

Spirit AeroSystems Holdings, Inc.

Form S-1/A

May 14, 2007

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**As filed with the Securities and Exchange Commission on May 14, 2007**

**Registration No. 333-142689**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Amendment No. 1  
to  
Form S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**SPIRIT AEROSYSTEMS HOLDINGS, INC.**  
*(Exact Name of Registrant as Specified in its Charter)*

**Delaware**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**3728**  
*(Primary Standard Industrial  
Classification Code No.)*

**20-2436320**  
*(I.R.S. Employer  
Identification No.)*

**3801 South Oliver  
Wichita, Kansas 67210  
(316) 526-9000**  
*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Jeffrey L. Turner  
Chief Executive Officer  
Spirit AeroSystems Holdings, Inc.  
3801 South Oliver  
Wichita, Kansas 67210  
(316) 526-9000**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

*Copies To:*

**Joel I. Greenberg, Esq.  
Mark S. Kingsley, Esq.  
Kaye Scholer LLP  
425 Park Avenue  
New York, New York 10022  
(212) 836-8000**

**Gloria Farha Flentje, Esq.  
General Counsel  
Spirit AeroSystems, Inc.  
3801 South Oliver  
Wichita, Kansas 67210  
(316) 526-9000**

**William J. Whelan, III, Esq.  
Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, New York 10019  
(212) 474-1000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED MAY 12, 2007**

**PROSPECTUS**

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 9, 2007, the closing price of our common stock, as reported by the NYSE Consolidated Tape, was \$33.30 per share.

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

	<b>Price to Public</b>	<b>Underwriting Discounts and Commissions</b>	<b>Proceeds to Selling Stockholders</b>
Per Share	\$	\$	\$
Total	\$	\$	\$

Delivery of the shares of class A common stock will be made on or about \_\_\_\_\_, 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  
Deutsche Bank Securities  
JPMorgan  
RBC Capital Markets  
Westwind Partners**

**Citi  
GMP Securities L.P.  
Lehman Brothers  
Scotia Capital**

**Cowen and Company  
Jefferies Quarterdeck  
Merrill Lynch & Co.  
UBS Investment Bank**

The date of this prospectus is May , 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 company 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 other similar 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 on a fully diluted basis.

## **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](http://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	
<b>(In millions, except per share data)</b>							
<b>Statement of Operations Data:</b>							
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	
<b>Other Financial Data:</b>							
Capital expenditures	\$ 88	\$ 94	\$ 343	\$ 145	\$ 48	\$ 54	
Depreciation and amortization	\$ 23	\$ 18	\$ 65	\$ 32	\$ 40	\$ 91	
<b>Balance Sheet Data (end of period):</b>							
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
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- (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

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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,



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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

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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

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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.



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**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: