

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
ADAM AIRCRAFT INDUSTRIES, INC.)	Case No. 08-11751 MER
EIN: 161643299,)	Chapter 7
)	
Debtor.)	

MOTION TO APPROVE STIPULATION

Jeffrey A. Weinman, as Chapter 7 Trustee for the Adam Aircraft Industries, Inc. bankruptcy estate (the “Trustee”), through his undersigned counsel, requests approval of a Stipulation to Transfer Funds in Which Morgan Stanley & Co. Incorporated Asserts a Security Interest and to Provide Adequate Protection With Respect Thereto (the “Stipulation”), attached hereto as Exhibit A. In support of this motion, the Parties state the following:

1. The Trustee and Morgan Stanley & Co. (the “Parties”) entered into the referenced Stipulation on March 4, 2008.
2. The Stipulation contains the terms under which the Parties agree to the transfer of funds to accounts controlled by the Trustee.
3. The Stipulation is consistent with the Trustee’s duties under Bankruptcy Code § 704.

Dated this 6th day of March, 2008.

LINDQUIST & VENNUM P.L.L.P.

By: /s/ John C. Smiley
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Attorneys for Jeffrey A. Weinman, Chapter 7 Trustee

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	Bankruptcy Case No. 08-11751-MER
)	
ADAM AIRCRAFT INDUSTRIES, INC.)	Chapter 7
)	
Debtor.)	
)	

**STIPULATION TO TRANSFER OF FUNDS IN WHICH MORGAN STANLEY & CO.
INCORPORATED ASSERTS A SECURITY INTEREST AND TO PROVIDE
ADEQUATE PROTECTION WITH RESPECT THERETO**

This Stipulation by and between Morgan Stanley & Co. Incorporated, as collateral agent (the “Agent”) pursuant to that Senior Secured Credit Agreement (as amended, restated, modified, renewed, refunded, replaced, or refinanced in whole or in part from time to time, referred to herein as the “Loan Agreement”) and Jeffrey Weinman (the “Trustee”), in his capacity as the chapter 7 trustee of Adam Aircraft Industries, Inc. (the “Debtor”), is based on the following facts:

A. The Debtor has bank accounts at Vectra Bank that have a total current balance of approximately \$170,000 (the “Vectra Account”).

B. The Agent contends that it holds a validly perfected first priority security interest in the Vectra Account, all funds deposited therein and all proceeds thereof (collectively, the “Cash Collateral”), which is protected by, inter alia, a control agreement with Vectra Bank and the Debtor.

C. The Trustee contends that the Cash Collateral is property of the bankruptcy estate, and the Trustee has not yet completed his review of the question of whether the Agent holds a

properly perfected first priority security interest in the Cash Collateral. The Trustee wishes to transfer the Cash Collateral to an account in the name of the Trustee.

D. The parties wish to enter into this Stipulation to preserve and protect their rights with respect to the Cash Collateral.

NOW, THEREFORE, it is hereby stipulated and agreed as follows:

1. Vectra Bank shall turn over the Cash Collateral to the Trustee.
2. The Trustee shall deposit the Cash Collateral in an account into which he shall only deposit cash in which the Agent asserts a security interest (the "New Account").
3. The Trustee and the Agent, on behalf of the Senior Lenders, reserve all rights they have with respect to the Cash Collateral, and the transfer of the Cash Collateral from the Vectra Account to the New Account in the name of the Trustee shall not alter, impair or modify the rights of the Trustee, Agent, or the Senior Lenders. Upon entry of the Order approving this Stipulation, the liens, if any, of the Agent shall attach to the New Account with the same validity, priority, force and effect that they currently have in the Vectra Account, and the Agent shall not be required to file any UCC-1 financing statements, notices of lien or any similar document or take any other action, such as taking possession of the Cash Collateral or obtaining a control agreement with the bank at which the New Account is to be opened in order to preserve any lien the Agent has in the Cash Collateral.
4. This Stipulation is without prejudice to any rights that the Trustee may have to challenge the validity, priority, or amount of the secured claim of the Senior Lenders or the security interest held by the Agent for their benefit, and without prejudice to the rights of the Agent and the Senior lenders to oppose any such challenge.

5. Until and unless the Trustee avoids the security interest asserted by the Agent in the New Account, the Cash Collateral deposited into the New Account shall be treated as "cash collateral" within the meaning of Bankruptcy Code § 363(a) and, therefore, the Trustee shall not use the Cash Collateral without prior order of the Bankruptcy Court or the consent of the Agent.

Dated: February ____, 2008

HOLME ROBERTS & OWEN LLP

By: _____

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Dated: ~~February~~ *March 4*, 2008

LINDQUIST & VENNUM P.L.L.P.

By: _____

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5. Until and unless the Trustee avoids the security interest asserted by the Agent in the New Account, the Cash Collateral deposited into the New Account shall be treated as "cash collateral" within the meaning of Bankruptcy Code § 363(a) and, therefore, the Trustee shall not use the Cash Collateral without prior order of the Bankruptcy Court or the consent of the Agent.

Dated: March 4
~~February~~ ____, 2008

HOLME ROBERTS & OWEN LLP

By: 

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Dated: February ____, 2008

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the **MOTION TO APPROVE STIPULATION** on this 6th day of March, 2008, by U.S. Mail, postage prepaid, to the parties on the attached list.

/s/ Susan J. Toms

Label Matrix for local noticing
1082-1
Case 08-11751-MER
District of Colorado
Denver
Thu Mar 6 12:18:59 MST 2008

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