

FAIRCHILD CORP  
Form 10-Q  
March 27, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended December 31, 2007  
Commission File Number 1-6560

THE FAIRCHILD CORPORATION  
(Exact name of Registrant as specified in its charter)

Delaware  
(State of incorporation or organization)

34-0728587  
(I.R.S. Employer Identification No.)

1750 Tysons Boulevard, Suite 1400, McLean, VA 22102  
(Address of principal executive offices)

(703) 478-5800  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days:  Yes  No.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "non-accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Check one:  Large accelerated filer,  Accelerated filer,  Non-accelerated filer,  Smaller reporting company.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

On February 29, 2008, the number of shares outstanding of each of the Registrant's classes of common stock was as follows

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Title of Class	
Class A Common Stock, \$0.10 Par Value	22,604,835
Class B Common Stock, \$0.10 Par Value	2,621,338

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FOR THE PERIOD ENDED DECEMBER 31, 2007

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All references in this Quarterly Report on Form 10-Q to the terms “we,” “our,” “us,” the “Company” and “Fairchild” mean The Fairchild Corporation and its subsidiaries. All references to “fiscal” in connection with a year shall mean the 12 months ended September 30th.



## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

## ASSETS

	December 31, 2007 (unaudited)	September 30, 2007
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - unrestricted	\$ 7,445	\$ 9,527
Cash and cash equivalents - restricted	3,417	3,243
Short-term investments - unrestricted	12,441	2,192
Short-term investments - restricted	21,271	46,129
Accounts receivable-trade, less allowances of \$1,268 and \$1,202	18,702	16,566
Inventories, less reserves for obsolescence of \$17,274 and \$16,918	128,545	118,205
Current assets of discontinued operations	-	1,338
Prepaid expenses and other current assets	11,147	10,029
Total Current Assets	202,968	207,229
Property, plant and equipment, net of accumulated depreciation of \$36,080 and \$33,271	57,843	56,523
Goodwill	13,815	13,721
Amortizable intangible assets, net of accumulated amortization of \$2,514 and \$2,322	724	892
Non-amortizable intangible assets	34,581	33,509
Deferred loan fees	409	1,525
Long-term investments - unrestricted	3,249	3,499
Long-term investments - restricted	12,133	21,190
Notes receivable	3,659	3,459
Net noncurrent assets held for sale	2,844	2,858
Noncurrent assets of discontinued operations	-	5,021
Other assets	8,538	7,928
<b>TOTAL ASSETS</b>	<b>\$ 340,763</b>	<b>\$ 357,354</b>

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2007 (unaudited)	September 30, 2007
<b>CURRENT LIABILITIES:</b>		
Bank notes payable and current maturities of long-term debt	\$ 48,517	\$ 36,235
Accounts payable	42,223	32,128
Accrued liabilities:		
Salaries, wages and commissions	10,974	10,521
Insurance	6,640	6,224
Other accrued liabilities	38,557	42,212
Current liabilities of discontinued operations	46	13,139
Total Current Liabilities	146,957	140,459
Long-term debt, less current maturities	2,924	25,767
Other long-term liabilities	14,752	15,247
Pension liabilities	33,766	34,825
Retiree health care liabilities	15,782	16,231
Deferred tax liability	3,742	4,884
Noncurrent income taxes	3,605	10,936
Noncurrent liabilities of discontinued operations	16,120	16,120
<b>TOTAL LIABILITIES</b>	<b>237,648</b>	<b>264,469</b>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY:</b>		
Class A common stock, \$0.10 par value; 40,000 shares authorized, 30,480 shares issued and 22,605 shares outstanding	3,047	3,047
Class B common stock, \$0.10 par value; 20,000 shares authorized, 2,621 shares issued and outstanding	262	262
Paid-in capital	232,646	232,639
Treasury stock, at cost, 7,875 shares of Class A common stock	(76,352)	(76,352)
Accumulated deficit	(8,862)	