

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	CHAPTER 11
THE FAIRCHILD CORPORATION, <u>et al</u> <sup>1</sup>	)	
	)	Case No. 09-10899 (CSS)
Debtors.	)	(Jointly Administered)
	)	
	)	

**FINAL ORDER (A) AUTHORIZING DEBTORS TO OBTAIN INTERIM POST-PETITION FINANCING AND GRANTING SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS PURSUANT TO 11 U.S.C. §§ 105, 364(c), 364(d), AND 507(b); (B) MODIFYING THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362; AND (C) GRANTING OTHER RELIEF;**

Upon the motion (the "Motion"), dated March 18, 2009, of The Fairchild Corporation ("Fairchild" and/or "Holdings"), and its affiliated debtors ("Affiliate Debtors", together with Holdings, collectively the "Debtors" and each individually the "Debtor") on behalf of the debtor parties to the DIP Financing Documents (as defined below) (collectively, the "Borrowers" and each individually a "Borrower") and Fairchild, on its own behalf, each as a Debtor and Debtor-in-Possession in the above-captioned Chapter 11 cases (collectively, the "Cases"), pursuant to Sections 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d) and 507(b) of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code") and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), seeking, among other things:

- (1) authorization and approval for the Borrowers to obtain post-petition loans, advances and other financial accommodations (the "Post-Petition Financing")

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<sup>1</sup> The last four digits of Fairchild's federal tax identification number are 8587. The mailing address for Fairchild is 1750 Tysons Boulevard, Suite 1400, McLean, VA 22102. Due to the large number of Debtors in these cases, for which the Debtors have requested joint administration, a complete list of the Debtors, the last four digits of their federal tax identification numbers and their addresses is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed noticing and claims agent at <http://chapter11.epiqsystems.com/fairchild>.

from PNC Bank, National Association, in its capacity as agent (in such capacity, the "Agent") for itself and the other financial institutions from time to time party to the DIP Loan Agreements (as defined below) as lenders (collectively, the "Lenders"), under or in connection with debtor-in-possession revolving credit facilities (collectively, the "DIP Facility") in an aggregate amount up to \$23 million on a final basis and otherwise in accordance with this Order, secured by first priority perfected security interests in and liens, senior and above all other liens upon all of the DIP Collateral (as defined below) pursuant to Sections 364(c)(2) and 364(c)(3) and 364(d) of the Bankruptcy Code and as set forth below;

(2) authorization for the Borrowers and Fairchild (collectively, the "Banner/Holdings Debtors") to continue to comply with, (i) the Collateral Pledge Agreement in favor of Agent and Lenders pursuant to which Fairchild and the Borrowers pledge or and granted a Lien on all of their investment property (the "Pledge Agreement"), (ii) the Guaranty Agreement ("Guaranty") in favor of Agent and Lenders pursuant to which Fairchild guarantees all Obligations<sup>2</sup> arising under the DIP Credit Agreements (as defined below), (iii) the DIP Financing Agreement with the Agent and the Lenders, attached hereto as Exhibit 2 (the "DIP Domestic Credit Agreement"), and (iv) the Export-Import DIP Financing Agreement with Agent and the Lenders, attached hereto as Exhibit 3 (the "DIP Ex-Im Credit Agreement"), together with the DIP Domestic Financing Agreement, the "DIP Credit Agreements"), each of which shall reflect in all material respects the terms and conditions set forth in this Order (the Pledge Agreement, the Guaranty, the DIP Credit Agreements, the Final Order (as defined below) together with all other agreements, documents and instruments to be executed or delivered in connection therewith, collectively, the "DIP Financing Documents"), and to borrow upon entry of this Final Order up to an aggregate principal amount not to exceed \$23 million to be used in

<sup>2</sup> Capitalized terms used but not otherwise defined in this Order shall have the respective meanings ascribed thereto in the DIP Financing Agreement and the Ex-Im DIP Financing Agreement.

part for working capital and to refinance the outstanding principal balance of the revolving loans and obligations under the Revolving Credit and Security Agreement dated as of June 20, 2008 (as amended, supplemented, extended or otherwise modified from time to time, the "**Domestic Pre-Petition Revolving Credit Agreement**"), by and among Banner Aerospace Holding Company I, Inc., DAC International, Inc., Maptech Aerodata, LLC, Matrix Aviation, Inc., NASAM Incorporated, Professional Aircraft Accessories, Inc., Professional Aviation Associates, Inc., and GCCUS, Inc., (jointly and severally the "**Pre-Petition Borrowers**") and under the Export-Import Revolving Credit and Security Agreement by and among Pre-Petition Borrowers and PNC Bank National Association as Agent and Lenders (as amended, supplemented, extended or otherwise modified from time to time the "**Ex-Im Pre-Petition Revolving Credit Agreement**", together with the Domestic Pre-Petition Revolving Credit Agreement, collectively, the "**Pre-Petition Credit Agreements**") and which shall indefeasibly satisfy in full the outstanding obligations under the Pre-Petition Financing Documents (as defined below). The Pre-Petition Credit Agreements and all other agreements, documents and instruments executed or delivered with, to, or in favor of the Agent and the Lenders, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements and all other related agreements, documents and instruments executed and/or delivered in connection with the Pre-Petition Credit Agreements or related thereto, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated or replaced at any time prior to the Petition Date, are collectively referred to herein as the "**Pre-Petition Financing Documents**".

(3) modification of the automatic stay to the extent hereinafter set forth and waiving the ten (10) day stay provisions of Federal Rule of Bankruptcy Procedure 6004(h); and

(4) the grant to the Agent, for the benefit of itself and the other Lenders, of superpriority administrative claim status pursuant to Sections 364(c)(1) and 507(b) of the Bankruptcy Code in accordance with the terms of this Order in respect of all Obligations (as defined below) and as set forth below.

(5) Notice of the Motion, the relief requested therein, and the Final Hearing (as defined below) (the "**Notice**") having been served by the Debtors in accordance with Rule 4001(c) on (i) the Agent and the Lenders, (ii) the United States Trustee for the District of Delaware (the "**U.S. Trustee**"), (iii) the holders of the twenty (20) largest unsecured claims against the Debtors' estates (the "**20 Largest Unsecured Creditors**"), (iv) all vendors who have shipped goods to the Debtors within 45 days of the Petition Date; (v) all parties known to the Debtors who hold any liens or security interest in the Debtors' assets who have filed UCC-1 financing statements against the Debtors, or who, to the Debtors' knowledge, have asserted any liens on any of the Debtors' assets; (vi) all landlords of the Debtors; (vii) all guarantors of the Pre-Petition Obligations; (viii) the Internal Revenue Service and all taxing authorities of states in which the Borrowers are doing business; (ix) the Pension Benefit Guaranty Corporation; and (x) certain other parties identified in the certificates of service filed with the Court (collectively, the "**Noticed Parties**").

The initial hearing on the Motion having been held by this Court on March 20, 2009 (the "**Interim Hearing**") and the final hearing having been held by this Court on April 15, 2009 (the "**Final Hearing**").

Upon the record made by the Debtors at the Interim Hearing, including the Motion, and the filings and pleadings in the Cases, and good and sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW<sup>3</sup>:

A. Petition. On March 18, 2009 (the "Petition Date"), each Debtor filed a voluntary petition (the "Petition") under Chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

B. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D) and (M). Venue of the Cases and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Under the circumstances, the Notice given by the Debtors of the Motion, the Interim and Final Hearing and the relief granted under this Order complies with Bankruptcy Rule 4001(c).

D. Debtors' Acknowledgments and Agreements. Without prejudice to the rights of any other party (but subject to the limitations contained in paragraph 4.1 below), the Debtors admit, stipulate, acknowledge and agree that:

(i) Pre-Petition Financing Documents. Prior to the commencement of the Cases, the Agent and the Lender made loans, advances and provided other financial accommodations pursuant to the Pre-Petition Financing Documents to the Borrowers. Copies of the operative Pre-Petition Financing Documents are included in an Exhibit Supplement to the Motion.

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<sup>3</sup> Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact pursuant to Fed. R. Bankr. P. 7052. Any statements of the Court from the bench at the Emergency Interim Hearing shall constitute additional findings of fact and conclusions of law as appropriate and are expressly incorporated by reference into this Interim order to the extent non inconsistent herewith.

(ii) Pre-Petition Obligations Amount. As of March 18, 2009, the aggregate amount of all Obligations (as defined in the Domestic Pre-Petition Revolving Credit Agreement and the Ex-Im Pre-Petition Revolving Credit Agreement) owing by the Borrowers to the Agents and the Lenders under and in connection with the Pre-Petition Financing Documents was not less than \$19,364,591.06, consisting of (A) Revolving Advances in the aggregate principal amount of not less than \$8,022,439.10 outstanding under (and as defined in) the Domestic Pre-Petition Revolving Credit Agreement, plus interest accrued and accruing thereon, (B) Revolving Advances in the aggregate principal amount of not less than \$11,342,151.96 outstanding under (and as defined in) the Ex-Im Pre-Petition Revolving Credit Agreement, plus interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto under the Pre-Petition Credit Agreements, collectively, the "**Pre-Petition Obligations**". The Pre-Petition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Debtors, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and the Debtors do not possess and shall not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and nonavoidability of any of the Pre-Petition Obligations.

(iii) Pre-Petition Collateral. As of the Petition Date, the Pre-Petition Obligations were secured pursuant to the Pre-Petition Financing Documents by valid, perfected, enforceable and non-avoidable first priority security interests and liens granted by the Debtors to the Agent, for the benefit of itself and the Lenders, upon the Collateral (as defined in the Pre-Petition Credit Agreements, hereafter the "**Pre-Petition Collateral**"), subject to the lien in favor of Wells Fargo Financial Leasing on specific equipment of Professional Aircraft Accessories,

Inc. ("PAA") evidenced by the UCC filing against PAA filed on December 16, 2008 with the Secretary of State for the State of Florida (the "Wells Fargo Lien") to the extent such lien is a valid, perfected and unavoidable lien or security interest existing as of the Petition Date and otherwise senior to the lien of Lenders in such equipment as of the Petition Date (a "Permitted Lien"). The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of the Agent's and the Lenders' liens, claims or security interests in the Pre-Petition Collateral.

E. Findings Regarding the Postpetition Financing.

(i) Postpetition Financing. The Banner/Holdings Debtors have requested from the Agent and the Lenders, and the Agent and the Lenders are willing to extend, certain loans, advances and other financial accommodations, as more particularly described, and on the terms and conditions set forth, in this Order and the DIP Financing Documents. Notwithstanding the Agent's and the Lenders' willingness to extend such financial accommodations, the Pre-Petition Obligations shall be deemed to have been automatically accelerated on the Petition Date as a result of the commencement of the Cases in accordance with the terms of the Pre-Petition Financing Documents.

(ii) The Pre-Petition Borrowers and Fairchild Realty LLC (collectively, the "Phoenix Borrowers") have requested from Phoenix Banner Holdings, LLC ("Phoenix") and Phoenix has agreed to extend loans and other financial accommodations to the Phoenix Borrowers pursuant to a subordinated debtor in possession financing agreement (the "Subordinated DIP Credit Agreement", together with all instruments, agreements and documents entered in connection therewith, the "Subordinated DIP Financing Documents").

(iii) The Banner/Holdings Debtors have obtained a stalking horse bid for the assets of the Borrowers which exceeds the Pre-Petition Obligations and/or the amount contemplated to be borrowed under the DIP Financing Documents, together with the amounts to be borrowed from junior subordinated lender under the Subordinated DIP Credit Agreement;

(iv) The terms of the DIP Financing Agreements, the DIP Financing Documents and the DIP Facility are fair and reasonable and reflect Banner/Holdings Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

(v) PBGC Lien. The Pension Benefit Guaranty Corporation ("**PBGC**") has filed Notices of Federal Lien dated or about February 13, 2009, on behalf of the Retirement Plan for the Employees of The Fairchild Corporation, in the amount of \$1,956,670 against Matrix Aviation, Inc. ("**Matrix**"), Professional Aviation Associates, Inc. ("**Professional Aviation**"), and Professional Aircraft Accessories, Inc., ("**Professional Aircraft**"), three of the Borrowers and the PBGC may have filed other liens against other Borrowers as of the Petition Date (collectively, the "**PBGC Pre-Petition Liens**"). The PBCG's Pre-Petition Liens will be adequately protected against Matrix, Professional Aviation, Professional Aircraft and such other Borrowers given that the PBGC will be in the same position post petition as it was as of the Petition Date and given that the PBGC will be granted a junior replacement lien on all of the assets of Matrix, Professional Aviation, Professional Aircraft and such other Borrower, to the same extent that the PBGC held a valid perfected unavoidable lien on the assets of Matrix, Professional Aviation, Professional Aircraft and such other Borrower as of the Petition Date and to the extent of the diminution in the value of such liens.

(vi) Need for Post-Petition Financing. The Debtors do not have sufficient available sources of working capital to operate the Borrowers' businesses in the



ordinary course without the Post-Petition Financing. The Debtors' ability to maintain business relationships with their vendors, suppliers and customers, to pay their employees, and to otherwise fund their operations is essential to the Debtors' continued viability. The ability of the Debtors to obtain sufficient working capital and liquidity through the proposed Post-Petition Financing on the terms set forth in the DIP Financing Documents and this Order is vital to the preservation and maximization of the going concern value of the Debtors' currently operating businesses pending a sale of the assets of the Borrowers. Accordingly, the Debtors have an immediate need to obtain the Post-Petition Financing in order to, among other things, permit the orderly continuation of the operation of their operating businesses, preserve jobs for their employees, maintain vendor support and minimize the disruption of their business operations, manage and preserve the assets of the Debtors' bankruptcy estates (as defined under Section 541 of the Bankruptcy Code, the "Estates") in order to maximize the recoveries to creditors of the Estates.

(vii) Interim Order. On March 24, 2009, this Court entered the Order (A) Authorizing Debtors to Obtain Interim Post-Petition Financing and Granting Security Interests and Superpriority Administrative Expense Status Pursuant to 11 U.S.C. §§ 105, 364(c), 364(d), and 507(b); (B) Modifying the Automatic Stay Pursuant to 11 U.S.C. § 362; (C) Granting Other Relief; and (D) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 401 (the "Interim Order"), pursuant to which, inter alia (a) the Banner/Holdings Debtors were authorized to obtain, on an interim basis, post-petition loans and advances up to \$6.5 million from Agent and Lenders in accordance with the terms and conditions of the DIP Financing Document, and (b) Agent, for the benefit of itself and the other Lenders, was granted a super-priority administrative claim for all Obligations and granted a first priority perfected security

interest in and lien, senior and above all other liens upon all of the DIP Collateral to secure such Obligations, in each case to the extent set forth in the Interim Order.

(viii) No Credit Available on More Favorable Terms. The Banner/Holdings Debtors are unable to procure financing in the form of unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code, as an administrative expense under Section 364(a) or (b) of the Bankruptcy Code, or in exchange for the grant of an administrative expense priority pursuant to Section 364(c)(1) of the Bankruptcy Code, without the grant of liens on all or substantially all of the Banner Debtors' assets and on the stock of Banner held by Holdings, pursuant to Section 364(c) and Section 364(d) of the Bankruptcy Code. The Banner/Holdings Debtors have been unable to procure the necessary financing on terms more favorable than the financing offered by the Agent and the Lenders pursuant to the DIP Financing Documents and this Order.

(ix) Budget. The Debtors have prepared and delivered to the Agent and the Lenders the Budget (as defined in the DIP Credit Agreements). A copy of the Budget is annexed hereto as Exhibit 1. The Budget has been thoroughly reviewed by the Debtors and their management and sets forth, among other things, the projected cash receipts and disbursements for the periods covered thereby. The Debtors believe in good faith that the Budget is achievable and will allow the Debtors to operate in Chapter 11 without the accrual of unpaid administrative expenses during the term of the Budget. The Agent and the Lenders are relying upon the Debtors' compliance with the Budget in determining to enter into the Post-Petition Financing provided for herein.

(x) Business Judgment and Good Faith Pursuant to Section 364(e). The terms of the DIP Financing Documents and this Order are fair, just, reasonable and appropriate under the circumstances, reflect the Banner/Holdings Debtors' exercise of their

prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Financing Documents and this Order have been negotiated in good faith and at arms' length by and among the Debtors, on one hand, and the Agent and the Lenders, on the other hand, with all parties being represented by counsel. Any credit extended under the terms of this Order shall be deemed to have been extended in good faith by the Agent and the Lenders as that term is used in Section 364(e) of the Bankruptcy Code.

(xi) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Banner/Holdings Debtors and their Estates, as its implementation will, among other things, provide the Borrowers with the necessary liquidity to (a) minimize disruption to the Borrowers on-going businesses and on-going operations, (b) preserve and maximize the value of the Borrowers' Estates, and (c) avoid immediate and irreparable harm to the Borrowers, their businesses, their employees and their assets.

(xii) Immediate Entry. Sufficient cause exists for immediate entry of this Order pursuant to Bankruptcy Rules 4001(c)(2). No party appearing in the Cases has filed or made an objection to the relief sought in the Motion or the entry of this Order, or any objections that were made (to the extent such objections have not been withdrawn) are hereby overruled.

(xiii) Creditors Committee. On April 6, 2009, the U.S. Trustee formed the Official Committee of Unsecured Creditors (the "Committee") in accordance with Section 1102 of the Bankruptcy Code.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Order. This Order shall hereinafter be referred to as the "**Final Order.**"

1.2 Authorization to Borrow and Use of Loan Proceeds. The Borrowers are hereby authorized and empowered to immediately borrow and obtain Advances (and, at the discretion of the Agent and the Lenders, Letters of Credit) and to incur indebtedness and obligations owing to the Agent and the Lenders on the terms and subject to the conditions set forth in the DIP Financing Documents and this Final Order,; in such amounts as may be made available to the Borrowers by Lenders in accordance with all of the lending formulae, sublimits, terms and conditions set forth in the DIP Financing Documents but not to exceed the aggregate principal amount of \$23 million. The Borrowers may only use the proceeds of the Advances and any other credit accommodations provided to the Borrowers pursuant to the terms and conditions of the DIP Financing Documents and this Final Order.

1.3 Financing Documents.

1.3.1 Authorization. The Banner/Holdings Debtors are hereby authorized to continue to perform, and comply with all of the terms, conditions and covenants of the DIP Financing Documents, including without limitation, the DIP Credit Agreements, the Pledge Agreement and the Intercreditor Agreement.

1.3.2 Approval. The DIP Financing Documents and each term set forth therein are approved to the extent necessary to implement the terms and provisions of this Final Order. All of such terms, conditions and covenants shall be sufficient and conclusive evidence of the financing arrangements by and among the Banner/Holdings Debtors, the Agent and the

Lenders, and of each Banner/Holdings Debtors' assumption and adoption of all of the terms, conditions, and covenants of the DIP Financing Documents for all purposes, including, without limitation, to the extent applicable, the payment of all Obligations, including, without limitation, all principal, interest, commissions, letter of credit fees, servicing fees, unused line fees, DIP facility fee and other fees and expenses, including, without limitation, all of the Agent's and the Lenders' consultant fees, professional fees, attorney fees and legal expenses, in accordance with and as more fully set forth in the DIP Financing Documents.

1.3.3 Amendment. Subject to the terms and conditions of the DIP Financing Documents, the Banner/Holdings Debtors, the Agent and the Lenders may amend, modify, supplement or waive any provision of the DIP Financing Documents (an "Amendment") without further approval or order of the Court so long as (i) such Amendment is not material (for purposes hereof, a "material" Amendment shall include, without limitation, any Amendment that operates to increase the interest rate other than as currently provided in the DIP Credit Agreements, increase the Maximum Revolving Loan Amount (as defined in the DIP Credit Agreements), add specific new events of default or enlarge the nature and extent of default remedies available to the Agent and the Lenders following an event of default) and is undertaken in good faith by the Debtors, the Agent and the Lenders; (ii) the Debtors provide prior written notice of the Amendment (the "Amendment Notice") to (x) the United States Trustee's office; (y) counsel to Phoenix; and (z) counsel to the official committee appointed in the Cases under Section 1102 of the Bankruptcy Code (collectively, the "Committee"), or in the event no such Committee is appointed at the time of such Amendment, the 20 Largest Unsecured Creditors; (iii) the Debtors file the Amendment Notice with the Court; and (iv) no objection to the Amendment is filed with the Court within two (2) business days from the later of the date of

the Amendment Notice is served or the date the Amendment Notice is filed with the Court in accordance with this Section.

1.4 Payment of Prepetition Debt. The Debtors are authorized to pay in full in cash the Agent and the Lenders in respect of all Pre-Petition Obligations in accordance with Sections 1.5 and 1.6 of this Final Order.

1.5 Payments and Application of Payments. The Debtors are authorized and directed to make all payments and transfers of Borrowers' Estate property to the Agent and the Lenders as provided, permitted and/or required under the DIP Financing Documents, which payments and transfers, subject to Section 4.1 herein, shall not be avoidable or recoverable from Lender under Section 547, 548, 550, 553 or any other Section of the Bankruptcy Code, or subject to any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. The Agent and the Lenders shall apply the proceeds of the DIP Collateral (as defined below), and any other amounts or payments received by the Agent and the Lenders in respect of the Pre-Petition Obligations and the Post-Petition Obligations (as defined in the DIP Financing Documents) (collectively, the "Obligations") in accordance with the DIP Financing Documents and this Final Order, in such order and manner determined by Agent, including, without limitation, applying all payments, proceeds and other amounts first to the Pre-Petition Obligations until indefeasibly paid in full and completely satisfied in such order and manner determined by Agent and second to the Post-Petition Obligations until indefeasibly paid in full and completely satisfied and the DIP Facility has been terminated, and in such order and manner determined by Agent. Without limiting the generality of the foregoing, the Debtors are authorized and directed, without further order of this Court, to pay or reimburse the Agent and the Lenders, in accordance with the DIP Financing Documents, for all present and future costs and expenses, including, without limitation, all professional fees,

consultant fees and legal fees and expenses paid or incurred by the Agent and the Lenders in connection with the financing transactions as provided in the DIP Financing Documents and this Final Order, all of which shall be and are included as part of the principal amount of the Obligations and secured by the Collateral. Copies of redacted invoices for legal fees shall be delivered to the United States Trustee and the Creditors' Committee.

1.6 Continuation of Prepetition Procedures. All pre-petition practices and procedures for the payment and collection of proceeds of the Collateral, the turnover of cash, the delivery of property to the Agent and the Lenders and the funding pursuant to the Pre-Petition Credit Agreements, including any lockbox and/or blocked depository bank account arrangements, will be the same under the DIP Financing Documents and are hereby approved and shall continue without interruption after the commencement of the Cases.

Section 2. Cross-Collateralization, Adequate Protection and Superpriority Administrative Claim Status.

2.1 Cross-Collateralization.

2.1.1 DIP Lien Grant. To secure the prompt payment and performance of any and all Obligations, (including without limitation, all Pre-Petition Obligations and Post-Petition Obligations) of the Banner/Holdings Debtors to the Agent and the Lenders of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, the Agent, for the benefit of itself and the other Lenders, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first priority, security interests and liens in and upon all pre- and post- petition property of the Borrowers, whether existing on the Petition Date or thereafter acquired, and the stock of Banner Aerospace Holding Company I, Inc. owned by Fairchild, (i) pursuant to Section 364(c) (2), that, on or as of the Petition Date is not subject to valid, perfected and non-avoidable liens (collectively, the "Unencumbered Property"), (ii) pursuant to Section

364(d) (as provided in 2.1.2 below) and (c), all of the Pre-Petition Collateral, and (iii) pursuant to Section 364(c) and (d) (as provided in 2.1.2 below), all of the Collateral (as defined in the DIP Credit Agreements) (the Unencumbered Property, the Pre-Petition Collateral and the Collateral being sometimes collectively referred to in this Final Order as the "DIP Collateral"). The Obligations shall also include all indemnification obligations of Borrowers to Agent and Lenders arising under the Pre-Petition Financing Documents, including without limitation the obligations arising under Sections 2.2(f), 3.7, 3.8, 3.9, 4.19(b) and 16.5 of the Pre-Petition Domestic Credit Agreement and the Pre-Petition Ex-Im Credit Agreement which survive payment in full of the Pre-Petition Obligations. Notwithstanding the foregoing, the DIP Collateral shall not include the proceeds of any avoidance actions under Chapter 5 of the Bankruptcy Code and the Specific Fairchild Assets (as defined below). Further, as consideration to Lenders for their agreement to the terms hereof and as replacement collateral for the Pre-Petition Collateral used, consumed or sold by the Borrowers in the Case, to the extent of any diminution in value of the Pre-Petition Collateral, the DIP Collateral shall also secure the Pre-Petition Obligations.

2.1.2 Lien Priority. The pre-petition and post-petition liens and security interests of the Agent and the Lenders granted or confirmed under the DIP Financing Documents and this Interim Order in the DIP Collateral (including those granted to Lenders as adequate protection replacement liens for the use of the Pre-Petition Collateral) shall be and shall pursuant to Section 364(d)(1) continue to be first and senior in priority to (i) the liens and security interests of Agent and Lender in the Pre-Petition Collateral, the PBGC Pre-Petition Liens and the junior replacement liens granted to the PBGC under this Order as adequate protection, (ii) any other lien or security interest to the extent that such lien or such security interest was not a valid and perfected lien or subject to avoidance as of the Petition Date, and (iii) upon entry of a Final Order first and senior in priority to PBGC Pre-Petition Liens and the junior replacement liens



granted to the PBGC under this Order and all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests claimed by any other creditor of the Borrowers or any trustee or any liens or interests granted in favor of third parties in conjunction with Section 363, 364 or any other Section of the Bankruptcy Code or other applicable law, but not senior to the Wells Fargo Lien to the extent it is a Permitted Lien. In addition, subject to the Deposit Account Control Agreement by and among certain of the Debtors, PNC Bank, and Bank of America, N.A., dated as of June 20, 2008, the Agent's lien on property of the Borrower shall have priority over any lien held by Bank of America, N.A. and Banc of America Securities LLC on property of Borrower; provided, however, that the Agent's lien on Banc of America Securities, LLC Account Numbers 24900504 and 24900841 (Bank of America, N.A. Acct. Nos. 291468 and 389778, respectively) owned by The Fairchild Corporation and the deposits therein and the earnings and interest thereon (collectively, the "Accounts") held by Bank of America, N.A. and Banc of America Securities LLC, shall be and at all times will remain subject and subordinate to the liens held by Bank of America, N.A. and Banc of America Securities LLC on such Accounts (to the extent Bank of America, N.A. and Banc of America Securities LLC hold valid, enforceable, perfected and unavoidable liens) and Agent shall not take any action or interfere with the exercise of any rights of Bank of America, N.A. and Banc of America Securities LLC, including without limitation, rights of setoff against the Accounts, and Agent cannot force Bank of America, N.A. or Banc of America Securities LLC to liquidate the certificates of deposit in such Accounts or otherwise force Bank of America, N.A. or Banc of America Securities LLC to liquidate their respective contingent secured claims until all letters of credit issued by Bank of America, N.A. and Banc of America Securities LLC for the benefit of the Debtors are drawn or the original returned to Bank of America, N.A. undrawn, or the Debtors cease using accounts at

Bank of America, N.A. and Banc of America Securities LLC in connection with their cash management system.

2.1.3 Lien Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, the liens and security interests granted to Agent and Lenders to secure the Obligations shall have priority over any and all liens and security interests granted to Phoenix to secure obligations of Borrowers owing to Phoenix and the rights of the parties with respect to such liens and security interests shall be governed by the Intercreditor Agreement among Phoenix, Agent and Lenders (the "**Intercreditor Agreement**"). The final Order approving the Subordinated Junior DIP Financing Documents shall be in form and substance satisfactory to the Agent and Lenders ("**Junior DIP Order**"). To the extent of any inconsistency between the Junior DIP Order and this Order, the terms and provisions of this Order shall control and govern.

2.1.4 Protection of Agent's and Lenders' Rights. So long as any Obligations are outstanding under the DIP Financing Documents or Lenders' commitment to make Advances under the DIP Credit Agreements have not been terminated, (a) Phoenix shall (i) take no action to foreclose upon or otherwise exercise remedies against any DIP Collateral except in accordance with the Intercreditor Agreement, (ii) be deemed to have consented to any release of DIP Collateral in connection with any disposition of any DIP Collateral authorized under the DIP Financing Documents and, effective upon such release, be deemed to release its liens therein provided that such liens shall attach to the proceeds of any such disposition of DIP Collateral, and (iii) not file any financing statement, trademark filings, copyright filings, patent filings, mortgages, notices of lien or similar instruments, or otherwise take any action to perfect its security interests in the DIP Collateral unless Agent files financing statements or other documents to perfect the liens granted pursuant to this Order, and (b) absent further Order of the Court, the PBGC shall take no action to foreclose upon or otherwise exercise remedies against

any Debtors assets upon which the PBGC holds a valid, perfected, unavoidable lien as of the Petition Date which may also be part of the DIP Collateral.

2.1.5 Adequate Protection for PBGC. As adequate protection for any diminution in value in the PBGC Pre-Petition Liens, the PBGC is hereby granted a junior replacement lien on the assets of Matrix, Professional Aviation, Professional Aircraft and any applicable Borrower, respectively, subordinated to the liens and security interests of the Agent and Lenders, to the extent of any diminution in the value of the applicable PBGC Pre-Petition Lien after the Petition Date. Moreover, the priority of PBGC's liens on the assets of Fairchild Corporation, Intersport Fashions West, Inc. and Fairchild Sports USA, Inc. is not affected by the PNC DIP Facility.

2.1.6 Post-Petition Lien Perfection. This Final Order shall be sufficient and conclusive evidence of the priority, perfection and validity of the post-petition liens and security interests granted herein, effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the Collateral, or other act to validate or perfect such security interest or lien, including without limitation, control agreements with any financial institution(s) holding any deposit account of any Debtor (a "**Perfection Act**"). Notwithstanding the foregoing, if the Agent shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, the Agent is authorized to perform such act, and the Debtors are authorized to perform such act to the extent necessary or required by the Agent, which act or acts shall be deemed to have been accomplished as of the date and time of entry of the Interim Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. The Agent and the Lenders may choose to

file, record or present a certified copy of the Interim Order or this Final Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of the Interim Order or this Final Order in accordance with applicable law. Should the Agent so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the post-petition liens and security interests granted herein by virtue of the entry of this Final Order.

**2.1.7 Nullifying Pre-Petition Restrictions to Post-Petition Financing.**

Notwithstanding anything to the contrary contained in any agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, any provision that restricts, limits or impairs in any way any Debtor from granting the Agent and the Lenders security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party), or otherwise entering into and complying with all of the terms, conditions and provisions hereof, or the DIP Financing Documents shall not (i) be effective and/or enforceable against any such Debtors, the Agent and the Lenders, or (ii) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to the Agent and the Lenders pursuant to this Final Order, the DIP Financing Documents or otherwise, to the maximum extent permitted under the Bankruptcy Code and other applicable law.

**2.2 Superpriority Administrative Expense.** For all Obligations, (including without limitation, all Pre-Petition Obligations and the Post-Petition Obligations) now existing or hereafter arising and for diminution in value of any Pre-Petition Collateral used by the Borrowers

pursuant to the Interim Order, the Final Order, the DIP Financing Documents or otherwise, the Agent, for the benefit of itself and the other Lenders, is granted an allowed superpriority administrative claim in the Borrower/Holdings Debtors' Estates pursuant to Section 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of any of the Debtors, whether now in existence or hereafter incurred by any of the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to the Bankruptcy Code, including without limitation, inter alia, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507, 364(c)(1), 546(c), 726 or 1114 of the Bankruptcy Code (the "**Superpriority Claim**"), subject only to the Carve Out. Notwithstanding the foregoing, the Agent and Lenders shall not assert a Superpriority Claim against the proceeds of the following assets: (1) residential real estate located at 20 Praire Drive, North Babylon, NY; (2) artwork in corporate offices located at 1750 Tyson Boulevard, McLean, Virginia 22102; (3) judgment in the United States Bankruptcy Court for the Southern District of New York, against Revere Copper & Brass, Inc., et al, Case #82-12073 in the amount of \$1,813,600; (4) claims of Holdings estate against Eric Steiner and the Estate of Jeffrey Steiner (collectively referred to herein as "Specific Fairchild Assets"); provided further, however, that Agent and Lenders shall be permitted to assert its claim as an administrative claim against the proceeds of the Specific Fairchild Assets.

### 2.3 Carve Out.

2.3.1 Carve Out. The Agent's and the Lenders' liens, claims and security interests in the DIP Collateral and their Superpriority Claim shall be subject only to the right of payment of the following expenses:

- a. statutory fees payable to the U.S. Trustee pursuant to 28

U.S.C. §§ 1930(a)(6) with respect to the Borrowers (the "**Statutory Fees**"); and

b. subject to the terms and conditions of this Final Order, the unpaid and outstanding reasonable fees and expenses actually incurred on or after the Petition Date, with respect to services performed solely with respect to Borrowers and approved by a final order of the Court pursuant to Sections 326, 328, 330, or 331 of the Bankruptcy Code (collectively, the "Allowed Professional Fees"), by attorneys, accountants and other professionals retained by the Borrowers and any Committee(s) appointed for the Borrowers under Section 327 or 1103(a) of the Bankruptcy Code (collectively, the "Professionals"), less the amount of any retainers, if any, then held by such Professionals, in a cumulative, aggregate sum not to exceed in the case of all such Allowed Professional Fees incurred either before or after the Carve Out Termination Date (as defined below), the lesser of (A) the actual amount of such Allowed Professional Fees incurred on or after the Petition Date; and (B) Five Hundred Thousand Dollars (\$500,000) ("Carve-Out Cap") less the amount of all payments made by or on behalf of the Borrowers on account of such Allowed Professional Fees and Statutory Fees through, and including the Carve Out Termination Date and the amount of all payments made by or on behalf of the Borrowers on account of Allowed Professional Fees and Statutory Fees after the Carve Out Termination Date (hereafter, the "Professional Fee Carve Out" and, together with the Statutory Fees, the "Carve Out"); provided however, that if at the time the court has approved the allowance and payment of the Allowed Professional Fees, the Carve-Out will not be available to the extent that the Borrowers have other unencumbered or less than fully encumbered assets consisting of cash and cash equivalents out of which Allowed Professional Fees and Statutory Fees can be paid; and provided further however, that if the Carve Out is used at any time as set forth herein and subsequently unencumbered assets of Borrowers become available, the Agent and the

Lenders shall be immediately reimbursed from such unencumbered assets for the release of their DIP Collateral proceeds for the purpose of funding the Carve Out prior to the use of such funds. The term "Carve-Out Termination Date" means the date on which the Agent provides written notice to counsel for the Debtors, counsel for the Creditors' Committee (if appointed), and the U.S. Trustee that an Event of Default has occurred and is continuing.

2.4 Excluded Professional Fees. Notwithstanding anything to the contrary in this Final Order, neither the Professional Fee Carve Out, the proceeds of the Subordinated DIP Financing Documents, nor the proceeds of any Advances, Letters of Credit or DIP Collateral shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional in connection with any of the following: (a) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (i) challenging the legality, validity, priority, perfection, or enforceability of the Obligations (whether Pre-Petition Obligations or Post-Petition Obligations) or the Agent's and the Lenders' liens on and security interests in the DIP Collateral or the Collateral, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Obligations (whether Pre-Petition Obligations or Post-Petition Obligations) or the Agent's and the Lenders' liens on and security interests in the DIP Collateral or the Collateral, or (iii) preventing, hindering or delaying the Agent's or the Lenders' assertion or enforcement of any lien, claim, right or security interest or realization upon any in accordance with the terms and conditions of this Final Order, (b) a request to use the Cash Collateral (as such term is defined in Section 363 of the Bankruptcy Code) without the prior written consent of the Agent, (c) a request for authorization to obtain Debtor-in-Possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy

Code, other than from the Agent or the Lenders, without the prior written consent of the Agent, (d) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against the Agent, any Lender or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest from the Agent or any Lender under Chapter 5 of the Bankruptcy Code; provided, however, that an amount not to exceed \$50,000 in the aggregate of the indebtedness incurred pursuant to the DIP Facility and the Subordinated DIP Financing Documents may be used to pay Allowed Professional Fees of the Creditors' Committee to investigate (but not prosecute) claims against and objections with respect to the Pre-Petition Obligations and pre-petition liens and security interests of the Agent and the Lenders (including, without limitation, issues regarding validity, perfection, priority, or enforceability of the secured claims of the Agent and the Lenders).

2.5 Carve Out Reserve. At the Agent's sole discretion, the Agent may at any time establish (and adjust) a reserve against the amount of Advances or other credit accommodations that would otherwise be made available to the Borrowers pursuant to the lending formulae contained in the DIP Term Sheet or the DIP Credit Agreements in respect of the Professional Fee Carve Out. Nothing contained herein shall limit, modify or restrict in any way the Agent's rights to establish (and adjust) any other reserves in accordance with the DIP Financing Documents. Without duplication, in its sole discretion, the Agent may elect from time to time to fund, from the proceeds of Advances (whether or not there is excess borrowing availability under the DIP Facility), a cash reserve in respect of the Professional Fee Carve Out (and, upon any such election, the Borrowers shall be deemed to have made one or more loan requests from time to time in the amount necessary to fund such cash reserve).



## 2.6 Payment of Carve Out.

2.6.1 Prior to the occurrence of the Carve Out Termination Date, the Debtors shall be permitted to pay to the Professionals compensation and reimbursement of expenses that accrued prior to the Carve Out Termination Date and in the ordinary course of the Debtors' business, and that are otherwise allowed and payable under Section 328, 330 and 331 of the Bankruptcy Code and any interim procedures order, as the same may be due and payable but subject in any event to the times and amounts specified therefore in the Budget and the DIP Credit Agreements, and the amounts so paid shall permanently reduce the Carve Out Cap, on a dollar-for-dollar basis as set forth in the definition of the "Professional Fee Carve Out"; provided, however, that any Professional holding a retainer shall be required to apply to full amount of such retainer to its unpaid compensation and expenses prior to seeking any such payment.

2.6.2 Any payment or reimbursement made either directly by the Agent or any Lender at any time, or directly or indirectly by or on behalf of the Debtors on or after the Carve Out Termination Date, in respect of any Allowed Professional Fees or the Carve Out (exclusive of the application of any retainers by any of the Professionals) shall, in either case, permanently reduce the Carve Out Cap on a dollar-for-dollar basis as set forth in the definition of the "Professional Fee Carve Out". To the extent that the Agent and Lenders directly fund or otherwise pay the Professional Fee Carve Out, such amounts shall be added to and made a part of the Obligations, secured by the DIP Collateral, and entitle the Agent and Lenders to all of the rights, claims, liens, priorities and protections under this Final Order, the DIP Financing Documents, the Bankruptcy Code or applicable law. Payment of any amounts on account of the Carve Out, whether by or on behalf of the Agent or any Lender, shall not and shall not be deemed to reduce the Obligations, and shall not and shall not be deemed to subordinate any of

the Agent's and Lenders' liens and security interests in the DIP Collateral or their Superpriority Claim to any junior pre- or post-petition lien, interest or claim in favor of any other party. Except as otherwise expressly provided herein with respect to the Professional Fee Carve Out, the Agent and the Lenders shall not, under any circumstance, be responsible for the direct payment or reimbursement of any fees or disbursements of any Professionals incurred in connection with the Case under any chapter of the Bankruptcy Code, and nothing in Section 2.3, 2.4, 2.5 or 2.6 of this Final Order shall be construed to obligate the Agent or any Lender in any way, to pay compensation to or to reimburse expenses of any Professional, or to ensure that the Debtors have sufficient funds to pay such compensation or reimbursement.

2.7 Section 507(b) Priority. To the extent the Agent's and the Lenders' liens on and security interests in the DIP Collateral or any other form of adequate protection of the Agent's and the Lenders' interests is insufficient to pay indefeasibly in full all Obligations, the Agents and the Lenders shall also have the priority in payment afforded by Section 507(b) to the extent of any such deficiency.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the events set forth on Exhibit 4 attached to this Final Order shall constitute an "Event of Default" under this Final Order.

3.2 Rights and Remedies Upon Event of Default. Upon the occurrence of and during the continuance of an Event of Default, (i) the Debtors shall be bound by all restrictions, prohibitions and other terms as provided in the Interim Order, this Final Order and the DIP Financing Documents, and (ii) the Agent shall be entitled to take any act or exercise any right or remedy as provided in the Interim Order, this Final Order or the DIP Financing Documents, including, without limitation, (v) declaring all Obligations immediately due and payable, (w)

immediately accelerating the Obligations, (x) immediately ceasing to extend Advances or provide or arrange for Letters of Credit on behalf of the Borrowers, (y) subject to Section 3.4 below, setting off any Obligations with DIP Collateral or proceeds in the Agent's possession, and (z) subject to Section 3.4 below, enforcing any and all rights with respect to the DIP Collateral. The Agent and the Lenders shall have no obligation to lend or advance any additional funds to or on behalf of the Debtors, or provide any other financial accommodations to the Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Commitment. Upon the expiration of the Borrowers' authority to borrow and obtain other credit accommodations from the Agent and the Lenders pursuant to the terms of this Final Order (except if such authority shall be extended with the prior written consent of the Agent, which consent shall not be implied or construed from any action, inaction or acquiescence by the Agent or any Lender) or upon the Termination Date (as defined in the DIP Credit Agreements), unless an Event of Default set forth in Section 3.1 above occurs sooner and the automatic stay has been lifted or modified pursuant to Section 3.4 of this Final Order, all of the Obligations shall immediately become due and payable and the Agent and the Lenders shall be automatically and completely relieved from the effect of any stay under Section 362 of the Bankruptcy Code, any other restriction on the enforcement of their liens upon and security interests in the DIP Collateral or any other rights granted to the Agent and the Lenders pursuant to the terms and conditions of the DIP Financing Documents or this Final Order, and the Agent, acting on behalf of itself and the other Lenders, shall be and is hereby authorized, in its sole discretion, to take any and all actions and remedies provided to it in this Final Order, DIP

Financing Documents or applicable law which the Agent may deem appropriate and to proceed against and realize upon the DIP Collateral or any other property of the Debtors' Estates.

3.4 Relief from Automatic Stay. The automatic stay provisions of Section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified and vacated without further notice, application or order of the Court to the extent necessary to permit the Agent and the Lenders to perform any act authorized or permitted under or by virtue of this Final Order or DIP Financing Documents, including, without limitation, (a) to implement the Post-Petition Financing arrangements authorized by this Final Order and pursuant to the terms of the DIP Financing Documents, (b) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the DIP Collateral, and (c) to assess, charge, collect, advance, deduct and receive payments with respect to the Obligations, including, without limitation, all interests, fees, costs and expenses under the DIP Financing Documents, and apply such payments to the Obligations pursuant to the DIP Financing Documents and this Final Order. In addition, and without limiting the foregoing, upon the occurrence and continuance of an Event of Default, and after providing five (5) business days' prior written notice thereof (the "Enforcement Notice") to counsel for the Debtors, counsel for Phoenix, counsel for the Creditors' Committee (if appointed), and the U.S. Trustee, the Agent acting on behalf of itself and the other Lenders, shall be entitled to take any action and exercise all rights and remedies provided to it by this Final Order, DIP Financing Documents or applicable law as the Agent may deem appropriate in its sole discretion to, among other things, proceed against and realize upon the DIP Collateral or any other assets or properties of the Debtors' Estates upon which the Agent, for the benefit of itself and the other Lenders, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible

repayment of all Obligations. The ten (10) day stay provisions of Federal Rule of Bankruptcy Procedure 6004(h) are waived.

3.5 Landlord Waiver Agreements. All rights and remedies granted in any landlord waiver and/or Lien Waiver Agreement (as defined in the Pre-Petition Credit Agreements) executed and delivered in connection with the Pre-Petition Obligations and Pre-Petition Credit Agreements, and all rights granted to Agent therein, including the right to access any premises leased by Debtors and access the Pre-Petition Collateral, shall be deemed to be continuing, enforceable and applicable to and binding upon the landlords and other parties to such waiver agreements with respect to the DIP Collateral and Obligations.

Section 4. Representations; Covenants; and Waivers.

4.1 Objections to Pre-Petition Obligations. The extent, legality, validity, perfection, enforceability and other matters noted in this Final Order with respect to the Pre-Petition Financing Documents and Agent's and Lenders' liens in the Pre-Petition Collateral and in the DIP Collateral as security for the Pre-Petition Obligations, are for all purposes subject only to the rights of any party in interest (including any Chapter 7 trustee appointed during the Challenge Period) (as defined below) with requisite standing until May 13, 2009 (such period hereafter referred to as the "Challenge Period") to seek to (a) challenge in any manner the Pre-Petition Obligations, and/or assert claims or causes of action of any nature in any way arising out of or relating to the Pre-Petition Obligations or the Pre-Petition Financing Documents, or (b) assert or allege any other matters in any way arising out of or relating to the Pre-Petition Obligations or the Pre-Petition Financing Documents, or (c) challenge the extent, legality, validity, perfection and/or enforceability of Agents an/or any Lenders pre-petition liens upon and security interests in the Pre-Petition Collateral pursuant to the Bankruptcy Code (the actions described in clause (a), (b) and/or (c) above, collectively referred to herein as an "Objection");

provided however that, any party in interest, including without limitation the Committee, shall deliver to Agent, Debtors and Phoenix, and Agent, Debtors and Phoenix shall receive on or before May 8, 2009, a notice describing in detail the nature and basis of any Objection arising out of, relating to or in connection with the Pre-Petition Obligations or the Pre-Petition Financing Documents such party, or the Committee, as the case may be, intends to bring during the Challenge Period. If an Objection is not timely filed within such Challenge Period (I) the Pre-Petition Obligations shall be deemed allowed in full and the Agent's and the Lenders' security interests in and liens upon the Pre-Petition Collateral shall be recognized and allowable as legal, valid, binding, in full force and effect, non avoidable, perfected and senior to all other liens (subject only to Wells Fargo Lien to the extent it is a Permitted Lien) upon and claims against the Pre-Petition Collateral with respect to all parties in this Case and not be subject to any counterclaims, setoff, recoupment, deduction, or claim of any kind or any defenses, or any further objection or challenge by any party at any time, and (II) Agent and Lenders and each their respective agents, officers, directors, employees, attorneys, professionals, successors, and assigns shall be deemed released and discharged from all claims and causes of action arising out of or in any way relating to the Pre-Petition Financing Documents entered into with Borrowers prior to the entry of this Final Order and shall not be subject to any further objection or challenge by any party at any time. Nothing in this Final Order shall be deemed to confer standing to commence any action or proceeding on either the Committee, or any other party-in-interest. After expiration of the Challenge Period, the release set forth in Section 4.5 with no Objection having been interposed on behalf of the Debtors' estates, shall be binding on the Debtors' estates, including any subsequently appointed trustee, case fiduciary or successors and assigns. To the extent that any party in interest with appropriate standing timely files an Objection on behalf of any of the Debtors' Estates against Agent and/or Lender (A) the releases set forth in

Section 4.5 shall not be binding with respect to specific matters asserted in the Objection and (B) the Objection is deemed preserved for the benefit of such Chapter 7 trustee only to the extent of specific matters asserted in the Objection.

4.2 Debtors' Waivers. At all times during the Cases, and whether or not an Event of Default has occurred, unless otherwise consented to by the Agent in writing in advance (and no such consent shall be implied from any other action, inaction or acquiescence by the Agent or any Lender), the Debtors irrevocably waive any right that they may have to seek authority (i) to use Cash Collateral of the Agent and the Lenders under Section 363 of the Bankruptcy Code; (ii) to obtain post-petition loans or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code, other than from the Agent and the Lenders; (iii) to challenge the application of any payments authorized by this Final Order as pursuant to Section 506(b) of the Bankruptcy Code, or to assert that the value of the Pre-Petition Collateral is less than the Pre-Petition Obligations; (iv) to propose or support a plan of reorganization that does not provide for the indefeasible payment in full and satisfaction of all Obligations on the effective date of such plan; or (v) to seek relief under the Bankruptcy Code, including without limitation, under Section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the Agent and the Lenders as provided in this Final Order or the DIP Financing Documents or the Agent's and the Lenders' exercise of such rights or remedies.

4.3 Section 506(c) Claims. No costs or expenses of administration which have or may be incurred in the Cases at any time shall be charged against the Agent or any Lender, their respective claims or the DIP Collateral pursuant to Section 506(c) of the Bankruptcy Code without the prior written consent of the Agent (and no such consent shall be implied from any other action, inaction or acquiescence by the Agent or any Lender).

4.4 Collateral Rights. Until all of the Obligations shall have been indefeasibly paid and satisfied in full:

4.4.1 no other party shall foreclose or otherwise seek to enforce any junior lien or claim in any DIP Collateral; and

4.4.2 upon and after the occurrence of an Event of Default, and subject to the Agent obtaining relief from the automatic stay as provided for herein, in connection with a liquidation of any of the DIP Collateral, the Agent (or any of its employees, agents, consultants, contractors or other professionals) shall have the right, at the sole cost and expense of the Debtors, to: (i) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by the Debtors; and (ii) use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of the Debtors, which are owned by or subject to a lien of any third party and which are used by the Debtors in their businesses. The Agent and the Lenders will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor or owner of such property (other than the Debtors) for the period of time that the Agent actually uses the equipment or the intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that the Agent actually occupies or uses such assets or properties).

4.5 Release.

a. In consideration of and as a condition to the Agent and the Lenders making Advances and providing other credit and financial accommodations to the Borrowers pursuant to the provisions of this Final Order and the DIP Financing Documents, each Debtor, on behalf of itself, and other legal representatives (collectively, the "Releasors"), hereby absolutely



releases, forever discharges and acquits the Agent, each Lender and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (Agent, each Lender and all such other parties being hereinafter referred to collectively as "Releasees") of and from any and all claims, demands, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages, and any and all other claims, counterclaims, defenses rights of set-off, demands and liabilities whatsoever (individually, a "Pre-Petition Released Claim" and collectively, the "Pre-Petition Released Claims") of every kind, name, nature and description, known or unknown, suspected or unsuspected, both at law and in equity, which, including, without limitation, any so-called "lender liability" claims or defenses, that any Releasor may now or hereafter own, hold, have or claim to have against Releasees, or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the date of this Final Order, in respect to the Debtors, the Pre-Petition Obligations, the Pre-Petition Financing Documents and any Advances, Letters of Credit or other financial accommodations made by the Agent and Lenders to the Debtors pursuant to the Pre-Petition Financing Documents. In addition, upon the payment in full of all Obligations owed to the Agent and Lenders by the Borrowers and termination of the rights and obligations arising under this Final Order and the DIP Financing Documents (which payment and termination shall be on terms and conditions acceptable to the Agent), the Agent and the Lenders shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring in connection with or related to the DIP Financing Documents or this Final Order (including without limitation any obligation or responsibility (whether direct or indirect, absolute or contingent, due or not due, primary or secondary, liquidated or unliquidated), on terms and conditions acceptable to the Agent.

b. Upon the entry of this Final Order, each Releasor hereby absolutely, unconditionally and irrevocably, covenants and agrees with each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Pre-Petition Released Claim released and discharged by each Releasor pursuant to Section 4.5(a) above. If any Releasor violates the forgoing covenant, Debtors agree to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

Section 5. Other Rights and Obligations.

5.1 No Modification or Stay of this Final Order. Notwithstanding (i) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Final Order, the DIP Financing Documents or any term hereunder or thereunder, or (ii) the dismissal or conversion of one or more of the Cases, Agent and Lender shall be entitled to all of the rights, remedies, privileges, and benefits in favor of the Agent and the Lenders pursuant to Section 364(e) of the Bankruptcy Code and this Final Order and DIP Financing Documents.

5.2 Power to Waive Rights; Duties to Third Parties. The Agent and the Lenders shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Final Order in respect of the Agent and the Lenders (the "Lender Rights"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any Lender Right(s), subject to the Intercreditor Agreement. Any waiver by the Agent or any Lender of any Lender Rights shall not be or constitute a continuing waiver. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject the Agent or any Lender to any liability to any other party, nor cause or enable any other party to rely upon or in any way seek to

assert as a defense to any obligation owed by the Debtors to the Agent or any Lender, subject to the Intercreditor Agreement.

5.3 Disposition of Collateral The Banner/Holdings Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral without an order of this Court, except for sales of the Borrowers' Inventory in the ordinary course of their business.

5.4 Inventory. The Banner/Holdings Debtors shall not, without the prior written consent of the Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by the Agent or any Lender), (a) enter into any agreement to return any inventory to any of their creditors for application against any pre-petition indebtedness under any applicable provision of Section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its pre-petition indebtedness based upon any such return pursuant to Section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Final Order are in addition to and without prejudice to the rights of the Agent and the Lenders to pursue any and all rights and remedies under the Bankruptcy Code, DIP Financing Documents or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the DIP Collateral or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professionals or other parties seeking compensation or reimbursement from the Estate.

5.6 Effect.

5.6.1 The provisions of this Final Order, the DIP Financing Documents, the Obligations, Superpriority Claim and any and all rights, remedies, privileges and benefits in favor of the Agent and the Lenders provided or acknowledged in this Final Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Final Order pursuant to Bankruptcy Rules 6004(g) and 7062, shall continue in full force and effect, and shall survive entry of any such other order, including without limitation any order which may be entered confirming any plan of reorganization, converting one or more of the Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Cases.

5.6.2 Any order dismissing one or more of the Cases under Section 1112 or otherwise shall be deemed to provide (in accordance with Sections 105 and 349 of the Bankruptcy Code) that (a) the Agent's and the Lenders' liens on and security interests in the DIP Collateral shall continue in full force and effect notwithstanding such dismissal until the Obligations are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction, to the extent permissible under applicable law, notwithstanding such dismissal, for the purposes of enforcing the Superpriority Claim and liens and security interests in the DIP Collateral.

5.6.3 In the event this Court modifies any of the provisions of this Final Order or the DIP Financing Documents following the Final Hearing, (a) such modifications shall not affect liens (including the 364(d) liens granted to Agent and Lender which specifically subordinate the PBGC Pre-Petition Liens and post-petition replacement liens to the liens of PNC) with respect to the DIP Collateral or the superpriority claims of the Agent and the Lenders specifically provided to Lender pursuant to this Final Order and priorities of Agent and Lender granted herein; (b) such modifications shall not affect the rights or priorities any portion of the Obligations which arises or is incurred or is advanced prior to such modifications, and (c) this Final Order shall remain in full force and effect except as so specifically amended or modified.

5.6.4 This Final Order shall be binding upon the Debtors, all parties in interest in the Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Final Order shall also inure to the benefit of the Agent, the Lenders, the Debtors and their respective successors and assigns.

5.7 Marshalling. In no event shall the Agent or any Lender be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the Collateral.

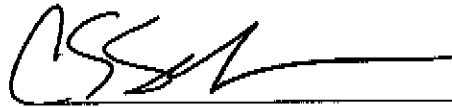
5.8 Term; Termination. Notwithstanding any provision of this Final Order to the contrary, the term of the financing arrangements among the Debtors, the Agent and the Lenders authorized by this Final Order may be terminated pursuant to the terms of the DIP Financing Documents.

5.9 Order Controls. Unless this Final Order specifically provides otherwise, in the event of a conflict between (a) the terms and provisions of (i) the DIP Financing Documents and (ii) this Final Order, or (b) the terms and provisions of (i) the Subordinated DIP Financing Documents or any financing order entered by this Court in connection with the Subordinated DIP Financing Documents and (ii) this Final Order, then in each case the terms and provisions of this Final Order shall govern, interpreted as most consistent with the terms and provisions of the DIP Financing Documents. In addition, the terms and provisions of the Subordinated DIP Financing Documents and the order approving the same are under and subject to the terms and provisions of the Intercreditor Agreement between the Agent and Lenders and Phoenix.

5.10 Objections Overruled. All objections to the entry of this Final Order are, to the extent not withdrawn, hereby overruled.

5.11 Entry of Final Order. Notice of the entry of the Final Order shall be served on all parties served with either the Motion and/or the Interim Order.

Dated: April 15 2009  
Wilmington, Delaware



UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1**

**BUDGET**

PHC 1ST QUARTER BUDGET - FOR BANNER ENTITIES  
Projected Results of Operations and Cash Flow

**In Thousands of Dollars**

↑ Input  
↑ Output

## STATEMENT OF CASH FLOWS - 1ST LENDIP - FOR BANNER ENTITIES

Week Ending	1	2	3	4	5	6	7	8	9	10	11
Week Ending	20-MAY	27-MAY	3-JUN	10-JUN	17-JUN	24-JUN	1-JUL	8-JUL	15-JUL	22-JUL	29-JUL
<b>Net Sales</b>	\$4,638.9	\$1,274.7	\$2,972.7	\$1,428.4	\$7,818.5	\$3,404.9	\$1,670.3	\$1,841.5	\$1,724.1	\$1,515.7	\$4,511.2
Operating Cash Balance	\$0.0	\$4.0	\$4.0	\$4.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cash Receipts											
Existing AR	1,705.4	1,208.4	1,539.9	553.0	289.2	282.1	105.4	67.0	125.0	49.5	33.8
New Inventory Sales	219.0	376.7	234.5	703.5	2,307.8	1,281.9	1,843.6	1,359.2	1,450.5	1,874.5	1,940.5
Total Cash Receipts	1,924.4	1,585.1	2,274.5	1,256.5	2,605.0	1,564.0	1,951.0	1,426.2	1,575.5	1,924.0	2,044.3
Inventory Disbursements											
Purchase of Inventory	1,522.2	1,745.7	1,240.2	1,346.4	1,095.7	1,277.3	2,195.1	1,358.3	1,754.3	1,513.6	1,434.2
Operating Disbursements											
Wages & Payroll Taxes	-	-	-	479.9	-	484.7	28.0	479.9	-	484.7	24.9
Landlord's Fees	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Commissions	9.0	8.5	4.0	43.3	-	68.7	4.0	10.0	-	38.5	246.1
Employee Retention	-	-	-	-	-	-	-	-	-	-	-
Self-Insured Retention	-	-	-	-	-	-	-	-	-	-	-
Temporary Help	15.2	15.9	10.2	34.2	15.2	13.4	10.2	34.2	15.2	13.4	10.2
Healthcare & Benefits	-	-	-	-	-	-	-	-	-	-	-
General Insurance	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Travel & Lodging	-	-	-	-	-	-	-	-	-	-	-
Utilities & Licenses	-	-	-	-	-	-	-	-	-	-	-
Advertising	39.8	2.0	3.0	24.9	1.0	16.0	2.0	23.2	5.0	4.2	2.0
Auto	0.5	0.2	0.2	1.2	0.5	0.2	0.2	0.2	1.5	0.2	0.2
Computer Services	8.0	3.0	9.6	5.9	5.5	8.0	9.6	5.9	5.5	8.0	5.1
Debt & Subscriptions	-	-	-	1.0	-	-	-	-	-	-	-
Employee Benefits	0.2	0.5	0.4	0.4	0.2	0.1	3.4	0.4	0.2	0.4	0.2
Freight	1.5	14.4	55.4	-	-	3.9	54.4	1.0	-	0.4	8.7
Office Supplies & Expenses	9.1	10.0	2.7	5.4	6.1	13.0	2.7	5.4	6.1	13.0	2.7
Postage & Mail	10.3	12.4	7.9	7.4	7.3	12.4	7.3	7.3	7.3	10.3	7.3
Repairs & Maint.	-	-	-	-	-	-	-	-	-	-	-
Telephone	1.1	2.0	1.7	3.6	1.7	2.1	2.0	3.6	1.7	2.1	2.0
Utilities	2.3	0.8	10.8	3.1	2.0	2.3	8.8	7.1	2.0	2.3	0.8
Taxes	10.6	2.0	3.1	2.0	10.7	2.0	10.8	2.0	10.8	2.0	2.8
Total	53.4	1.1	15.2	12.2	22.2	42.0	0.2	18.2	28.5	32.0	0.2
Net Cash Flow	15.4	13.0	12.0	13.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Shop Expenses	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Capital Expenditures	10.0	-	-	-	-	-	-	-	-	-	-
Net	38.1	38.4	44.6	32.3	35.9	35.1	24.8	33.2	41.1	24.4	34.9
Total Operating Disbursements	361.7	634.8	225.1	700.2	141.3	749.0	652.8	678.1	154.9	676.8	4,081.1
Total Disbursements	1,473.3	2,381.5	1,465.3	1,846.5	1,244.9	1,978.2	2,348.3	2,055.4	1,909.2	2,190.4	2,572.8

\*50% of professional fees are assumed assigned to Barnard through week 10



2ND LIEN DIP BUDGET - FOR FAIRCHILD CORP (INCLUDING FAIRCHILD SPORTS USA & FAIRCHILD REALTY)

Projected Results of Operations and Cash Flow  
10-10-10 20-10-10

STATEMENT OF CASH FLOWS - 2ND LIEN DIP - FOR FAIRCHILD CORP (INCLUDING FAIRCHILD SPORTS USA & FAIRCHILD REALTY)

In Thousands of Dollars

	1	2	3	4	5	6	7	8	9	10	11
Week Ending →	20-10-10	27-10-10	3-11-10	10-11-10	17-11-10	24-11-10	1-12-10	8-12-10	15-12-10	22-12-10	29-12-10
Net Sales	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0
Operating Cash Balance	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0
Cash Receipts											
2nd Lien DIP Adminized by Banner	351.0	-	-	482.9	170.6	241.5	152.3	175.5	105.0	633.3	126.2
Payment of 2nd DIP from Banner Sales Proceeds	-	-	-	-	-	-	-	-	-	-	-
Existing AR	29.0	30.0	19.0	57.0	-	26.0	-	-	-	-	2,448.5
New Inventory Sales/Other Corp Receipts	-	-	-	19.0	40.0	42.0	40.0	40.0	40.5	41.0	41.0
Total Cash Receipts	380.0	69.0	19.0	558.9	216.6	309.5	192.3	215.5	145.5	674.3	2,615.7
Inventory Disbursements											
Purchase of Inventory	-	-	-	17.3	34.4	-	-	-	17.3	25.0	-
Operating Disbursements											
Wages & Payroll Taxes	-	199.2	-	135.6	-	135.6	-	135.6	-	135.6	-
Director's Fees	-	-	-	52.5	-	-	-	5.0	-	-	-
D&O Insurance	-	-	-	73.9	-	-	73.9	-	-	-	-
Commissions	4.8	-	-	-	3.5	-	-	-	3.5	-	-
Employee Relations	-	-	-	-	-	-	-	-	-	-	-
401(K) Match	-	1.7	-	1.7	-	1.7	-	1.7	-	1.7	-
Temporary Help	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Healthcare & Benefits	50.1	85.9	50.3	50.3	50.1	95.9	50.3	50.3	50.1	50.1	95.9
General Insurance	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Auto	0.7	3.3	0.3	-	-	-	-	-	-	-	-
Computer Services	0.9	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Equipment Rental	2.9	2.0	1.4	2.9	-	-	-	-	-	-	-
Facility Rent	-	39.8	12.7	-	-	39.8	12.7	-	-	-	-
Office Supplies & Expenses	0.6	0.1	0.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Postage & Mailing	2.5	2.5	4.3	2.9	2.5	2.5	4.3	2.5	2.9	2.5	3.5
Repairs & Maint.	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-
Utilities	1.0	0.5	3.4	3.1	1.0	0.5	3.4	-	2.9	1.0	0.5
Travel	2.4	4.4	0.1	0.9	2.4	4.4	0.1	0.7	2.4	2.4	2.4
Meals & Entertainment	4.2	4.2	2.4	23.9	2.4	2.4	2.1	2.1	2.1	2.1	2.1
Legal & Prof	0.8	0.6	0.3	3.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Misc	17.8	12.8	59.4	5.8	17.8	12.8	59.4	5.8	3.2	15.6	10.0
Total Operating Disbursements	94.5	315.6	354.5	281.6	94.2	308.5	377.8	215.5	78.2	292.3	167.2
Total Disbursements	94.5	315.6	354.5	281.6	94.2	308.5	377.8	215.5	78.2	292.3	167.2
Operating Cash Flow	285.5	84.4	45.5	277.3	205.8	91.5	22.2	184.5	166.5	382.0	1,448.5
Accumulated	285.5	370.9	416.4	693.7	900.5	992.0	1,014.2	1,198.7	1,365.2	1,747.2	2,689.3
Other (Sources) Uses											
Utility Deposits	-	-	-	-	-	-	-	-	-	-	-
DIP Interest	80.0	-	-	-	-	-	-	-	-	-	-
Facility Fee	180.0	-	-	-	-	-	-	-	-	-	-
DIP Legal Fees	-	-	-	-	-	-	-	-	-	-	-
APA Legal	-	-	-	-	-	-	-	-	-	-	-
Fairchild's Property Interest	-	-	100.0	-	-	-	100.0	-	-	-	-
Professional Fees:											
Cattell, Gordon	-	-	-	-	-	-	-	-	-	-	-
Curtis	-	-	-	-	-	-	-	-	-	-	-
CAG Partners	-	-	-	-	-	-	-	-	-	-	-
Claims Agent	-	-	-	-	-	-	-	-	-	-	-
Creditor's Committee Counsel	-	-	-	-	-	-	-	-	-	-	-
Local Counsel	-	-	-	-	-	-	-	-	-	-	-
US Trustee Fee	-	-	-	-	-	-	-	-	-	-	-
Corporate Receipts from BAHHC I	-	-	-	-	-	-	-	-	-	-	-
2nd Lien DIP Repayment from Sales Proceeds	-	-	-	-	-	-	-	-	-	-	-
Total Other (Sources) Uses	260.0	-	(185.6)	250.0	83.8	-	(185.6)	-	50.0	367.0	2,448.5
Net Cash Flow	35.5	84.4	26.9	277.3	205.8	91.5	22.2	184.5	166.5	382.0	1,448.5
Accumulated	35.5	119.9	146.8	424.1	629.9	721.4	743.6	928.1	1,094.6	1,476.6	2,925.1
Ending Cash Balance	435.5	435.5	435.5	435.5	435.5	435.5	435.5	435.5	435.5	435.5	435.5

2nd Lien DIP Balance Advanced to Fairchild	381.0	381.0	381.0	381.0	381.0	381.0	381.0	381.0	381.0	381.0	381.0
Accrued Professional Fees*	88.0	213.8	320.6	427.5	493.5	557.5	701.3	805.0	878.5	921.0	918.5
Fairchild Accrued Payroll	82.2	12.6	80.4	12.8	12.6	80.4	12.6	80.4	80.4	12.6	80.4
Total	551.2	607.4	782.0	821.3	887.1	951.0	1,164.9	1,266.4	1,340.9	1,394.6	1,399.9

\* 50% of professional fees are assumed accrued to Banner through week 11

**EXHIBIT 2**

**DIP DOMESTIC CREDIT AGREEMENT**

**EXHIBIT 2**