



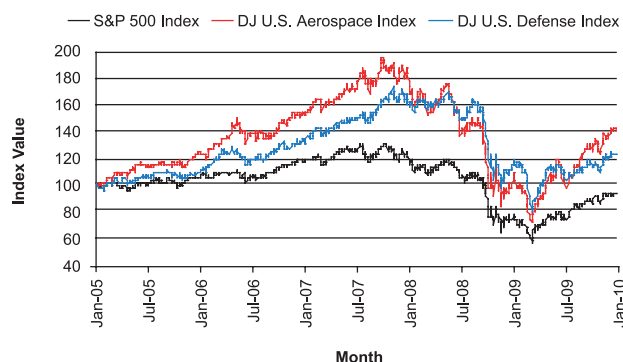
AEROSPACE AND DEFENSE FOURTH QUARTER AND YEAR-END 2009 REVIEW

EUREKA CAPITAL MARKETS LLC, MEMBER FINRA/SIPC

HIGHLIGHTS

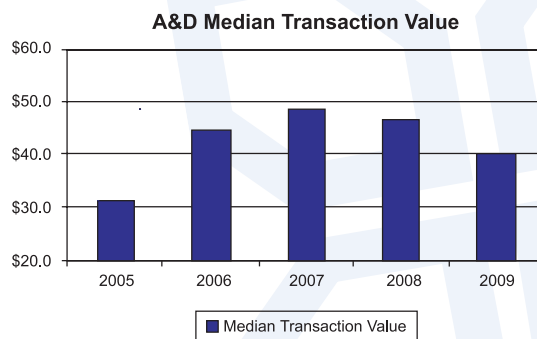
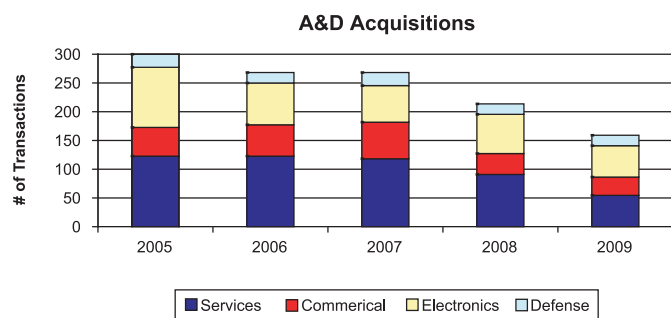
PUBLIC STOCKS

- Over the past five years, the DJ U.S. Aerospace Index saw a 39.8% improvement in price, with a compound annual growth rate of 6.9%. During the same period, the DJ U.S. Defense Index saw a 22.1% improvement in price, with a compound annual growth rate of 4.1%. Both indices outperformed the overall market.
- The overall market (S&P 500) saw a (7.2%) decline in price during the last five years, making A&D an attractive investment despite the recent declines in value across the board.



M&A TRANSACTIONS

- M&A markets reported 160 transactions completed during 2009, a decline from the 212 transactions completed during 2008. Both the first and second halves of the year saw material declines versus the prior year's activity. M&A activity across nearly all industries was down in 2009 as the financing markets were challenging for the majority of the year. However, early indications in 2010 are showing an improvement in capital availability, which should lead to more M&A activity if this trend is sustained.
- Median transaction size decreased to \$40.0 million for aerospace and defense companies, roughly \$8.4 million down from the ten-year high in 2007.
- Foreign buyers accounted for 30 transactions, roughly 19% of all deals during the year.
- Defense was the only segment that reported a year-to-year increase in consolidation levels with 19 transactions completed. Strategic buyers remained active, with financial buyers declining to only 25 transactions due to the difficult credit environment.



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A&D SERVICES SECTOR M&A TRANSACTIONS (MRO, LEASING, DISTRIBUTION, AIRLINE SERVICES, FBOS, IT GOVERNMENT SOLUTIONS)

Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Dec-09	Sensor Technologies, Inc.	Mission-critical systems engineering services and solutions to the Department of Defense	USA	Strategic	USA
Dec-09	TYBRIN Corp.	Mission planning solutions, systems engineering, and software development to the United States Department of Defense	USA	Strategic	USA
Dec-09	Northrop Grumman Corp. (NYSE: NOC) - TASC, Inc.	Information systems unit of Northrop Grumman	USA	Financial	USA
Dec-09	Alcoa, Inc. (NYSE:AA) - Alcoa SIE Conversions	757 conversion program	USA	Strategic	USA
Dec-09	Carillion plc (LSE:CLLN) - Aspire Defence Limited	Provide living facility upgrades and services for military personnel	UK	Financial	UK
Dec-09	Jacob & Sundstrom, Inc.	Information technology security firm providing cybersecurity to civilian and defense clients	USA	Strategic	USA
Dec-09	Ameron Global, Inc.	Provider of electrical/electromechanical, hydraulic, and pneumatic repair services to aerospace	USA	Strategic	USA
Dec-09	BIT Systems, Inc.	Designs software for government intelligence agencies	USA	Financial	USA
Nov-09	Boone Air Parts, Inc.	Distributor of domestic and foreign aircraft parts, representing over 30 manufacturing part companies	USA	Strategic	USA
Nov-09	Patriot Technologies, LLC	Provider of Department of Veterans Affairs (VA) healthcare IT, imaging, and enterprise software solutions	USA	Strategic	USA
Nov-09	First Aviation Services - Aerospace Turbine Rotables, Inc. (First Equity)	Supplies aircraft parts and components to the aviation industry worldwide	USA	Strategic	USA
Nov-09	Piedmont Aviation Component Services - Piedmont Propulsion Systems	Engaged in propeller repair and overhaul	USA	Strategic	USA
Nov-09	Kelly Aerospace, Inc. - Kelly Aerospace Turbine Rotables	Provides repair services for turbine and piston powered aircraft	USA	Strategic	USA
Nov-09	Solvern Innovations, Inc.	Communications products and solutions to the Department of Defense and the intelligence community	USA	Strategic	USA
Oct-09	CBS Technologies Corp.	Designs, integrates, and maintains communications systems	USA	Strategic	USA
Oct-09	BBN Technologies, Inc.	Technical solutions, high-value products, and services to the defense industry	USA	Strategic	USA
Oct-09	Scytale, Inc.	Provider of communication security software and services	USA	Strategic	UK
Oct-09	Phoenix Consulting Group, Inc.	Provides proprietary training courses, materials, and management consulting services to the intelligence community	USA	Strategic	USA
Oct-09	Peak Composites, Inc. - CompositePro	Produces composite design software for various industries including aerospace, sporting goods, and oil & gas	USA	Strategic	USA
Oct-09	Trancite Logic Systems (CI Capital Partners LLC)	An information technology company specializing in anti-terrorism software and data solutions for federal, state, and local law enforcement	USA	Strategic	USA
Oct-09	CompuDyne Corporation - Quanta Systems, LLC (The Gores Group)	Supplier of security, specialty engineering services, and telecommunications products to the military, intelligence, and commercial markets	USA	Strategic	USA

Source: Company Public Filings & Press Releases

A&D COMMERCIAL SECTOR M&A TRANSACTIONS

Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Dec-09	Orion Propulsion, Inc.	Specialize in spacecraft and rocket propulsion design and fabrication, testing services, ground support equipment, and launch operations support	USA	Strategic	USA
Dec-09	Alenia North America - Global Aeronautica LLC	Fuselage subassembly facility	USA	Strategic	USA
Oct-09	Crucible Compaction Metals and Crucible Research	Producers of nickel-based superalloy powder metals used in the aerospace and defense, oil, and gas industries	USA	Strategic	USA
Oct-09	Fischer Advanced Composite Components AG	Specializes in the development, design and production of components and systems for civil aircraft	Austria	Strategic	China
Oct-09	Carlton Forge Works	Manufacturer of seamless rolled rings for critical aerospace applications; offers nickel, titanium, and steel rolled rings	USA	Strategic	USA

Source: Company Public Filings & Press Releases

HIGHLIGHTS:

- M&A transactions increased to twenty-one transactions completed in 4Q 2009 versus fifteen transactions in 4Q 2008
- Median service M&A transaction size increased to \$242.0M in 4Q 2009 (five companies reporting) from \$65.0M in 4Q 2008 (six companies reporting)

HIGHLIGHTS:

- Commercial M&A transactions decreased to five transactions completed in 4Q 2009 versus ten transactions in 4Q 2008
- Median commercial M&A transaction size increased to \$445.5M in 4Q 2009 (two companies reporting) from \$46.5M in 4Q 2008 (one company reporting)

A&D ELECTRONICS SECTOR M&A TRANSACTIONS

HIGHLIGHTS:

- Electronics M&A transactions increased to nineteen transactions completed in 4Q 2009 versus twelve transactions in 4Q 2008
- Median electronics M&A transaction size decreased to \$34.8M in 4Q 2009 (fourteen companies reporting) from \$40.0M in 4Q 2008 (seven companies reporting)

Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Dec-09	Directed Perception, Inc.	Pan-tilt motion control systems for commercial and military markets	USA	Strategic	USA
Dec-09	Safran S.A. (ENXTPA:SAFPA) - Cinch Connectors	Manufacture a broad range of interconnect products for customers in military and aerospace	France	Strategic	USA
Dec-09	A.E. Petsche Co.	Provider of interconnect products, including specialty wire, cable, and harness management solutions	USA	Strategic	USA
Dec-09	AIS Global Holdings LLC (J.F. Lehman & Co)	Provider of mission-critical guidance, stabilization, and navigation products/ systems	USA	Strategic	USA
Dec-09	Skyquest Systems Ltd.	Supplier of aircraft video displays, recorders, and video/radar converters	UK	Strategic	USA
Dec-09	Crane Co. (NYSE:CR) - General Technology Corp.	Provides prototypes for production of cards, boxes, sub-systems, and systems	USA	Strategic	USA
Dec-09	Optics 1, Inc.	Opto-mechanics, electro-optics, and the design/production/integration of precision optical systems	USA	Strategic	France
Dec-09	Integrated Device Technology (Nasdaq:IDTI) - Micro Networks Corp.	Supplies high-performance, high-reliability data conversion products (amplifiers, A/D and D/A converters)	USA	Strategic	USA
Nov-09	Hi-Shear Technology Corp.	Provides pyrotechnic, mechanical, and electronic products to the aerospace and defense market	USA	Strategic	UK
Nov-09	Naverus, Inc.	Performance-based navigation services, including procedure development, procedure maintenance, operations support, and consulting	USA	Strategic	USA
Nov-09	Digital Angel Corporation (NASDAQ:DIGA) - McMurdo Ltd.	Manufacturer of emergency location beacons	UK	Strategic	France
Nov-09	Assets of BVR Systems (1998) Ltd.	Develop training, simulation, and debriefing systems for air, sea, and ground forces	Israel	Strategic	Israel
Nov-09	Applied Optical Systems, Inc.	Manufacturer of specialty fiber optic connectors and connectivity solutions for military and harsh environment applications	USA	Strategic	USA
Oct-09	Barr Associates, Inc.	Manufacturer of precision optical film filters that enable complex technologies and components	USA	Strategic	USA
Oct-09	Sypris Solutions, Inc. (NasdaqNM: SYPR) - Test & Measurement Business	Provider of calibration services, testing and component sourcing services, and specialty products	USA	Strategic	USA
Oct-09	StockerYale, Inc. (OTCBB:STKR)	Design, develop, and manufacture low power laser modules and related optics	USA	Strategic	USA
Oct-09	ASC Group, Inc.	Manufacture and distribute semiconductor products and rugged computer solutions	USA	Financial	USA
Oct-09	QinetiQ Group plc - Underwater Systems Unit	Hydro-acoustics, sonar, open architecture sonar, combat management systems, maritime security and control of unmanned maritime vehicles	UK	Strategic	Germany
Oct-09	Electronic Cable Specialists, Inc.	Designer and manufacturer of electrical/structural products for the aviation, medical, and industrial markets	USA	Strategic	USA

Source: Company Public Filings & Press Releases

A&D DEFENSE SECTOR M&A TRANSACTIONS

HIGHLIGHTS:

- Defense M&A transactions increased to six transactions completed in 4Q 2009 versus three transactions in 4Q 2008
- Median defense M&A transaction size increased to \$1,451.1M in 4Q 2009 (two companies reporting) from \$30.0M in 4Q 2008 (one company reporting)

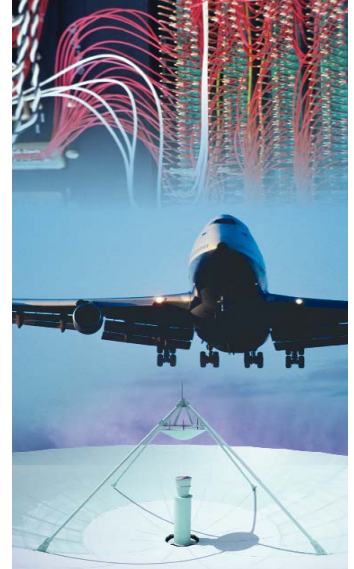
Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Dec-09	Drive Dynamics - Run-Flat Tire Business	Run-flat tire systems for the U.S. Government	USA	Financial	USA
Dec-09	Allen-Vanguard Corporation	Develops and markets proprietary technologies, tools, and training for defeating and minimizing the effects of explosive devices and hazardous materials	Canada	Financial	USA
Nov-09	General Electric Co. (NYSE:GE) - GE Security	Supplies security and life safety technologies for residential and commercial applications	USA	Strategic	USA
Nov-09	Continental Diesel Systems US, LLC - Engine Components Business	Manufactures key fuel injection components for diesel engines	USA	Strategic	USA
Nov-09	VT Group plc (LSE:VTG.L) - BVT Surface Fleet Ltd	Surface ships and through-life support	UK	Strategic	UK
Oct-09	Advanced Armament Corp.	Manufacture "silencers" and other arms related products	USA	Strategic	USA

Source: Company Public Filings & Press Releases

EUREKA'S AEROSPACE & DEFENSE EXPERTISE

Eureka's professionals advise aerospace & defense companies on mergers, acquisitions, financial restructurings, capital raising, ESOP buyouts, valuations/fairness opinions, and other financial advisory assignments. Our team has completed over 25 aerospace & defense assignments during their careers. Eureka has not only a thorough understanding of the industry, but also strong relationships with leading aerospace & defense companies worldwide. The following is a list of aerospace and defense sectors in which we have extensive relationships and expertise.

- Assembly and finishing services
- Avionics equipment and services
- Cabin systems and components
- Castings
- Composites
- Connectors and interconnect products
- Fasteners
- Forgings
- Fluid and air handling equipment
- Global positioning systems
- Machined and forged metal components
- Maintenance, repair and overhaul services
- Metals
- Ruggedized electronics
- Satellite and telemetry communications equipment
- Sensors and motion control systems



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EUREKA CAPITAL MARKETS LLC, MEMBER FINRA/SIPC

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