

ALABAMA AIRCRAFT INDUSTRIES ANNOUNCES PROTEST DECISION

Birmingham, AL (June 13, 2008) – Alabama Aircraft Industries, Inc. (AAII) learned today that the U.S. Government Accountability Office (GAO) denied a protest filed by the company on March 11, 2008. In its protest, AAI was challenging the selection of Boeing over AAI for a billion dollar contract to maintain the Air Force's fleet of KC-135 tankers. As recently as December 27, 2007, and February 1, 2008, the GAO had issued decisions finding that the Air Force's selection of Boeing was flawed.

AAII President Ron Aramini issued a statement explaining, "While we are disappointed with the GAO's latest decision, we fully intend to continue to press our case until the Air Force has conducted a full and fair evaluation of proposals. We believe that a proper evaluation would result in the selection of AAI as the highest quality and lowest cost source for the maintenance of the Air Force's KC-135 fleet."

Alabama Aircraft Industries, Inc. (AAII), with executive offices in Birmingham, Alabama, and facilities in Alabama, and California, performs maintenance and modification of aircraft for the U.S. Government and foreign and domestic commercial customers. The company also provides aircraft parts and support and engineering services and full service overhaul and repair for a wide range of aircraft. AAI also develops and manufactures rocket vehicles and control systems, and precision components for the aviation industry.

This press release contains forward-looking statements made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by their use of words, such as "believe," "expect," "intend," "anticipate," "estimate" and other words and terms of similar meaning, in connection with any discussion of the Company's prospects, financial statements, business, financial condition, revenues, results of operations or liquidity. Factors that could affect the Company's forward-looking statements include, among other things: changes in global or domestic economic conditions; the loss of one or more of the Company's major customers; the Company's ability to obtain additional contracts and perform under existing contracts; the outcome of pending and future litigation and the costs of defending such litigation; financial difficulties experienced by the Company's customers; potential environmental and other liabilities; the inability of the Company to obtain

additional financing; material weaknesses in the Company's internal control over financial reporting; regulatory changes that adversely affect the Company's business; loss of key personnel; and other risks detailed from time to time in the Company's SEC reports, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. The Company does not undertake any obligation to update or revise any forward-looking statements and is not responsible for changes made to this release by wire services or Internet services.

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