

**EXHIBIT 1**

## Bid Procedures

### Participation Requirements

In order to participate in the bidding process, a person interested in acquiring the Acquired Assets (a "**Potential Bidder**") must first deliver to Banner Holding and its counsel (the "**Participation Requirements**"):

- (a) Confidentiality Agreement. An executed confidentiality agreement in form and substance acceptable to Banner Holding and its counsel; and
- (b) Identification of Potential Bidder. Identification of the Potential Bidder and any Principals (defined below), and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction.
- (c) Financing Sources. Written evidence satisfactory to Sellers that demonstrates the Potential Bidder has the necessary financial ability to close the contemplated transaction, including:
  - (i) current financial statements (audited if they exist);
  - (ii) contact names and numbers for verification of financing sources; and
  - (iii) evidence of internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction.

### Designation as Qualified Bidder

A "**Qualified Bidder**" is a Potential Bidder that delivers the documents described in subparagraphs (a)-(c) above, and that Banner, in consultation with any Official Unsecured Creditors Committee appointed in the Chapter 11 Case (if any, the "**Creditors Committee**"), determines is reasonably likely to submit a *bona fide* Bid that would result in greater total consideration being received for the benefit of Banner's creditors than under the Asset Purchase Agreement and be able promptly to consummate a sale if selected as the Successful Bidder (defined below).

Upon the receipt from a Potential Bidder of the information required under subparagraphs (a)-(c) above, Sellers, as soon as is practicable, shall determine and notify the Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder.

Buyer is a Qualified Bidder.

### Access to Due Diligence Materials

Only Potential Bidders that comply with the Participation Requirements are eligible to receive due diligence access or additional non-public information. If Sellers determine that a Potential Bidder that has satisfied the Participation Requirements does not constitute a Qualified Bidder, then such Potential Bidder's right to receive due diligence access or additional non-public information shall terminate. Sellers will designate a representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders. Sellers shall not be obligated to furnish any due diligence information after the Bid Deadline (as hereinafter defined). Neither Sellers, Fairchild nor any of their respective employees, officers, directors, affiliates, subsidiaries, representatives, agents advisors or professionals are responsible for, and will bear no liability with respect to, any information obtained by Qualified Bidders in connection with the sale of the Acquired Assets.

### Due Diligence From Bidders

Each Potential Bidder and Qualified Bidder (collectively, a "**Bidder**") shall comply with all reasonable requests for additional information and due diligence access by Sellers or their advisors regarding such Bidder and its contemplated transaction. Failure by a Potential Bidder to comply with the requests for additional information and due diligence access will be a basis for Sellers to determine that the Potential Bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access will be a basis for Sellers to determine that a Bid made by a Qualified Bidder is not a Qualified Bid.

### Bidding Process

Sellers and their advisors, in consultation with the Creditors Committee, shall: (i) determine whether a Potential Bidder is a Qualified Bidder; (ii) coordinate the efforts of Bidders in conducting their due diligence investigations, as permitted by the provisions above; (iii) receive Bids from Qualified Bidders; and (iv) negotiate any Bids made to purchase the Acquired Assets (collectively, the "**Bidding Process**"). Sellers shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

### Bid Deadline

The deadline for submitting bids by a Qualified Bidder shall be May 13, 2009, at 5:00 p.m. (prevailing Eastern Time) (the "**Bid Deadline**").

Prior to the Bid Deadline, a Qualified Bidder that desires to make an offer, solicitation or proposal (a "**Bid**") shall deliver written copies of its bid to: (a) Banner Aerospace Holding Company I, Inc., 1750 Tysons Blvd., Suite 1400, McLean, VA 22102, Attn: Donald Miller; (b) counsel to Sellers: Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, NY 10178, Attn: Steven J. Reisman, Esq. and Timothy A. Barnes, Esq. and Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801, Attn: Mark D. Collins, Esq. and Michael J. Merchant, Esq.; (c) counsel to PNC Bank, Blank Rome LLP, One Logan Square, 130 N. 18<sup>th</sup> Street, Philadelphia, PA 19103, Attn: Lawrence F. Flick II,

Esq. and Regina Stango Kelbon, Esq.; (d) proposed counsel to the Official Committee of Unsecured Creditors, Elliott Greenleaf, The Brandywine Building, 1000 West Street, Suite 1440, Wilmington, Delaware 19801, Attn: Rafael X. Zahralddin-Aravena, Esq.; and Butler Rubin Saltarelli & Boyd LLP, 70 West Madison Street, Suite 1800, Chicago, Illinois 60602-4257, Attn: Neal L. Wolf, Esq. (collectively, the "Notice Parties"), so that the bid is actually received by the Bid Deadline.

A Bid received after the Bid Deadline shall not constitute a Qualified Bid.

#### Bid Requirements

To be eligible to participate in the Auction, each Bid and each Qualified Bidder submitting such a Bid must be determined by Sellers to satisfy each of the following conditions:

- (a) Good Faith Deposit: Each Bid must be accompanied by a deposit (the "Good Faith Deposit") in the form of cash or a certified bank check payable to the order of Banner Holding in the amount of \$1,000,000.
- (b) Minimum Overbid: The aggregate consideration must be equal to the sum of (i) the break-up fee, plus (ii) the expense reimbursement, plus (iii) \$150,000, and plus (iv) the Purchase Price under the Asset Purchase Agreement with Buyer.
- (c) Irrevocable: A Bid must be irrevocable until two (2) business days after the Acquired Assets have been sold pursuant to the Closing of the sale approved by the Bankruptcy Court (the "Termination Date").
- (d) The Same or Better Terms: The Bid shall propose a contemplated transaction involving substantially all the Assumed Liabilities under the Asset Purchase Agreement, and shall contain substantially all of the material terms and conditions contained in the Asset Purchase Agreement, provided, however, that any variations from one or more material terms must, in the aggregate constitute an improvement, as determined by the Sellers, upon such term or terms as set forth in the Asset Purchase Agreement. The Bid must be on terms that, in the Sellers' business judgment, are substantially the same or better than the terms of the Asset Purchase Agreement, taking into account the quality and type of consideration being offered. A Bid must include executed transaction documents pursuant to which the Qualified Bidder proposes to effectuate the contemplated transaction (the "Contemplated Transaction Documents"). A Bid shall include a copy of the Asset Purchase Agreement marked to show all changes requested by the Bidder (including those related to Purchase Price) and a clean copy of such revised Asset Purchase Agreement, executed by the Qualified Bidder. The Contemplated Transaction Documents must include a written commitment satisfactory to Sellers of its financial ability and intention to promptly complete the transaction without delay and contain a representation that

the Qualified Bidder shall make all necessary regulatory filings, if any, and pay all costs and expenses of such filings (including Sellers' costs and expenses). The Bid shall further provide that if chosen as the Successful Bidder, such Qualified Bidder will agree to close the transaction within ten (10) business days of entry of the order of the Bankruptcy Court approving the sale to such Qualified Bidder.

- (e) No Financing or Diligence Contingencies. A Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy in all material respects at the closing of specified representations and warranties or the satisfaction in all material respects at the closing of specified conditions, none of which shall be more burdensome than those set forth in the Asset Purchase Agreement.
- (f) Corporate Authority: A Bid must include written evidence of the Qualified Bidder's chief executive officer or other appropriate senior executive's approval of the contemplated transaction; provided, however, that if the Qualified Bidder is an entity specially formed for the purpose of effectuating the contemplated transaction, then the Qualified Bidder must furnish written evidence reasonably acceptable to Sellers of the approval of the contemplated transaction by the equity holder(s) of such Potential Bidder (the "Principals").
- (g) Financing Sources. A Bid must contain written evidence satisfactory to Sellers that demonstrates the Qualified Bidder has the necessary financial ability to close the contemplated transaction and provide adequate assurance of future performance under all contracts to be assumed in such contemplated transaction. Such information should include, *inter alia*, the following:
  - (i) the Qualified Bidder's current financial statements (audited if they exist);
  - (ii) contact names and numbers for verification of financing sources;
  - (iii) evidence of the Qualified Bidder's internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; and
  - (iv) any such other form of financial disclosure or credit quality support information or enhancement reasonably acceptable to Sellers demonstrating that such Qualified Bidder has the ability to close the contemplated transaction without delay; provided, however, that Sellers shall determine, in their reasonable discretion, whether the written evidence of such

financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Qualified Bidder's financial qualifications.

- (h) No Fees Payable to Qualified Bidder: A Bid may not request or entitle the Qualified Bidder to any breakup fee, termination fee, expense reimbursement or similar type of payment. Moreover, by submitting a Bid, a Bidder shall be deemed to waive (a) the right to pursue a substantial contribution claim under Bankruptcy Code § 503 related in any way to the submission of its Bid or the Bid Procedures and (b) any claim under Bankruptcy Code § 506(c).

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements, and that satisfies the Bid Deadline requirement above, shall constitute a "Qualified Bid," if Sellers believe, in their reasonable discretion, that such bid would be consummated if selected as the Successful Bid. For purposes hereof, the Asset Purchase Agreement shall constitute a Qualified Bid.

In the event that any Bid is determined by Sellers not to be a Qualified Bid, the Qualified Bidder shall be refunded its deposit and all accumulated interest thereon within three (3) business days after that determination.

Buyer is qualified to participate in the Auction, notwithstanding the financing and other contingencies as set forth in the Asset Purchase Agreement.

#### Auction

Only if a Qualified Bid (other than Buyer's) is received by the Bid Deadline, shall Sellers conduct an auction (the "Auction") to determine the highest and best bid with respect to the Acquired Assets under the Asset Purchase Agreement. Sellers shall provide Buyer with copies of all Qualified Bids at least eighteen (18) hours prior to the Auction. The Auction shall commence on such business day that is no later than May 18, 2009.

No later than 4:00 p.m. (prevailing Eastern time) on the date that is 43 days after the Petition Date, Sellers will notify all Qualified Bidders and the Notice Parties of (i) the highest and best Qualified Bid, as determined by Sellers (the "Baseline Bid") and (ii) the time and place of the Auction, and provide copies of the Baseline Bid to all Qualified Bidders. If, however, no other such Qualified Bid is received by the Bid Deadline, then the Auction will not be held, Buyer will be the Successful Bidder, the Asset Purchase Agreement will be the Successful Bid, and, at the Sale Hearing (to be scheduled no later than 45 days after the Petition Date), the Debtors will seek approval of and authority to consummate the Proposed Sale contemplated by the Asset Purchase agreement.

The Auction shall be conducted according to the following procedures:

(a) Participation at the Auction

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. The Auction shall be conducted openly and the Notice Parties may each attend and observe the Auction. During the Auction, bidding shall begin initially with the highest Baseline Bid and subsequently continue in minimum increments of at least 1% higher than prevailing bid. Bidding at the Auction shall be transcribed or videotaped. Other than as otherwise set forth herein, Sellers may conduct the Auction in the manner they determine will result in the highest and best offer for the Acquired Assets under the Asset Purchase Agreement.

(b) Sellers Shall Conduct the Auction

Sellers and their professionals shall direct and preside over the Auction. At the start of the Auction, Sellers shall describe the terms of the Baseline Bid. The determination of which Qualified Bid constitutes the Baseline Bid shall take into account any factors Sellers reasonably deem relevant to the value of the Qualified Bid to the estate, including, *inter alia*, the following: (A) the amount and nature of the consideration; (B) the proposed assets to be purchased and the assumption of any liabilities; (C) the ability of the Qualified Bidder to close the proposed transaction without delay; (D) the proposed Closing Date and the likelihood, extent and impact of any potential delays in Closing; (E) any purchase price adjustments; (F) the impact of the contemplated transaction on any actual or potential litigation; (G) the net economic effect of any changes from the Asset Purchase Agreement, if any, contemplated by the Contemplated Transaction Documents, and (H) the net after-tax consideration to be received by Sellers' bankruptcy estates (collectively, the "**Bid Assessment Criteria**"). All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders. Sellers shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid.

(c) Terms of Overbids

An "**Overbid**" is any bid made at the Auction subsequent to Sellers' announcement of the Baseline Bid. To submit an Overbid for purposes of the Auction, a Qualified Bidder must comply with the following conditions:

(i) Minimum Overbid Increment

Any Overbid after the Baseline Bid shall be made in increments of at least 1% higher than the last Overbid.

(ii) Remaining Terms are the Same as for Qualified Bids

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must remain open and binding on the Qualified Bidder until and unless (A) Sellers accept a higher Qualified Bid as an Overbid and (B) such Overbid is not selected as the Back-Up Bid (as defined below).

To the extent not previously provided (which shall be determined by Sellers), a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to Sellers) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid without delay.

(iii) Announcing Overbids

Sellers shall announce at the Auction the material terms of each Overbid, the basis for calculating the total consideration offered in each such Overbid, and the resulting benefit to the Sellers' bankruptcy estates based on, *inter alia*, the Bid Assessment Criteria.

(d) Additional Procedures

Sellers may adopt rules for the Auction at or prior to the Auction that, in their reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bidding Procedures Order. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (*i.e.*, the principals submitting the Bid) shall be fully disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction. Subject to the prior consent of Buyer, Sellers, in their reasonable discretion, may adjourn without further notice the Auction (and Sale Hearing) if in their reasonable discretion, an adjournment will better promote the goals of the Auction and allow parties to make progress toward modifications of any Qualified Bid that could result in a higher and better Qualified Bid.

(e) Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the Bidder's Contemplated Transaction Documents, as applicable.

(f) Closing the Auction

Upon conclusion of the bidding, the Auction shall be closed, and Sellers shall (i) immediately review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale, and (ii) immediately identify the highest and best Bid for the Acquired Assets (the "Successful Bid") and the entity submitting such Successful Bid (the "Successful Bidder"), which highest and best offer will provide the greatest amount of net value to Sellers, and the next highest or otherwise best offer after the Successful Bid (the "Back-up Bid"), and advise the Qualified Bidders of such determinations. If Buyer's final Bid is deemed to be highest and best



at the conclusion of the Auction, Buyer will be the Successful Bidder, and such Bid, the Successful Bid.

#### **Acceptance of Successful Bid**

Sellers shall sell the Acquired Assets to the Successful Bidder upon the approval of the Successful Bid by the Bankruptcy Court after the Sale Hearing. Sellers' presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute Sellers' acceptance of the Bid. Sellers shall be deemed to have accepted a Bid only when the Bid has been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to Sellers' selection of the Successful Bidder (including the assignment of any such objector's Assigned Contract thereto, provided, however, that any objection to such assignment on the basis of the cure amount must be made and/or reserved as set forth in the order approving these Bid Procedures).

#### **Credit Bidding**

A secured creditor of Sellers may make one or more credit bids at the Auction for some or all of the collateral securing its claims, to the fullest extent permitted by section 363(k) of the Bankruptcy Code.

#### **"As Is, Where Is"**

The sale of the Acquired Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature or description by Sellers their agents or their estates except to the extent set forth in the purchase agreement of the Successful Bidder. Buyer and each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Acquired Assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Acquired Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or (i) as to Buyer, the terms of the sale of the Acquired Assets under the Asset Purchase Agreement shall be set forth in the Asset Purchase Agreement and (ii) as to another Successful Bidder, the terms of the sale of the Acquired Assets shall be set forth in the applicable purchase agreement.

#### **Free of Any and All Interests**

Except as otherwise provided in the purchase agreement of the Successful Bidder, all of Sellers' right, title and interest in and to the Acquired Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests") in accordance with Bankruptcy Code § 363 with such Interests to attach to the net proceeds of the sale of the Acquired Assets.

#### **Sale Hearing**

The Sale Hearing shall be conducted by the Bankruptcy Court on a day that is one (1) business day following the Auction Date or on such date as may be established by the Bankruptcy Court,

and may be construed as ordered by the Bankruptcy Court. Following the approval of the sale of the Acquired Assets to the Successful Bidder at the Sale Hearing, if any Successful Bidder fails to consummate an approved sale within ten (10) days after entry of an Order approving the Sale, Sellers, unless such Order approving the Sale is otherwise stayed by order of a court with competent jurisdiction, shall be authorized, but not required, to deem the Back-up Bid, as disclosed at the Sale Hearing, the Successful Bid, and Sellers shall be authorized, but not required, promptly to consummate the sale with the Qualified Bidder submitting such Bid without further order of the Bankruptcy Court.

#### **Return of Good Faith Deposit**

The Good Faith Deposit of the Successful Bidder shall be applied to the purchase price of such transaction at Closing. The Good Faith Deposit of the Back-up Bidder shall be held in an interest-bearing account until five (5) days after the Closing of the transaction contemplated by the Successful Bid, and thereafter returned to the Back-up Bidder. Good Faith Deposits of all other Qualified Bidders shall be held in an interest-bearing escrow account until no later than two (2) business days after the Sale Hearing, and thereafter returned to the respective bidders. If the Successful Bidder or the Back-up Bidder, as appropriate, fails to consummate an approved sale because of a breach or failure to perform on the part of such Bidder, Sellers shall be entitled to retain the Good Faith Deposit as part of its damages resulting from the breach or failure to perform by such Bidder. Buyer shall not be required to provide a deposit.

#### **Modifications**

Sellers may (a) determine which Qualified Bid, if any, is the highest and best offer; and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of Sellers, their bankruptcy estates and creditors. Sellers shall not make material modifications to these Bidding Procedures without the prior written consent of Buyer, provided, however, that, to the extent not contrary to the Bidding Procedures Order, Sellers may make other non-material modifications to such procedures in consultation with Buyer if, in their reasonable judgment, such modifications would be in the best interests of Sellers' estates and promote an open and fair sale process.