to increase future sales to Airbus, as Spirit Europe is a key supplier of wing and flight control surfaces for the A320 platform, Airbus core single aisle program, and of wing components for the A380 platform, one of Airbus most important new programs and the world s largest commercial passenger aircraft. Under our supply agreements with Airbus, we supply most of our products for the life of the aircraft program, including commercial derivative models, with pricing determined through 2010. For the A380, we have a long-term supply contract with Airbus that covers a fixed number of units.

Our Principal Equity Investor

Onex Partners LP is an approximately $1.7 billion private equity fund established in 2003 by Onex Corporation, which has provided committed capital for Onex-sponsored acquisitions. Onex Corporation is a diversified company with annual consolidated revenues of approximately $16.4 billion. Shares of Onex Corporation are listed and traded on the Toronto Stock Exchange under the symbol OCX . Other Onex Corporation operating companies include Hawker Beechcraft, Inc., Emergency Medical Services Corporation, Celestica Inc., Skilled Healthcare Group Inc., The Warranty Group, Inc., Tube City IMS Corporation, SITEL Worldwide Corporation and Cineplex Entertainment Limited Partnership.

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MARKET PRICE OF OUR COMMON STOCK

Our class A common stock has been listed on the New York Stock Exchange under the symbol SPR since November 21, 2006. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low sales prices of our class A common stock on the New York Stock Exchange.

Fiscal Year 2006:	**High**	**Low**
Fourth Quarter ended December 31, 2006(1)	$ 33.65	$ 27.48

Fiscal Year 2007:	**High**	**Low**
First Quarter ended March 29, 2007	$ 32.61	$ 27.45
Second Quarter (through May 9, 2007)	$ 33.70	$ 31.16

(1) The first day of trading of the class A common stock was November 21, 2006.

A recent reported closing price for our class A common stock is set forth on the cover page of this prospectus. The Bank of New York is the transfer agent and registrar for our common stock. As of April 30, 2007, there were approximately 28 holders of record of class A common stock. However, we believe that many additional holders of our class A common stock are unidentified because a substantial number of shares are held of record by brokers or dealers for their customers in street names.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of shares by the selling stockholders.

DIVIDEND POLICY

We currently intend to retain any future earnings to support our operations and to fund the development and growth of our business. In addition, the payment of dividends by us to holders of our common stock is limited by our credit facilities. Our future dividend policy will depend on the requirements of financing agreements to which we may be a party. We do not intend to pay cash dividends on our common stock in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements and contractual restrictions.

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CAPITALIZATION

The following table sets forth our consolidated capitalization on an actual basis as of March 29, 2007.

For additional information regarding our outstanding debt, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

	As of March 29, 2007 (Dollars in millions)	
Long-term debt, including current portion:		
Revolving credit facility(1)		
Term loan	$	589.8
Capital leases and other debt		25.3
Total debt		615.1
Shareholders equity:		
Preferred stock, $0.01 par value per share, 10,000,000 shares authorized; nil shares issued and outstanding		
Class A common stock, $0.01 par value per share, 200,000,000 shares authorized; 68,159,104 shares issued and outstanding		0.7
Class B common stock, $0.01 par value per share, 150,000,000 shares authorized; 71,446,595 shares issued and outstanding		0.7
Additional paid-in capital		867.2
Accumulated other comprehensive income		70.4
Accumulated deficit		(3.7)
Total shareholders equity		935.3
Total capitalization	$	1,550.4

(1) As of March 29, 2007, we had no borrowings under the $400.0 million revolving credit facility, with availability of $387.6 million, which is net of $12.4 million of letters of credit outstanding.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following table sets forth our selected consolidated financial data for each of the periods indicated. The periods prior to and including June 16, 2005 reflect data of our Predecessor for financial accounting purposes. The periods beginning June 17, 2005 reflect our financial data after the Boeing Acquisition. Financial data for the year ended December 31, 2002 (Predecessor), the year ended December 31, 2003 (Predecessor), the year ended December 31, 2004 (Predecessor), the period from January 1, 2005 through June 16, 2005 (Predecessor), the period from June 17, 2005 through December 29, 2005 (Spirit Holdings) and the twelve month period ended December 31, 2006 (Spirit Holdings) are derived from the audited consolidated financial statements of the Predecessor or the audited consolidated financial statements of Spirit Holdings, as applicable. The audited consolidated financial statements for the year ended December 31, 2004 (Predecessor), the period from January 1, 2005 through June 16, 2005 (Predecessor), the period from June 17, 2005 through December 29, 2005 (Spirit Holdings) and the twelve month period ended December 31, 2006 (Spirit Holdings) are included in this prospectus. Financial data as of and for the three months ended March 30, 2006 (Spirit Holdings) and March 29, 2007 (Spirit Holdings) are derived from the unaudited consolidated financial statements of Spirit Holdings included in this prospectus which, in the opinion of management, include all normal, recurring adjustments necessary to state fairly the data included therein in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. You should read the information presented below in conjunction with Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes contained elsewhere in this prospectus.

	Spirit Holdings				Predecessor			
	Three Months Ended		Twelve Months Ended	Period From June 17, 2005 through	Period From January 1, 2005 through	Fiscal Year Ended December 31,		
	March 29, 2007	March 30, 2006	December 31, 2006	December 29, 2005	June 16, 2005	2004	2003	2002
	(In millions, except per share data)							
Statement of Income Data:								
Net sales	$ 954.1	$ 670.8	$ 3,207.7	$ 1,207.6	N/A	N/A	N/A	N/A
Cost of sales	794.8	533.0	2,934.3	1,056.4	$ 1,163.9	$ 2,074.3	$ 2,063.9	$ 2,350.7
Selling, general & administrative expenses(1)	45.1	44.8	225.0	140.7	79.7	155.1	116.7	135.1
Research & development	10.4	42.4	104.7	78.3	11.0	18.1	17.3	18.5
Special charges(2)							10.3	
Operating income (loss)	103.8	50.6	(56.3)	(67.8)				
	(8.9)	(11.2)	(50.1)	(25.5)	N/A	N/A	N/A	N/A

nterest expense and inancing fee amortization								
nterest income	7.7	7.1	29.0	15.4				
Other income, net	2.0	1.4	5.9	1.3	N/A	N/A	N/A	N/A
ncome (loss) before ncome taxes	104.6	47.9	(71.5)	(76.6)	N/A	N/A	N/A	N/A
Provision for) benefits rom income taxes	(34.8)	(25.4)	88.3	(13.7)	N/A	N/A	N/A	N/A
Net income (loss)	$ 69.8	$ 22.5	$ 16.8	$ (90.3)	N/A	N/A	N/A	N/A
Net income (loss) per hare, basic	$ 0.54	$ 0.20	$ 0.15	$ (0.80)	N/A	N/A	N/A	N/A
Shares used in per share alculation, basic	129.7	113.9	115.6	113.5	N/A	N/A	N/A	N/A
Net income (loss) per hare, diluted	$ 0.50	$ 0.19	$ 0.14	$ (0.80)	N/A	N/A	N/A	N/A
Shares used in per share alculation, diluted	139.0	117.2	122.0	113.5	N/A	N/A	N/A	N/A
Other Financial Data:								
Cash flow provided by used in) operating ctivities	$ 50.1	$ 90.0	$ 273.6	$ 223.8	$ (1,177.8)	$ (2,164.9)	$ (2,081.8)	$ (2,281.8)
Cash flow used in nvesting activities	$ (75.0)	$ (93.8)	$ (473.6)	$ (1,030.3)	$ (48.2)	$ (54.4)	$ (43.3)	$ (50.4)
Cash flow provided by used in) financing ctivities	$ (2.1)	$ (1.3)	$ 140.9	$ 1,047.8	N/A	N/A	N/A	N/A
Capital expenditures	$ (87.5)	$ (93.8)	$ (343.2)	$ (144.6)	$ (48.2)	$ (54.4)	$ (43.3)	$ (50.4)

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	Spirit Holdings As of				Predecessor As of		
	March 29, 2007	March 30, 2006	December 31, 2006	December 29, 2005	December 31, 2004	December 31, 2003	December 31, 2002
				(In millions)			
Consolidated Balance Sheet Data:							
Cash & cash equivalents(3)	$ 157.3	$ 236.2	$ 184.3	$ 241.3	$ 3.0	$ 3.6	$ 1.3
Accounts receivable, net	$ 315.8	$ 174.2	$ 200.2	$ 98.8	$ 2.0	$ 2.0	$ 1.6
Inventory, net	$ 947.0	$ 537.1	$ 882.2	$ 510.7	$ 524.6	$ 529.4	$ 535.1
Property, plant & equipment, net	$ 841.0	$ 595.9	$ 773.8	$ 518.8	$ 511.0	$ 555.3	$ 611.8
Total assets	$ 2,840.1	$ 1,844.7	$ 2,722.2	$ 1,656.6	$ 1,043.6	$ 1,093.3	$ 1,153.1
Total debt	$ 615.1	$ 719.8	$ 618.2	$ 721.6	N/A	N/A	N/A
Long-term debt	$ 590.2	$ 706.7	$ 594.3	$ 710.0	N/A	N/A	N/A
Shareholders equity	$ 935.3	$ 373.1	$ 859.0	$ 325.8	N/A	N/A	N/A

(1) Includes non-cash stock compensation expenses of $6.6 million, $13.4 million, $56.6 million, $34.7 million, $22.1 million, $23.3 million, $12.9 million and $9.1 million for the respective periods starting with the three months ended March 29, 2007.

(2) In 2003, a charge was allocable to Boeing Wichita in connection with the close-out of the Boeing B757 program.

(3) Prior to the Boeing Acquisition, the Predecessor was part of Boeing s cash management system and, consequently, had no separate cash balance. Therefore, at December 31, 2004, December 31, 2003 and December 31, 2002, the Predecessor had negligible cash on the balance sheet.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the audited restated consolidated financial statements, the notes to the audited restated consolidated financial statements and the Selected Consolidated Financial Information and Other Data appearing elsewhere in this prospectus. This discussion covers periods before and after the closing of the Boeing Acquisition. The discussion and analysis of historical periods prior to the Boeing Acquisition do not reflect the impact of the Boeing Acquisition. In addition, this discussion contains forward-looking statements that must be understood in the context of numerous risks and uncertainties, including, but not limited to, those described in the Risk Factors section of this prospectus. See Cautionary Statements Regarding Forward-Looking Statements. Our results may differ materially from those anticipated in any forward-looking statements.

Recent Events

Initial Public Offering. On June 30, 2006, Spirit Holdings filed a Registration Statement on Form S-1 (Registration No. 333-135486) with the Securities and Exchange Commission for an initial public offering of Spirit Holdings class A common stock. On November 20, 2006, that registration statement, as amended, was declared effective by the Securities and Exchange Commission and an additional registration statement (Registration No. 333-138854) relating to the initial public offering became effective automatically upon its filing. These registration statements covered 55,083,334 shares of our class A common stock, and an additional 8,262,500 shares subject to the underwriters over-allotment option granted by certain selling stockholders identified in the registration statement. We sold 10,416,667 shares and the selling stockholders sold 52,929,167 shares at a price of $26.00 per share less underwriter discounts and commissions.

Acquisition of BAE Aerostructures. On April 1, 2006, through our wholly-owned subsidiary, Spirit Europe, we acquired BAE Aerostructures for a cash purchase price of approximately $145.7 million and the assumption of certain normal course liabilities (including accounts payable of approximately $67.0 million). Spirit Europe manufactures leading and trailing wing edges and other wing components for commercial aircraft programs for Airbus and Boeing and produces various aerostructure components for certain Hawker Beechcraft business jets. The BAE Acquisition provides us with a foundation to increase future sales to Airbus, as Spirit Europe is a key supplier of wing and flight control surfaces for the A320 platform, Airbus core single aisle program, and of wing components for the A380 platform, one of Airbus most important new programs and the world s largest commercial passenger aircraft. Under our supply agreements with Airbus, we supply most of our products for the life of the aircraft program, including commercial derivative models, with pricing determined through 2010. For the A380, we have a long-term supply contract with Airbus that covers a fixed number of units.

Overview

We are the largest independent non-OEM designer and manufacturer of commercial aerostructures in the world. Aerostructures are structural components, such as fuselages, propulsion systems and wing systems for commercial, military and business jet aircraft. We derive our revenues primarily through long-term supply agreements with Boeing and Airbus. For the twelve months ended December 31, 2006, we generated net revenues of approximately $3,207.7 million and net income of approximately $16.8 million. For the three months ended March 29, 2007, we generated net revenues of approximately $954.1 million and net income of approximately $69.8 million.

We are organized into three principal reporting segments: (1) Fuselage Systems, which include the forward, mid- and rear fuselage sections, (2) Propulsion Systems, which include nacelles, struts/pylons and engine structural components, and (3) Wing Systems, which include wings, wing components and flight control surfaces. All other activities fall within the All Other segment, principally made up of sundry sales of miscellaneous services and sales of natural gas through a tenancy-in-common with other Wichita companies. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 49%, 28%,

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22% and 1%, respectively, of our net revenues for the twelve months ended December 31, 2006. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 47%, 27%, 25% and 1%, respectively, of our net revenues for the three months ended March 29, 2007.

Market Trends

The financial health of the commercial airline industry has a direct and significant effect on our commercial aircraft programs. The commercial airline industry is impacted by the strength of the global economy and geo-political events around the world. The commercial airline industry suffered after the terrorist attacks of September 11, 2001 and the subsequent downturn in the global economy, the SARS epidemic in 2002 and, more recently, from rising fuel prices and the conflicts in the Middle East. In the last two years, the industry has shown signs of strengthening with increases in global revenue passenger miles (RPMs) driven in large part by deregulation and economic growth in Asia and the Middle East, although rising fuel prices, conflicts in the Middle East, major U.S. airline financial distress and the risk of additional terrorist activity have tempered the recovery.

Boeing and Airbus experienced aggregate record airplane orders in 2005 and the second highest aggregate annual number of orders in 2006. As reported by Boeing and Airbus in their first quarters of 2007, they had a combined backlog of 5,074 commercial aircraft, which has grown from a reported backlog of 3,968 as of December 31, 2005. The current backlog represents approximately 4.9 years of production at 2007 delivery rates. Many industry experts believe that the strength of commercial orders will continue through the next several years, although they are not expected to approach the record 2005 level. As a result, Boeing has announced delivery increases in 2007 and 2008. The following table sets forth the historical deliveries of Boeing and Airbus for 2002 through 2006 and Boeing s and Airbus announced delivery expectations for 2007.

	2002	2003	2004	2005	2006	2007(1)
Boeing	381	281	285	290	398	440
Airbus	303	305	320	378	434	440
Total	684	586	605	668	832	880

(1) Boeing has announced 2007 deliveries to be between 440-445. Airbus has announced 2007 deliveries to be between 440-450.

Although the commercial aerospace industry is in a cycle of increased production, our business could be adversely affected by significant changes in the U.S. or global economy. Historically, aircraft travel, as measured by global RPMs, generally correlates to economic conditions and a reduction in aircraft travel could result in a decrease in new orders, or even cancellation of existing orders, for new or replacement aircraft, which in turn could adversely affect our business. Part of our strategy during this upturn is to work on diversifying our customer base and reducing our fixed to variable cost ratio so we have some downside protection in this cyclical market.

The Boeing Acquisition and Related Transactions

In December 2004 and February 2005, an investor group led by Onex Partners LP and Onex Corporation formed the companies of Spirit and Spirit Holdings, respectively, for the purpose of acquiring Boeing Wichita. On June 16, 2005, Spirit acquired Boeing Wichita for a cash purchase price of approximately $903.9 million and the assumption of certain liabilities, pursuant to the Asset Purchase Agreement. Based on final working capital and other factors specified in the Asset Purchase Agreement, a purchase price adjustment of $19.0 million was paid to Spirit in the fourth quarter of 2005. The acquisition was financed through borrowings of a $700.0 million Term Loan B under our senior secured credit facilities and an equity investment of $375.0 million. Proceeds from the Term Loan B were used to consummate the Boeing Acquisition and pay fees and expenses incurred in connection therewith and for working capital. Our senior secured credit facilities also included a $175.0 million revolving credit facility (which has since been increased to $400.0 million), none of which was borrowed at the closing date of the Boeing Acquisition and $0.3 million of which was outstanding in the form of letters of credit (which has since increased to $12.4 million). In connection with the Boeing Acquisition, Boeing is required to make payments to Spirit in amounts of $45.5 million ($11.4 million of which was paid in the first quarter of 2007), $116.1 million and $115.4 million in 2007, 2008 and 2009, respectively, in payment for various tooling and capital assets built or purchased by Spirit. These amounts are included at their net present value in current and non-current assets in the consolidated balance sheet. Spirit will retain unimpeded usage rights and custody of these assets for their remaining useful lives without compensation to Boeing. Boeing also contributed $30.0 million to us to partially offset our costs to transition to a stand alone company. The fair value of the various assets acquired and liabilities assumed were determined by management based on valuations performed by an independent third party. The fair value of the net assets acquired exceeded the total consideration for the acquisition by approximately $739.1 million. The excess (negative goodwill) was allocated on a pro rata basis to long-lived assets.

In connection with the Boeing Acquisition, we entered into a long-term supply agreement under which we are Boeing s exclusive supplier for substantially all of the products and services that Boeing Wichita provided to Boeing prior to the Boeing Acquisition. The supply contract is a requirements contract covering certain products such as fuselages, struts, wing components and nacelles for Boeing B737, B747, B767 and B777 commercial aircraft programs for the life of these programs, including any commercial derivative models. Pricing for existing products is contractually set through May 2013, with average prices decreasing at higher volume levels and increasing at lower volume levels. We also entered into a long-term supply agreement for Boeing s new B787 platform covering the life of this platform, including commercial derivatives. Under this contract, we will be Boeing s exclusive supplier for the forward fuselage, fixed and moveable leading wing edges and struts for the B787. Pricing for these products on the B787-8 model is generally set through 2021, with prices decreasing as cumulative production volume levels are achieved over time.

Cost Savings

In connection with and since the Boeing Acquisition, Spirit was able to achieve substantial cost reductions by renegotiating labor contracts and reducing pension and fringe benefit costs. Below are management s estimates of the average annual cost savings resulting from these agreements negotiated following the Boeing Acquisition.

Direct Labor. We implemented two significant cost reduction initiatives in conjunction with the Boeing Acquisition that lowered our direct labor costs. We hired 1,300 fewer people than the predecessor had employed, which translates into approximately $112 million of annual savings. Pursuant to the terms of the Asset Purchase Agreement, we did not incur severance obligations to former Boeing employees that we did not hire. We were able to operate with fewer people due to higher productivity among our remaining employees, favorable contract terms, new work rules and realignment of business units. Additionally, new union contracts provided for wage reductions of 10%, on average, for our direct labor force. Since the Boeing Acquisition, new employees required to support increasing production levels have been hired at lower starting wage rates. The new union contracts and changing mix of pre- and post- Boeing Acquisition employees have resulted in approximately $65 million in annual cost savings, assuming a constant level of employees. The new union agreements provide for an escalation of labor costs by approximately $20 million per year, assuming a constant level of employees.

Pension and Other Benefits (Fringe). Cost reduction initiatives related to the Boeing Acquisition have also lowered our pension and other benefits (fringe) costs. We were able to achieve substantial cost reductions by switching employee retirement plans from defined benefit plans to defined contribution plans and raising the required employee medical plan contribution percentage. The resulting cost savings lowered our fringe rate as a percentage of labor by five percentage points, which translates into approximately $27 million of annual savings, assuming a constant level of employees. Subsequently, as of January 2006, we recognized further fringe benefits reductions based on the results of our first six months of operations, lowering our fringe rate as a percentage of labor by a further 10 percentage points, or approximately $59 million, on an annual basis. The major contributors to this reduction were lower negotiated medical premiums from third party providers as a result of experience and plan redesign, hiring of Boeing retirees who are covered under Boeing s retiree medical plan, lower paid time off due to changing seniority levels, as described above, further pension/retirement reductions and improved workers compensation claims experience.

As a result of the adjustments recorded in June 2006 to reflect the final pension asset transfer discussed under the heading Acquisition of Spirit in Note 3 within the notes to our audited consolidated financial statements for the twelve months ended December 31, 2006 and from February 7, 2005 (date of inception) through December 29, 2005 included in this prospectus, we expect to realize additional annual savings of approximately $30 million in the form of higher pension income and lower depreciation and amortization expense.

Union Equity Participation Plan Compensation Expense

Pursuant to our Union Equity Participation Plan we were obligated to pay benefits tied to the value of our class B common stock for the benefit of certain employees represented by the IAM, IBEW and the UAW, upon the consummation of our initial public offering. The benefits were to be paid, at our option, in the form of cash and/or future issuance of shares of our class A common stock, valued at the initial public offering price. The Company expensed $321.9 million and $1.2 million related to the Union Equity Participation Plan for the year ended December 31, 2006 and the quarter ended March 29, 2007, respectively. We paid approximately 39.0% of the total benefit in shares of class A common stock, through the issuance of 4,813,270 shares in March 2007. The portion of the benefit that was paid in stock was accounted for as an equity based plan under SFAS 123(R), Statement of Financial Accounting Standards No. 123 (revised 2004) Shared-Based Payment, or SFAS 123(R). This treatment resulted in a $125.7 million increase and a $0.7 million decrease to additional paid-in capital on our consolidated balance sheet as of December 31, 2006 and March 29, 2007, respectively. The decrease as of March 29, 2007 resulted from the payment of cash in lieu of shares to employees whose employment terminated prior to March 15, 2007. The remainder of the benefit was paid in cash using $149.3 million of the proceeds of the initial public offering and $48.5 million from available cash.

Basis of Presentation

Since the Boeing Acquisition was effective on June 17, 2005, the financial statements and subsidiary detail for prior periods relate to our predecessor, the Wichita Division of BCA, which we refer to as Boeing Wichita or the Predecessor, and are presented on a carve-out basis. As a result, we believe that the financial statements for the Predecessor are not comparable to the financial statements for Spirit Holdings for periods following the Boeing Acquisition, as described under the heading Pre-Boeing Acquisition Results are Not Comparable to Post-Boeing Acquisition Results.

Prior to the Boeing Acquisition. Prior to the completion of the Boeing Acquisition, the Predecessor was a division of Boeing and was not a separate legal entity. Historically, the Predecessor functioned as an internal supplier of parts and assemblies to Boeing aircraft programs and had very few sales to third parties. It operated as a cost center within Boeing, meaning that it recognized its cost of products manufactured for BCA programs, but did not recognize any corresponding revenues for those products. No intra-company pricing was established for the parts and assemblies that the Predecessor supplied to Boeing. Revenues from sales to third parties were insignificant, consisting of less than $100,000 in each year from 2002 through 2004, and in the period from January 1, 2005 through the closing date of the Boeing Acquisition. As a cost center, the division operated under intra-company arrangements with Boeing, with all transactions with Boeing conducted on a non-cash basis. The Predecessor accumulated incurred costs and assigned a per-finished item value to the airplane programs as completed items were delivered to Boeing s Puget Sound facilities for final assembly.

Certain amounts included in the Predecessor s financial statements have been allocated from BCA and/or Boeing. Spirit believes that these allocations are reasonable, but not necessarily indicative of costs that would have been incurred by Boeing Wichita had it operated as a stand alone business for the same periods.

Statements of cash flows have not been presented for the Predecessor because it did not maintain cash accounts and participated in Boeing s centralized cash management systems and Boeing funded all of its cash requirements.

The Predecessor s financial statements include both the Wichita and Tulsa/McAlester sites. All intercompany balances and transactions involving the consolidating entities have been eliminated in consolidation.

Post-Boeing Acquisition. Since the Boeing Acquisition, Spirit has operated as a stand alone entity with its own accounting records. The consolidated financial statements for the period from June 17, 2005 through December 29, 2005 and the consolidated financial statements for the twelve months ended December 31, 2006 and the condensed consolidated financial statements for the three months ended March 29, 2007 include Spirit Holdings, Spirit and its other subsidiaries in accordance with Accounting Research Bulletin No. 51, SFAS No. 94 and Financial Accounting Standards Board, or FASB, Interpretation No. 46(R). All intercompany balances and transactions have been eliminated in consolidation.

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to inventory, income taxes, financing obligations, warranties, pensions and other post-retirement benefits and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management believes that the quality and reasonableness of our most critical policies enable the fair presentation of our financial position and results of operations. However, the sensitivity of financial statements to these methods, assumptions and estimates could create materially different results under different conditions or using different assumptions.

The following are the most critical accounting policies of Spirit Holdings, which are those that require management s most subjective and complex judgments, requiring the use of estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Revenue and Profit Recognition

A significant portion of Spirit s revenues are recognized under long-term, volume-based pricing contracts, requiring delivery of products over several years. Spirit recognizes revenue under the contract method of accounting and records sales and profits on each contract in accordance with the percentage-of-completion method of accounting, using the units of delivery method. We follow the requirements of Statement of Position 81-1 (SOP 81-1), *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* (the contract method of accounting), using the cumulative catch-up method in accounting for revisions in estimates. Under the cumulative catch-up method, the impact of revisions in estimates is recognized immediately when changes in estimated contract profitability become known.

A profit rate is estimated based on the difference between total revenues and total costs of a contract. Total revenues at any given time include actual historical revenues up to that time plus future estimated revenues. Total costs at any given time include actual historical costs up to that time plus future estimated costs. Estimated revenues include negotiated or expected values for units delivered, estimates of probable recoveries asserted against the customer for changes in specifications, price adjustments for contract and volume changes, and escalation. Costs include the estimated cost of certain pre-production effort (including non-recurring engineering and planning subsequent to completion of final design) plus the estimated cost of manufacturing a specified number of production units. Estimates take into account assumptions relative to future labor performance and rates, and projections relative to material and overhead costs including expected learning curve cost reductions over the term of the contract. The specified number of production units used to establish the profit margin, or the contract block, is predicated upon contractual terms and market forecasts.

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The assumed timeframe/period covered by the contract block is generally equal to the period specified in the contract or the future timeframe for which we can project reasonably dependable cost estimates. If the contract is a life of program contract, then the life of the contract block is usually the latter of these timeframes. Estimated revenues and costs also take into account the expected impact of specific contingencies that we believe are probable.

Estimates of revenue and cost for our contracts span a period of multiple years and are based on a substantial number of underlying assumptions. We believe that the underlying assumptions are sufficiently reliable to provide a reasonable estimate of the profit to be generated. However, due to the significant length of time over which revenue streams will be generated, the variability of the revenue and cost streams can be significant if the assumptions change.

For revenues not recognized under the contract method of accounting, we recognize revenues from the sale of products at the point of passage of title, which is generally at the time of shipment. Revenues earned from providing maintenance service are recognized when the service is complete.

For hardware end items, the Predecessor recognized transferred costs when the item was due on dock at Boeing s major assembly facility. Costs of products manufactured at the Predecessor s Wichita site were valued at discrete unit cost, while costs of products manufactured at its Tulsa/McAlester facility were valued based on the estimated average cost for a Boeing-defined block of units. The cost of other work (services, tooling, etc.) was measured at actual cost as the costs were incurred by the Predecessor.

We treat the Boeing-owned tooling that we use in the performance of our supply agreements with Boeing as having been obtained in the Boeing Acquisition pursuant to the equivalent of a capital lease and we take a charge against revenues for the amortization of such tooling in accordance with EITF No. 01-3, *Accounting in a Business Combination for Deferred Revenue of an Acquiree* and EITF No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer (including a Reseller of the Vendor s Products).*

Inventory

Raw materials are stated at the lower of cost (on an actual or average cost basis) or market which is consistent with the Predecessor s valuation of raw materials. Inventory costs relating to long-term contracts are stated at the actual production costs, including manufacturing and engineering overhead incurred to date, reduced by amounts associated with revenue recognized on units delivered.

Inventory costs on long-term contracts include certain pre-production costs incurred once research and development activity has ended and the product is ready for manufacture, including applicable overhead, in accordance with SOP 81-1. In addition, inventory costs typically include higher learning curve costs on new programs. These factors usually result in an increase in inventory (referred to as excess-over-average or deferred production costs) during the early years of a contract. These costs are deferred only to the extent the amount of actual or expected excess-over-average is reasonably expected to be fully offset by lower than average costs in future periods of a contract.

If we determine that in-process inventory plus estimated costs to complete a specific contract exceeds the anticipated remaining sales value of such contract, such excess is charged to cost of sales in the period in which such determination is made, thus reducing inventory to estimated realizable value.

Finished goods inventory is stated at its estimated average per unit cost based on all units expected to be produced.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes.* Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is recorded to reduce deferred income tax assets to an amount that, in the opinion of management, will ultimately be realized. The effect of changes in tax rates is recognized during the period in which the rate change occurs.

We record an income tax expense or benefit based on the net income earned or net loss incurred in each tax jurisdiction and the tax rate applicable to that income or loss. In the ordinary course of business, there are transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different than the estimates originally made by management in determining the income tax provision. A change to these estimates could impact the effective tax rate and, subsequently, net income or net loss.

We file a U.S. consolidated Federal income tax return. Under the terms of an informal tax sharing arrangement among us and our subsidiary companies, the amount of the cumulative tax liability of each subsidiary shall not exceed the total tax liability for such subsidiary as computed on a separate return basis.

Pensions and Other Post-Retirement Benefits

We account for pensions and other post-retirement benefits in accordance with SFAS No. 87, *Employers Accounting for Pensions* and SFAS No. 106, *Employers Accounting for Post-retirement Benefits Other Than Pensions*, both as modified by SFAS 132(R), *Employers Disclosures about Pensions and Other Post-retirement Benefits (As Amended)* and SFAS 158 (SFAS 158), *Employers Accounting for Defined Benefit Pension and Other Post-retirement Plans.* The Financial Accounting Standards Board issued Statement 158, *Employers Accounting for Defined Benefit Pension and Other Post-retirement Plans*, during 2006 and it requires companies to reflect the funded status for each of their defined benefit and post-retirement plans on the balance sheet. Results as of the end of fiscal year 2006 and the first fiscal quarter 2007 reflect the changes pursuant to this new accounting standard.

Assumptions used in determining the benefit obligations and the annual expense for our pension and post-retirement benefits other than pensions are evaluated and established in conjunction with an independent actuary.

We set the discount rate assumption annually for each of our retirement-related benefit plans as of the measurement date, based on a review of projected cash flows and long-term high quality corporate bond yield curves. The discount rate determined on each measurement date is used to calculate the benefit obligation as of that date, and is also used to calculate the net periodic benefit expense (income) for the upcoming plan year.

We derive assumed expected rate of return on pension assets from the long-term expected returns based on the investment allocation by class specified in our investment policy. The expected return on plan assets determined on each measurement date is used to calculate the net periodic benefit expense/(income) for the upcoming plan year.

Assumed health care cost trend rates have a significant effect on the amounts reported for the post-retirement health care plans. To determine the health care cost trend rates, we consider national health trends and adjust for our specific plan designs and locations.

The Predecessor participated in various pension and post-retirement plans sponsored by Boeing which covered substantially all of its employees. The costs of such plans were not discretely identifiable to the Predecessor but were allocated by Boeing to the Predecessor and included in the cost of products transferred. The assets and obligations under these plans were also not discretely identified to the Predecessor.

Stock Compensation Plans

Upon inception, we adopted SFAS No. 123(R), which generally requires companies to measure the cost of employee and non-employee services received in exchange for an award of equity instruments based on the grant-date fair value and to recognize this cost over the requisite service period or immediately if there is no service period or other performance requirements. Stock-based compensation represents a significant accounting policy of ours which is further described in Note 2 within the notes to our consolidated financial

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statements for the twelve months ended December 31, 2006 and from February 7, 2005 (date of inception) through December 29, 2005 included in this prospectus.

We have established various stock compensation plans which include restricted share grants and stock purchase plans.

Purchase Accounting

Boeing Acquisition. We have accounted for the Boeing Acquisition as a purchase in accordance with SFAS No. 141, *Business Combinations*, and recorded the assets acquired and liabilities assumed based upon the estimated fair value of the consideration paid, which is summarized in the following table.

	(Dollars in millions)	
Cash payment to Boeing	$	903.9
Direct costs of the acquisition		20.2
Less:		
Consideration to be returned from Boeing for sale of capital assets		(202.8)
Consideration to be returned from Boeing for transition costs		(30.0)
Working capital settlement		(19.0)
Total consideration	$	672.3

Direct costs of the acquisition include professional fees paid to outside advisors for investment banking, legal, tax, due diligence, appraisal and valuation services.

In connection with the Boeing Acquisition, Boeing is required to make non-interest bearing payments to Spirit in amounts of $45.5 million ($11.4 million of which was paid in the first quarter of 2007), $116.1 million and $115.4 million in 2007, 2008 and 2009, respectively, in payment for various tooling and capital assets built or purchased by Spirit. Spirit will retain usage rights and custody of the assets for their remaining useful lives without compensation to Boeing. Since Spirit retains the risks and rewards of ownership to such assets, Spirit recorded such amounts as consideration to be returned from Boeing at a net present value of approximately $202.8 million. The initial amount will be accreted as interest income until payments occur and is recorded as a component of other assets. The accretion of interest income was approximately $5.5 million and $20.7 million in the three months ended March 29, 2007 and the twelve months ended December 31, 2006, respectively.

In connection with the Boeing Acquisition, Boeing also made payments to us totaling $30.0 million through June 2006 for Spirit s costs of transition to a newly formed enterprise. Since Spirit had no obligations under this arrangement, such amounts were recorded as consideration to be returned from Boeing. These payments were not discounted as they were realized within one year of closing.

In accordance with the Asset Purchase Agreement, in fiscal 2005, Boeing reimbursed Spirit approximately $19.0 million for the contractually determined working capital settlement.

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The fair value of the various assets acquired and liabilities assumed were determined by management. The fair value of the net assets acquired exceeded the total consideration for the acquisition by approximately $739.1 million. The excess (negative goodwill) was allocated on a pro rata basis to long-lived assets and resulted in the purchase price allocation as follows:

	Book Value June 16, 2005 (Dollars in millions)
Cash	$ 1.3
Accounts receivable	0.3
Inventory	479.2
Other current assets	0.3
Property, plant and equipment	231.1
Intangible assets	17.3
Other assets	6.8
Pension asset	101.2
Accounts payable and accrued liabilities	(130.2)
Pension and post-retirement liabilities	(35.0)
Net assets acquired	$ 672.3

BAE Acquisition. We accounted for the BAE Acquisition as a purchase in accordance with the provisions of SFAS No. 141, *Business Combinations*, and recorded the assets acquired and liabilities assumed based upon the fair value of the consideration paid, which is summarized in the following table:

Cash payment to BAE Systems	$ 139.1
Direct costs of the acquisition	3.6
Working capital settlement	3.0
Total consideration	$ 145.7

The fair value of the various assets acquired and liabilities assumed was determined by management based on valuations performed by an independent third party. The total consideration exceeded the fair value of the net assets acquired by approximately $10.3 million, resulting in goodwill. The purchase price was allocated as follows:

	Book Value April 1, 2006 (Dollars in millions)
Cash	$ 0.3
Accounts receivable	61.9
Inventory	44.2

Other current assets		
Property, plant and equipment		88.0
Intangible assets		30.1
Goodwill		10.3
Currency hedge assets		11.1
Accounts payable and accrued liabilities		(67.0)
Pension liabilities		(19.1)
Other liabilities		(12.4)
Currency hedge liabilities		(1.7)
Net assets acquired	$	145.7

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New Accounting Standards

In February 2006, FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*, which amends SFAS No. 133 and SFAS No. 140, and improves the financial reporting of certain hybrid financial instruments by requiring more consistent accounting that eliminates exemptions and simplifies the accounting for those instruments. SFAS No. 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity s first fiscal year that begins after September 15, 2006. We have not issued or acquired any hybrid instruments included in the scope of SFAS No. 155 and, accordingly, the adoption of SFAS No. 155 did not have a material impact on our financial condition, results of operations or cash flows.

In June 2006, FASB issued FASB Interpretation No. 48, or FIN 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109*, effective for fiscal years beginning after December 15, 2006. FIN 48 prescribes the minimum recognition threshold a tax position must meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. As described more fully in Note 2 to the condensed consolidated financial statements for the first quarter of 2007, included in this prospectus, the adoption of FIN 48 did not have a material impact on our financial condition, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy as defined in the standard. Additionally, companies are required to provide enhanced disclosure regarding financial instruments in one of the categories (level 3), including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We believe that the adoption of SFAS No. 157 will not have a material impact on our consolidated financial statements.

On September 29, 2006, FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Post-Retirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132*(R). The standard requires us to:

Recognize the funded status of our defined benefit plans in our consolidated financial statements.

Recognize as a component of other compensation income any actuarial gains and losses and prior service costs and credits that arise during the period but are not immediately recognized as components of net periodic benefit cost.

Measure defined benefit plan assets and obligations as of our fiscal year end.

Disclose in the notes to the financial statements additional information about certain effects on net periodic cost for the subsequent fiscal year that arise from delayed recognition of gains or losses, prior to service costs or credits, and transition asset or obligation.

Change our measurement date from November to the fiscal year end (*i.e.*, December 31) by year-end 2008.

The standard is effective for fiscal years ending after December 15, 2006. See Note 9 within the notes to our consolidated financial statements for the twelve months ended December 31, 2006 and from February 7, 2005 (date of inception) through December 29, 2005 included in this prospectus.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities , or SFAS 159, including an amendment to FASB No. 115. Under SFAS 159, entities may elect to measure specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. The election, called the fair value option, will enable entities to achieve an offset accounting effect for changes in fair value of certain related assets and liabilities without the need to apply complex hedge accounting provisions. SFAS 159 is expected to expand the use of fair value measurement consistent with the Board s long-term objectives for financial instruments. SFAS 159 is effective as of the beginning of a company s first fiscal year that begins after November 15, 2007. The Company is in the process of evaluating the impact that adoption of SFAS 159 will have on its future consolidated financial statements.

Accounting Changes and Pronouncements

Following the Boeing Acquisition, we adopted a number of accounting policies, practices and conventions that differ from the Predecessor, including but not limited to the following:

- change from discrete unit or block costing to the use of long-term contract accounting;
- reclassification of certain costs from cost of sales to selling, general and administrative costs, or SG&A;
- change from accelerated depreciation methods for most personal property to straight line depreciation methods for all property, plant and equipment;
- implementation of accounting for new activities that were not performed by or otherwise recognized by the Predecessor; and
- establishment of a lower dollar threshold for capitalization of internal use software.

Other than the above changes associated with the transition of Boeing Wichita to a stand alone business, there have been no significant changes in our critical accounting policies during the periods presented. Announced new SFAS or other pronouncements with effective dates subsequent to the periods presented are not expected to materially impact us.

Results of Operations

The Predecessor s results were driven primarily by Boeing s commercial airplane demand and the resulting production volume. A shipset is a full set of components produced by us for one airplane, and may include fuselage components, wing systems and propulsion systems. For purposes of measuring production or deliveries for Boeing aircraft in a given period, the term shipset refers to sets of structural fuselage components produced or delivered in such period. For purposes of measuring production or deliveries for Airbus aircraft in a given period, the term shipset refers to sets of wing components produced or delivered in such period. Other components which are part of the same aircraft shipsets could be produced or shipped in earlier or later accounting periods than the components used to measure production or deliveries, which may result in slight variations in production or delivery quantities of the various shipset components in any given period.

In 2004, the Predecessor produced 270 shipsets, increasing to 308 shipsets from combined deliveries by Spirit and the Predecessor in the twelve months ended December 29, 2005. In the twelve months ended December 31, 2006, Spirit delivered 392 shipsets, an increase of 84 shipsets over the prior year. In the three months ended March 29, 2007, Spirit delivered 243 shipsets, an increase of 159 shipsets over the three months ended March 30, 2006.

Deliveries for the B737 increased from 201 shipsets in 2004 to 233 in 2005 and 302 in 2006. In the three months ended March 29, 2007, Spirit delivered 83 shipsets for the B737, an increase of 19 shipsets over the three months ended March 30, 2006. Deliveries for the B777 increased from 37 shipsets delivered in 2004 to 49 in 2005 and 65 in 2006. In the three months ended March 29, 2007, Spirit delivered 21 shipsets for the B777, an increase of 7 shipsets over the three months ended March 30, 2006. B747, B757 and B767 production remained at comparatively low levels during the same periods, with the B757 completing its production run in 2004.

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The Predecessor s period-to-period cost of sales also reflects changes in model mix, incremental cost improvements, an increase in cost of material and a decrease in labor content as the increase in deliveries over such periods was led by the more material intensive B737 and B777 models. Period costs include expenses such as SG&A and research and development that are charged directly to expense and not capitalized in inventory as a cost of production.

As a stand alone company, our cost of sales reflects a lower cost structure, reclassification of some costs of sales to SG&A and implementation of long-term contract accounting. Our higher period costs for the post-Boeing Acquisition period of 2005 and the twelve months of 2006 as compared to those of the Predecessor for the prior periods reflect new functions required to establish a stand alone business, accounting reclassifications and nonrecurring transition costs of $4.8 million, $27.5 million, and $35.8 million for the periods ended March 29, 2007, December 31, 2006, and December 29, 2005, respectively.

The following table sets forth, for the periods indicated, certain of our operating data:

	Spirit Holdings				Predecessor	
	Three Months Ended March 29, 2007	Three Months Ended March 30, 2006	Twelve Months Ended December 31, 2006	Period From June 17, 2005 through December 29, 2005	Period From January 1, 2005 through June 16, 2005	Fiscal Year Ended December 31, 2004
	(Dollars in millions)					
Net revenues	$ 954.1	$ 670.8	$ 3,207.7	$ 1,207.6	N/A	N/A
Cost of sales(a)	794.8	533.0	2,934.3	1,056.4	$ 1,163.9	$ 2,074.3
SG&A, R&D, other period costs(b)	55.5	87.2	329.7	219.0	90.7	173.2
Operating income (loss)	103.8	50.6	(56.3)	(67.8)	N/A	N/A
Interest expense and financing fee amortization(c)	(8.9)	(11.2)	(50.1)	(25.5)	N/A	N/A
Interest income	7.7	7.1	29.0	15.4		
Other income (loss), net	2.0	1.4	5.9	1.3	N/A	N/A
Provision for income taxes	(34.8)	(25.4)	88.3	(13.7)	N/A	N/A
Net income (loss)	$ 69.8	$ 22.5	$ 16.8	$ (90.3)	N/A	N/A

(a) Included in 2006 cost of sales are the fourth quarter charges related to the Union Equity Participation Plan payout of $321.9 million.

(b) Includes non-cash stock compensation expense of $6.6 million, $13.4 million, $56.6 million, $34.7 million, $22.1 million and $23.3 million, respectively, for the periods starting with the three months ended March 29, 2007.

(c) Included in interest expense and financing fee amortization for the twelve months ended December 31, 2006 are expenses related to our initial public offering of $3.7 million.

Pre-Boeing Acquisition Results are Not Comparable to Post-Boeing Acquisition Results

Spirit Holdings historical financial statements prior to the Boeing Acquisition are not comparable to its financial statements subsequent to June 16, 2005. Spirit Holdings was formed in February 2005 as a holding company of Spirit, but did not commence operations until June 17, 2005. Prior to the Boeing Acquisition, the Predecessor was a division of Boeing and was not a separate legal entity. Historically, the Predecessor functioned as an internal supplier of parts and assemblies to Boeing airplane programs and had insignificant sales to third parties. It operated as a cost center of Boeing, meaning that it recognized the cost of products manufactured for BCA programs but did not recognize any corresponding revenues for those products. No intra-company pricing was established for the parts and assemblies that the Predecessor supplied to Boeing.

On the closing date of the Boeing Acquisition, Spirit entered into exclusive supply agreements with Boeing pursuant to which Spirit began to supply parts and assemblies to Boeing at pricing established under those agreements, and began to operate as a stand alone entity with revenues and its own accounting records. In addition, prior to the Boeing Acquisition, certain costs were allocated to the Predecessor which were not necessarily representative of the costs the Predecessor would have incurred for the corresponding functions had it been a stand alone entity. At the time of the Boeing Acquisition significant cost savings were realized through labor savings, pension and other benefit savings, reduced corporate overhead and operational improvements. As a result of these substantial changes which occurred concurrently with the Boeing Acquisition, the Predecessor s historical financial statements pre-Boeing Acquisition are not comparable to Spirit Holdings financial statements post-Boeing Acquisition.

Three Months Ended March 29, 2007 as Compared to Three Months Ended March 30, 2006

	Three Months Ended March 29, 2007	Three Months Ended March 30, 2006
	(Dollars in millions)	
Net Revenues	$ 954.1	$ 670.8
Operating costs and expenses:		
Cost of sales	794.8	533.0
Selling, general and administrative	45.1	44.8
Research and development	10.4	42.4
Total Costs and Expenses	850.3	620.2
Operating Income	103.8	50.6
Interest expense and financing fee amortization	(8.9)	(11.2)
Interest income	7.7	7.1
Other income, net	2.0	1.4
Income before income taxes	104.6	47.9
Income tax provision	(34.8)	(25.4)
Net income	$ 69.8	$ 22.5

Net Revenues. Net revenues for the first quarter of 2007 include the results of Spirit Europe, which we acquired on April 1, 2006. Net revenues for the quarter ended March 29, 2007 were $954.1 million, an increase of $283.3 million, or 42%, compared with net revenues of $670.8 million for the same period in the prior year. Included in the first quarter of 2007 is $126.9 million of Spirit Europe net revenue. The increase in net revenues, excluding Spirit Europe, is primarily attributable to delivery rate increases on the B737, B747 and B777 programs. Deliveries to Boeing increased from 84 shipsets during the first quarter of 2006 to 112 shipsets in the first quarter of 2007, a 33% increase. In total, in the first quarter of 2007, we delivered 243 shipsets compared to 84 shipsets delivered for the same period last year. Approximately 98% of Spirit s net revenue for the first quarter of 2007 came from our two largest customers, Boeing and Airbus.

Cost of Sales. Cost of sales for the first quarter of 2007 includes the results of Spirit Europe, which we acquired on April 1, 2006. Cost of sales as a percentage of net revenues was 83% for the quarter ended March 29, 2007 as compared to 79% for the same period in the prior year. Excluding the impact of Spirit Europe on first quarter of 2007, there was a slight increase in cost of sales compared to the first quarter of 2006. During the first quarter of 2007, Spirit updated its contract profitability estimates resulting in a favorable change in contract estimates of $6.3 million. Almost all of the estimate changes are recorded in the Wing Systems segment and were driven by favorable cost trends within the current contract blocks. Because Spirit recognized changes in contract estimates utilizing the cumulative catch-up method of accounting under Statement of Position 81-1, approximately $1.6 million of the favorable adjustment relates to net revenues recognized in 2005, and approximately $4.7 million relates to net revenues recognized in 2006. Largely offsetting the favorable cumulative catch-up adjustment in the quarter were certain adjustments at Spirit Europe, including a contract loss provision also recorded in the Wing Systems segment. The increase in cost of sales as a percentage of revenues in the first quarter of 2007 as compared to the first quarter of 2006 was due to the fact that first quarter 2006 results included a $33.6 million favorable cumulative catch-up adjustment and the addition of Spirit Europe, which has a higher cost of goods sold than the rest of our business.

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SG&A. SG&A expenses for the first quarter of 2007 include the results of Spirit Europe, which we acquired on April 1, 2006. SG&A expenses as a percentage of net revenue for the first quarter of 2007 was 5% compared to 7% for the same period last year. SG&A expenses in the first quarter of 2007 were lower as a percentage of net revenue due to an increase in net revenue and a reduction in spending on transition-related costs and lower accrued stock compensation expenses.

Research and Development and Other Period Costs. R&D costs for the first quarter of 2007 includes the results of Spirit Europe, which we acquired on April 1, 2006. R&D costs as a percentage of net revenues were approximately 1% for the quarter ended March 29, 2007 and 6% for the same period in the prior year. R&D costs have declined primarily due to a reduction in R&D spending on the B787 program in the first quarter of 2007 compared to the first quarter of 2006.

Operating Income. Operating income for the first quarter of 2007 includes the results of Spirit Europe, which we acquired on April 1, 2006. Operating income for the three months ended March 29, 2007 was $103.8 million compared to operating income of $50.6 million for the same period in the prior year. The increase was driven by the additional gross profit from greater sales volume and lower SG&A and R&D expenses compared to the first quarter of 2006.

Interest Expense and Financing Fee Amortization. Interest expense and financing fee amortization for the first quarter of 2007 includes $8.3 million of interest and fees paid or accrued in connection with long-term debt and $0.6 million in amortization of deferred financing costs. The decrease of $2.3 million as compared to the first quarter of 2006 resulted primarily from the prepayment of debt and the write-off of deferred financing costs in the fourth quarter of 2006.

Interest Income. Interest income for the first quarter of 2007 consisted of $5.5 million of accretion of the discounted long-term receivable from Boeing for capital expense reimbursement pursuant to the Asset Purchase Agreement for the Boeing Acquisition and $2.2 million in interest income. The increase of $0.6 million in interest income as compared to the first quarter of 2006 was primarily related to higher accretion amounts in 2007. As we begin to receive payments on the receivables, this difference will decrease.

Provision for Income Taxes. The income tax provision for the first quarter of 2007 consisted of $33.9 million for federal income taxes, $1.4 million for state taxes and ($0.5) million for foreign taxes. The effective income tax rate of 33.2% for the three months ended March 29, 2007 differs from the effective income tax rate of 53.0% for the same period in the prior year primarily due to the effect of a prior year valuation allowance recorded against deferred tax assets.

Segments. The following table shows segment information for the three months ended March 29, 2007 as compared to the three months ended March 30, 2006.

	Three Months Ended			
	March 29, 2007		March 30, 2006(1)	
	(Dollars in millions)			
Segment Net Revenues				
Fuselage Systems	$	445.2	$	353.7
Propulsion Systems		260.4		216.5

Wing Systems		241.2		92.0
All Other		7.3		8.6
	$	954.1	$	670.8

(1) Net revenues for Wing Systems exclude Spirit Europe before April 1, 2006, the date we acquired BAE Aerostructures.

Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 47%, 27%, 25% and 1% respectively, of our net revenues for the three months ended March 29, 2007. Net revenues attributable to Airbus were recorded in the Wing Systems segment.

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Fuselage Systems. Fuselage Systems segment net revenues for the first quarter of 2007 were $445.2 million, an increase of 26% or $91.5 million over the same period last year. This reflects an increase in Boeing B737, B747 and B777 model production volumes in support of customer deliveries. Net revenues in the first quarter of 2006 were lower than originally planned as a result of the IAM strike at Boeing which occurred in September of 2005. Fuselage Systems posted segment operating margins of 19% for the first quarter of 2007, up from 17% in the same period of 2006, as R&D expense on the B787 program declined and higher production rates were realized.

Propulsion Systems. Propulsion Systems segment net revenues for the first quarter of 2007 were $260.4 million, an increase of 20% or $43.9 million over the same period last year. This reflects an increase in Boeing B737, B747 and B777 model production volumes in support of customer deliveries. Propulsion Systems posted segment operating margins of 16% for the first quarter of 2007, compared to 14% in the same period of 2006 as R&D expense on the B787 program declined and higher production rates were realized.

Wing Systems. Wing Systems segment net revenues for the first quarter of 2007 were $241.2 million, an increase of $149.2 million over the same period last year. Wing Systems net revenues for the first quarter of 2006 excluded Spirit Europe, which accounted for $126.9 million of the Wing Systems segment net revenues in the first quarter of 2007. Wing Systems posted segment operating margins of 10% for the first quarter of 2007, compared to 6% in same period of 2006, as R&D expense on the B787 program declined and, to a lesser extent, favorable cost trends generated favorable changes in contract estimates that were largely offset by certain adjustments including a loss provision at Spirit Europe during the first quarter of 2007.

All Other. The All Other net revenues consist of sundry sales and miscellaneous services, and net revenues from the Kansas Industrial Energy Supply Company, or KIESC. The reduction in net revenues in the first quarter of 2007, compared to the first quarter of 2006, is primarily driven by a decrease in natural gas revenues associated with KIESC.

Comparative shipset deliveries by model are as follows:

	Three Months Ended	
Model	**March 29, 2007**	**March 30, 2006(1)**
B737	83	64
B747	5	3
B767	3	3
B777	21	14
Total Boeing	112	84
A320 Family	93	
A330/340	22	
A380		
Total Airbus	115	
Hawker 800 Series	16	
Total	243	84

(1) Deliveries exclude Spirit Europe before April 1, 2006, the date we acquired BAE Aerostructures.

The following table shows comparative segment operating income before unallocated corporate expenses for the three months ended March 29, 2007 compared to the three months ended March 30, 2006:

	Three Months Ended March 29, 2007		Three Months Ended March 30, 2006(1)	
Segment Operating Income				
Fuselage Systems	$	83.0	$	60.1
Propulsion Systems		40.3		29.8
Wing Systems		23.2		5.5
All Other		0.8		0.5
		147.3		95.9
Unallocated corporate SG&A		(42.5)		(43.4)
Unallocated research and development		(1.0)		(1.9)
Total operating income	$	103.8	$	50.6

(1) Excludes Spirit Europe before April 1, 2006, the date we acquired BAE Aerostructures.

Improvements to segment operating income before unallocated corporate expenses in the first quarter of 2007 compared to the first quarter of 2006 were driven by greater sales and lower expenses, primarily R&D. Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 56%, 27%, 16% and 1%, respectively, of our segment operating income before unallocated corporate expenses for the three months ended March 29, 2007. Operating income before unallocated corporate expenses as a percentage of net revenues was approximately 9%, 4%, 2% and less than 1%, respectively, for Fuselage Systems, Propulsion Systems, Wing Systems and All Other for the three months ended March 29, 2007.

Twelve Months Ended December 31, 2006 as Compared to Ten and One-Half Months Ended December 29, 2005

	Twelve Months Ended December 31, 2006		Ten and One-Half Months Ended December 29, 2005(1)	
	(Dollars in millions)			
Net revenues	$	3,207.7	$	1,207.6
Operating costs and expenses				
Cost of sales		2,934.3		1,056.4
Selling, general and administrative		225.0		140.7
Research and development		104.7		78.3

Total costs and expenses		3,264.0		1,275.4
Operating income (loss)		(56.3)		(67.8)
Interest expense and financing fee amortization		(50.1)		(25.5)
Interest income		29.0		15.4
Other income, net		5.9		1.3
Income (loss) before income taxes		(71.5)		(76.6)
Income tax provision		88.3		(13.7)
Net income (loss)	$	16.8	$	(90.3)

(1) Includes only six and one-half months of operations and excludes Spirit Europe.

Net Revenues. Net revenues for the twelve months ended December 31, 2006 cannot be compared to net revenues for the ten and one-half months ended December 29, 2005 as the current year contains twelve months of operations compared to six and one-half months of operations for the comparable period of 2005 due to the fact that the operations of Spirit as a stand alone entity did not commence until June 17, 2005. The 2006 amounts also include the results of Spirit Europe beginning April 1, 2006, the date we acquired Spirit Europe. Spirit delivered 392 shipsets to Boeing during the twelve months of 2006, as compared with 155 shipsets delivered during the ten and one-half months ended December 29, 2005. From September 2, 2005 through September 29, 2005 Boeing experienced a strike by its employees who were members of the IAM that resulted in reduced production rates during and for a period after the strike and reduced Spirit s revenue by an estimated $172.0 million for the ten and one-half months ended December 29, 2005. Revenues attributable to Airbus, through Spirit Europe, were approximately 8% of our total revenues for the twelve months ended December 31, 2006. We expect sales of shipsets to Airbus to be approximately 10% of total revenue on an annual basis.

Cost of Sales. Cost of sales for 2006 cannot be compared to cost of sales for 2005 as the current period contains twelve months of operations compared to six and one-half months of operations for the comparable period of 2005. Cost of sales for 2006 also includes the results of Spirit Europe beginning April 1, 2006, the date we acquired Spirit Europe. Cost of sales as a percentage of net revenues was 92% and 87% for the fiscal year of 2006 and the ten and one-half months of 2005, respectively. Included in 2006 cost of sales are the fourth quarter charges related to the Union Equity Participation Plan payout of $321.9 million. The results for the fiscal year ended December 31, 2006 also contained a favorable cumulative catch-up adjustment of approximately $59.0 million which was related to revenues recognized in 2005 resulting from revised contract accounting estimates, primarily with respect to cost reduction initiatives, and adjustments to reduce depreciation and amortization expense as a result of the final pension asset transfer from Boeing.

SG&A, Research and Development and Other Period Costs. SG&A, research and development and other period costs for 2006 cannot be compared to 2005 because the current period contains twelve months of operations compared to six and one-half months of operations for the comparable period of 2005. Expenses for 2006 also included Spirit Europe beginning April 1, 2006, the date we acquired Spirit Europe. SG&A, research and development and other period costs as a percentage of net revenues was 10% and 18% for the fiscal year ended December 31, 2006 and the ten and one-half months ended December 31, 2005, respectively. Included in 2006 SG&A expenses are a fourth quarter charge of $4.0 million related to the termination of the intercompany agreement with Onex and a charge of $4.3 million related to our Executive Incentive Plan. This reduction in percentage of net revenues between periods was driven by decreasing transition expenses in 2006 as we neared completion of the transition from Boeing to Spirit and decreasing research and development spending on the B787 program as production commences. This decrease was also partially attributable to the stock compensation charge incurred in 2005 related to the revision of fair values assigned to stock purchases and grants made in that year. This caused stock compensation expense to increase to $34.7 million in the 2005 period. Fiscal year 2006 stock compensation expense included in SG&A was $56.6 million.

Operating Income. Operating income for 2006 cannot be compared to operating income for 2005 as the 2006 period contains twelve months of operations compared to six and one-half months of operations for the comparable period of 2005. The operating income for 2006 also includes Spirit Europe results beginning April 1, 2006, the date we acquired Spirit Europe. Operating income for the twelve months ended December 31, 2006 included the favorable effect of the cumulative catch-up adjustment discussed above, $321.9 million of Union Equity Participation Plan charges and $8.3 million of IPO related expenses as described above. Operating loss of $56.3 million for 2006 also includes unallocated corporate expenses, as well as $75.5 million of B787 research and development costs and $27.5 million of non-recurring transition costs related to the Boeing Acquisition.

Interest Expense and Financing Fee Amortization. Interest expense and financing fee amortization for 2006 cannot be compared to interest expense and financing fee amortization for 2005 as the current period contains twelve months of expenses and amortization compared to six and one-half months of expenses and amortization for the comparable period of 2005. Interest expense and financing fee amortization for the twelve months ended December 31, 2006 included primarily interest and fees paid or accrued in connection with long-term debt and $4.7 million in amortization of deferred financing costs. Also included in 2006 are expenses related to our initial public offering of $3.7 million.

Interest Income. Interest income for 2006 cannot be compared to interest income for 2005 as the current period contains twelve months of interest income compared to six and one-half months of interest income for the comparable period of 2005. Interest income for the twelve months ended December 31, 2006 consisted of $20.7 million of accretion of the discounted long-term receivable from Boeing for capital expense reimbursement pursuant to the Asset Purchase Agreement and $8.3 million in interest income.

Provision for Income Taxes. Provision for income tax for 2006 cannot be compared to provision for income tax for 2005 as the current period contains twelve months of operations compared to the six and one-half months of operations for the comparable period of 2005. The income tax provision for the twelve months ended December 31, 2006 consisted of ($63.5) million for federal income taxes, ($25.4) million for state taxes and $0.6 million for foreign taxes. During the period from inception through September 28, 2006, upon weighing available positive and negative evidence, including the fact that Spirit Holdings was a new legal entity that had no earnings history, we established a valuation allowance against 100% of our net deferred tax assets as it was, at that time, considered more likely than not that we would not have the ability to realize these assets. This affected our tax provision by deferring tax benefits until such time as management determined under SFAS No. 109 that we had sufficient earnings history, among other factors, to recognize those benefits. Management reviews the need for a valuation allowance on a quarterly basis. In the fourth quarter of 2006, management determined there was sufficient evidence indicating it was more likely than not that our deferred tax asset would be realized, which led to the release of the valuation allowance on our net deferred tax assets. Based on the nature of the underlying deferred tax assets, the reversal of the valuation allowance resulted in a decrease to non-current intangibles of $5.6 million and a net income tax benefit of $75.2 million.

Segments. The following table shows segment information for the twelve months ended December 31, 2006 as compared to the ten and one-half months ended December 29, 2005.

	Twelve Months Ended December 31, 2006(1)	Ten and One-Half Months Ended December 29, 2005(2)
	(Dollars in millions)	
Segment Revenues		
Fuselage Systems	$ 1,570.0	$ 637.7
Propulsion Systems	887.7	372.2
Wing Systems	720.3	170.0
All Other	29.7	27.7
Total	$ 3,207.7	$ 1,207.6

(1) Revenues for Wing Systems include Spirit Europe after April 1, 2006, the date we acquired BAE Aerostructures.

(2) Includes only six and one-half months of operations and excludes Spirit Europe.

Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 49%, 28%, 22% and 1%, respectively, of our net revenues the twelve months ended December 31, 2006. Revenues attributable to Airbus are recorded within Wing Systems.

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Comparative shipset deliveries by model are as follows:

	Spirit Holdings		Predecessor
Model	Twelve Months Ended December 31, 2006(1)	Ten and One-Half Months Ended December 29, 2005(2)	Five and One-Half Months Ended June 16, 2005
B737	302	119	114
B747	13	7	8
B767	12	5	6
B777	65	24	25
Total Boeing	392	155	153
A320 Family	241		
A330/340	73		
A380	4		
Total Airbus	318		
Hawker 800 Family	51		
Total Spirit	761	155	153

(1) Deliveries of the Airbus and Hawker Beechcraft products began on April 1, 2006 with the acquisition of BAE Aerostructures.

(2) Includes only six and one-half months of operations and excludes Spirit Europe.

The following table shows segment information for the twelve month period ended December 31, 2006 as compared to the ten and one-half months ended December 29, 2005:

	Twelve Months Ended December 31, 2006(1)	Ten and One-Half Months Ended December 29, 2005(2)
	(Dollars in millions)	
Segment Operating Income		
Fuselage Systems	$ 112.5	$ 43.7
Propulsion Systems	33.7	24.5

Wing Systems		11.8		5.1
All Other		4.3		(1.2)
Total Segment Operating Income		162.3		72.1
Unallocated Corporate Expenses(3)		(218.6)		(139.9)
Operating Income (Loss)	$	(56.3)	$	(67.8)

(1) Operating income for Wing Systems includes Spirit Europe after April 1, 2006, the date we acquired BAE Aerostructures.

(2) Includes only six and one-half months of operations and excludes Spirit Europe.

(3) Unallocated corporate expenses for 2006 is comprised of $2.1 of research and development, $27.5 of non-recurring transition cost, and $189.0 of selling, general and administrative costs which includes $8.3 million of fourth quarter charges related to the Company s initial public offering.

Fuselage Systems, Propulsion Systems, Wing Systems and All Other represented approximately 69%, 21%, 7% and 3%, respectively, of our operating income before unallocated corporate expenses for the fiscal year ended December 31, 2006. Operating income before unallocated corporate expenses as a percentage of net revenues was 4%, 1%, less than 1% and less than 1%, respectively, for Fuselage Systems, Propulsion Systems, Wing Systems and All Other for the year ended December 31, 2006. The 2006 segment income before unallocated corporate expenses for Fuselage Systems, Propulsion Systems, Wing Systems and All Other

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includes Union Equity Participation Plan charges of $172.9 million, $103.1 million, $44.9 million and $1.0 million, respectively.

Year Ended December 29, 2005 as Compared to Year Ended December 31, 2004

Since the Boeing Acquisition occurred in the middle of 2005, financial results for the full calendar year 2005 and a comparison of these results with any prior period would not be meaningful.

Product Deliveries. Spirit and the Predecessor delivered 308 shipsets during 2005 as compared with 270 shipsets delivered by the Predecessor in 2004, reflecting Boeing s increased production rates.

Comparative shipset deliveries by model are as follows:

Model	**Predecessor and Spirit Combined Period From January 1, 2005 to December 29, 2005**	**Predeccessor Period From January 1, 2004 to December 31, 2004**
B737	233	201
B747	15	13
B757	0	9
B767	11	10
B777	49	37
Total	308	270

The most significant volume increases were on the B737 and B777 models. The B737 is less costly to produce and also generates lower revenues