



## **For Immediate Release**

Contact: John L. Flynn 703/478-5830

[Jflynn@fairchild.com](mailto:Jflynn@fairchild.com)

### **The Fairchild Corporation [NYSE: FA] Reports Net Income of \$0.02 Per Share for its Third Quarter**

**Dulles, VA (May 10, 2002)** - The Fairchild Corporation [NYSE: FA] reported today that net income was \$0.5 million, or \$0.02 per share, for its third quarter ended March 31, 2002, as compared with the prior year's third quarter net loss of \$3.5 million, or \$0.14 per share. The Company reported consolidated sales of \$153.2 million in the third quarter of fiscal 2002 as compared to \$162.4 million in the third quarter of fiscal 2001.

The Company announced sales of \$137.0 million at its core aerospace fasteners business in the third quarter of fiscal 2002, as compared to sales of \$140.8 million in the third quarter of fiscal 2001. The Company's book-to-bill ratio was 94% for its third quarter of fiscal 2002.

Projected aircraft build rates are being adversely affected by decreased worldwide demand for travel. Accordingly, the Company believes that overall demand for aerospace fasteners will decrease during the remainder of calendar 2002, and its business will be affected by this decreased demand. Nevertheless, the Company also believes that the impact on its business will be partially offset by the supply chain service programs it entered into during the past several years and by the decrease in fastener inventory held by original equipment manufacturers and distributors. In addition, the Company maintains ongoing efforts to achieve additional savings through cost reductions and further plant rationalization. The Company has caused its workforce to be reduced. Furthermore, the Company is continuing its efforts to reduce debt through the disposition of assets.

The current quarter's consolidated net income of \$0.5 million benefited from a \$1.1 million pre-tax decrease in net interest expense, due primarily to lower interest rates, and pre-tax income of \$1.9 million due to the non-cash increase in the fair market value of an interest rate contract. The net loss for the quarter ended April 1, 2001 included a pre-tax loss of \$3.4 million due to the non-cash decrease in the fair market value of the interest rate contract, and \$3.1 million of goodwill amortization expense, offset partially by pre-tax investment income of \$4.9 million. On July 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets", and accordingly, has not amortized goodwill expense in its fiscal 2002 periods.

The Fairchild Corporation is a leading worldwide manufacturer and supplier of precision fastening systems used in the construction and maintenance of commercial and military aircraft, and a distributor of aerospace parts. Fairchild Fasteners has manufacturing facilities, as well as sales/design customer teams in the United States, Germany, France, the United Kingdom, Portugal, Hungary, and Australia. Because of its unique ability to serve customers worldwide from its manufacturing and logistics businesses, Fairchild Fasteners offers the market the most complete and innovative solutions to the delivery, stocking, and dispensing of fasteners. Banner Aerospace, The Fairchild Corporation's aerospace distribution segment, provides aircraft parts and services. The Fairchild Corporation also owns a significant real estate investment. Additional information is available on The Fairchild Corporation web site ([www.fairchild.com](http://www.fairchild.com)).

This news release contains forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, as amended and Section 21-E of the Securities Exchange Act of 1934, as amended. The Company's actual results could differ materially from those set forth in the forward-looking statements, as a result of the risks associated with the Company's business, changes in general economic conditions, and changes in the assumptions used in making such forward-looking statements.

**THE FAIRCHILD CORPORATION**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>03/31/02</u>	<u>04/01/01</u>	<u>03/31/02</u>	<u>04/01/01</u>
<b>REVENUE:</b>				
Net sales	\$ 153,231	\$ 162,358	\$ 476,139	\$ 458,825
Rental revenue	1,625	1,615	5,023	5,145
Other income (expense), net	1,357	(1,178)	6,542	1,668
	<u>156,213</u>	<u>162,795</u>	<u>487,704</u>	<u>465,638</u>
<b>COSTS AND EXPENSES:</b>				
Cost of goods sold	115,595	119,871	359,327	342,507
Cost of rental revenue	1,173	981	3,707	3,336
Selling, general & administrative	32,106	32,782	98,105	94,753
Amortization of intangibles	-	3,125	-	9,384
	<u>148,874</u>	<u>156,759</u>	<u>461,139</u>	<u>449,980</u>
<b>OPERATING INCOME</b>	7,339	6,036	26,565	15,658
Interest expense	12,788	13,553	38,148	40,851
Interest income	(1,052)	(741)	(3,415)	(1,509)
Net interest expense	11,736	12,812	34,733	39,342
Investment income (loss)	30	4,914	(251)	5,538
Increase (decrease) in fair market value of interest rate contract	1,924	(3,370)	(980)	(6,915)
Loss from continuing operations before taxes	(2,443)	(5,232)	(9,399)	(25,061)
Income tax benefit	3,081	1,740	7,312	9,304
Equity in earnings (loss) of affiliates, net	(132)	-	(99)	181
<b>NET EARNINGS (LOSS)</b>	<u>\$ 506</u>	<u>\$ (3,492)</u>	<u>\$ (2,186)</u>	<u>\$ (15,576)</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>	<u>\$ 0.02</u>	<u>(0.14)</u>	<u>\$ (0.09)</u>	<u>\$ (0.62)</u>
Weighted average shares outstanding:				
Basic	<u>25,158</u>	<u>25,140</u>	<u>25,153</u>	<u>25,114</u>
Diluted	<u>25,164</u>	<u>25,140</u>	<u>25,153</u>	<u>25,114</u>

**THE FAIRCHILD CORPORATION**  
**SEGMENT RESULTS**

(In thousands)

	Three Months Ended		Nine Months Ended	
	3/31/02	4/1/01	3/31/02	4/1/01
<b>SALES BY SEGMENT:</b>				
Aerospace Fasteners Segment	\$ 136,960	\$ 140,806	\$ 427,816	\$ 394,262
Aerospace Distribution Segment	16,271	21,552	48,324	64,563
<b>TOTAL SALES</b>	<b>\$ 153,231</b>	<b>\$ 162,358</b>	<b>\$ 476,140</b>	<b>\$ 458,825</b>
<b>OPERATING RESULTS BY SEGMENT:</b>				
Aerospace Fasteners Segment	\$ 10,155	\$ 9,788	\$ 36,869	\$ 26,641
Aerospace Distribution Segment	1,202	1,725	2,048	3,424
Real Estate Segment (a)	226	(764)	714	(681)
Corporate and Other Segment	(4,244)	(4,713)	(13,066)	(13,726)
<b>TOTAL OPERATING INCOME (b)</b>	<b>\$ 7,339</b>	<b>\$ 6,036</b>	<b>\$ 26,565</b>	<b>\$ 15,658</b>
<b>EBITDA BY SEGMENT:</b>				
Aerospace Fasteners Segment	\$ 16,756	\$ 19,533	\$ 56,683	\$ 56,025
Aerospace Distribution Segment	1,397	1,952	2,526	4,091
Real Estate Segment (a)	911	(328)	2,777	906
Corporate and Other Segment	(4,157)	(4,334)	(12,762)	(12,602)
<b>TOTAL EBITDA (b)</b>	<b>\$ 14,907</b>	<b>\$ 16,823</b>	<b>\$ 49,224</b>	<b>\$ 48,420</b>

(a) – Includes rental revenue of \$1.6 million in each of the three months ended March 31, 2002 and April 1, 2001, and \$5.0 million and \$5.1 million for the nine months ended March 31, 2002 and April 1, 2001, respectively.

(b) – Includes goodwill amortization of \$3.1 million and \$9.4 million for the three and nine months ended April 1, 2001, respectively.