

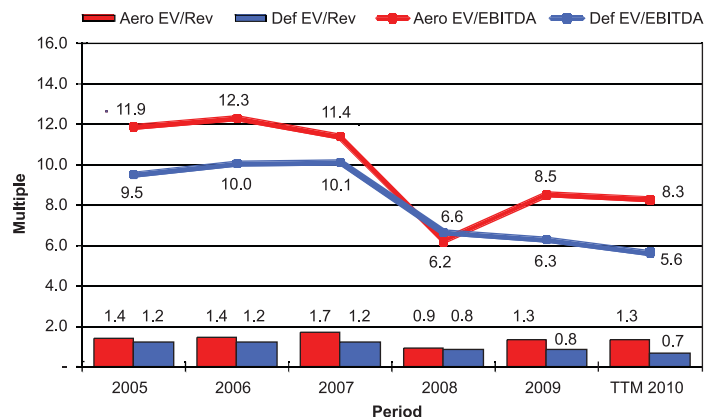
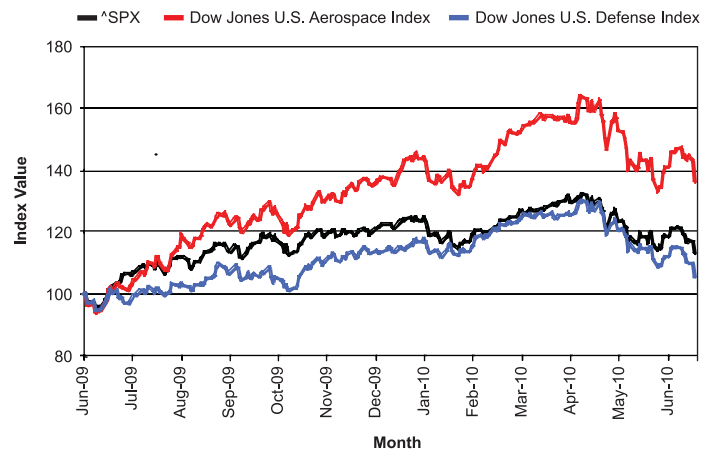
AEROSPACE AND DEFENSE SECOND QUARTER 2010 REVIEW



EUREKA CAPITAL MARKETS LLC, MEMBER FINRA/SIPC

PUBLIC STOCKS

- Since July 2009, the DJ U.S. Aerospace Index experienced a 35.9% increase in value, while the value of DJ U.S. Defense Index increased by 4.2%. The overall market experienced a 12.1% increase in value over the same period
- Median valuations of A&D companies slightly decreased over the past 12 months:
 - Aerospace enterprise value (EV) to revenue and EBITDA multiples of 1.3 times and 8.3 times, respectively;
 - Defense enterprise value (EV) to revenue and EBITDA multiples of 0.7 times and 5.6 times, respectively
- Stock market valuation for the Aerospace industry reached a 52-week high in late April 2010. Despite the recent downward trend, the Aerospace sector continues to significantly outperform the broader market
- Valuation of the Defense sector has been impacted by market uncertainty over future U.S. military spending commitments



* Trailing Twelve Months (TTM)
Source: Company Public Filings, Press Releases, Analyst Reports

M&A TRANSACTIONS

- M&A markets reported 40 transactions completed during the second quarter, a decrease from the 48 transactions completed in the second quarter of 2009, albeit at higher valuations. The median transaction size in the quarter was \$50.8 million, up from \$36.3 million in the same period last year.
- While the overall number of transactions have decreased, the second quarter saw the occurrence of a number of large transactions, such as Triumph Group's \$1.6 billion acquisition of Vought Aircraft. Eureka expects an increase in volume of M&A transactions in the second half of 2010 as sellers seek to take advantage of lower tax rates set to expire by the end of the year.

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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
Jun-10	Nampa Valley Helicopters, Inc.	Provides maintenance, repair, and overhaul services for helicopters	United States	Strategic	Canada
Jun-10	Great Southwest Aviation, Inc.	Offers jet and avgas refueling, hanger space, and aircraft management services	United States	Strategic	United States
May-10	Aviation Turbine Overhaul Pty Ltd.	Offers gas turbine overhauling and rework services	Australia	Strategic	Australia
May-10	Protostar II Ltd.	Owns and operates a communication satellite	Bermuda	Strategic	United Kingdom
Apr-10	MTU Maintenance Zhuhai Co., Ltd.	Offers maintenance, repair, and overhaul services for aerospace engines	China	Strategic	China
Apr-10	AIDA Development GmbH	Provides design and CAD-based services for the development, customization, conversion, and upgrade of aircraft	Germany	Strategic	France
Mar-10	Corporate Air Repair, Inc.	Corporate Air Repair, Inc. provides aircraft repair, inspection, and restoration services	United States	Strategic	United States
Mar-10	Aveos Fleet Performance Inc.	Aveos Fleet Performance Inc. provides airframe MRO services in the Americas	Canada	Strategic	Canada
Mar-10	Kazi Aviation and Travel Services Private Limited	Provides ground handling, mishandled baggage delivery, crew scheduling and manpower for various activities	India	Strategic	India
Mar-10	Triumph Fabrications-St. Louis, Inc.	Engages in the maintenance and overhaul of aircraft components, machining of aircraft parts, design and fabrication of tooling, manufacture of aircraft textiles, and design and fabrication of electrical cabinets	United States	Strategic	United States
Mar-10	Global Weather Dynamics, Inc.	Provides data communication and information systems to the aviation industry.	United States	Strategic	Austria

Source: Capital IQ

HIGHLIGHTS:

- Services transactions decreased to eleven transactions completed in 2Q 2010 versus seventeen transactions in 2Q 2009
- Median service M&A transaction size increased to \$185.0 mm in 2Q 2010 (three companies reporting) from \$34.6 mm in 2Q 2009 (six companies reporting)

A&D ELECTRONICS SECTOR M&A TRANSACTIONS

Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Jun-10	Specialist Electronics Service Ltd.	Engages in the design, manufacture, supply, and support of data acquisition, recording, monitoring, and command and control equipment and software primarily for aerospace/air traffic control and defense applications	United Kingdom	Strategic	United States
May-10	OJSC Mukacheve Plant Tochprylad	Manufactures and markets mechanics and electronic devices for aviation industry, components for videotape recorders, and acoustics for mobile phones	Ukraine	Financial	Ukraine
May-10	NEA Electronics, Inc.	Designs, develops, and manufactures non-explosive separation mechanisms, battery cell bypass switches, electrical interconnect devices, and non-pyrotechnic valves for use in critical space and defense applications	United States	Strategic	United States
May-10	Azimuth Technologies Ltd.	Provides target acquisition, fire coordination, navigation, and orientation solutions for defense applications	Israel	Strategic	Israel
Apr-10	Phazotron-NIIR Corporation	Engages in the development and production of radars, radar weapons, and defense control systems for aircraft, gun-missile ground-based, and ship-borne air defense systems	Russia	Financial	Russia
Apr-10	Insight Technology Incorporated	Develops and produces night vision and electro-optical systems	United States	Strategic	United States
Apr-10	Meccanica Per L'elettronica E Servomeccanismi S.p.A.	Produces high-precision mechanical systems and servomechanisms for professional and military equipment	Italy	Strategic	Italy

Source: Capital IQ

HIGHLIGHTS:

- Electronics M&A transactions decreased to seven transactions completed in 2Q 2010 from seventeen transactions in 2Q 2009
- Median electronics M&A transaction size decreased to \$22.3 mm in 2Q 2010 (three companies reporting) from \$66.0 mm in 2Q 2009 (ten companies reporting)

A&D COMMERCIAL SECTOR M&A TRANSACTIONS

HIGHLIGHTS:

- Commercial M&A transactions increased to 15 transactions completed in 2Q 2010 versus nine transactions in 2Q 2009
- Median commercial M&A transaction size decreased to \$42.0 mm in 2Q 2010 (five companies reporting) from \$68.2mm in 2Q 2009 (four companies reporting)

Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Jun-10	LifePort, Inc.	Designs and manufactures aviation interior components	United States	Strategic	United States
Jun-10	AIM Aviation Group	Engages in the design and construction of aircraft cabins	United Kingdom	Financial	United Kingdom
Jun-10	Vought Aircraft Holdings, Inc.	Manufactures aero structure products for jet aircrafts	United States	Strategic	United States
Jun-10	Enpro, Engineered Products, Inc.	Designs and manufactures passenger seating components and peripherals	United States	Strategic	United States
May-10	Segula Aerospace Quinson, Hydraulic Equipment Activities	Manufacture hydraulic equipment for fuel systems for the aeronautical industry	France	Strategic	France
May-10	AP Labs, Inc.	Develops and manufactures rugged systems packaging, enclosures, and integrated real-time systems for defense, commercial, and in-flight entertainment markets	United States	Strategic	United States
May-10	S.P. Korolev Rocket and Space Corporation (RTS:RKKE)	Engages in the development and manufacture of rocket and rocket space systems	Russia	Financial	Russia
May-10	Gardner Aerospace Broughton Limited	Manufactures and supplies aero structures, sub-assemblies, and components	United Kingdom	Strategic	United Kingdom
May-10	Gidroagregat OAO	Manufactures air engine propellers and onboard hydraulic systems	Russia	Strategic	Russia
Apr-10	MMZ Vpered JSC	Manufactures and repairs anti-torque tail rotors and blades for helicopters	Russia	Strategic	Russia
Apr-10	Eagle Tool & Machine Co., Inc.	Manufacture and supply landing gear and steering system components, precision gear boxes and rotors	United States	Strategic	Canada
Apr-10	W.H. Smith Hardware Company	Manufactures fluid handling equipment, load securing, and material handling hardware for military applications	United States	Financial	United States
Apr-10	Bromford Technologies Leicester Ltd.	Specializes in the precision engineering of components for the aerospace, gas turbine, and nuclear marine industries	United Kingdom	Strategic	United Kingdom
Apr-10	Epic AIR, LLC	Design, manufacture, and sale of aircraft; also provides pilot training services	United States	Strategic	China
Apr-10	General Dynamics Advanced Information Systems, Spacecraft Development And Manufacturing Business	Developer of space craft	United States	Strategic	United States

Source: Capital IQ

A&D DEFENSE SECTOR M&A TRANSACTIONS

HIGHLIGHTS:

- Defense M&A transactions increased to six transactions completed in 2Q 2010 versus five transactions in 2Q 2009
- Median defense M&A transaction size increased to \$133.0mm in 2Q 2010 (three company reporting) from \$26.2mm in 2Q 2009 (three companies reporting)

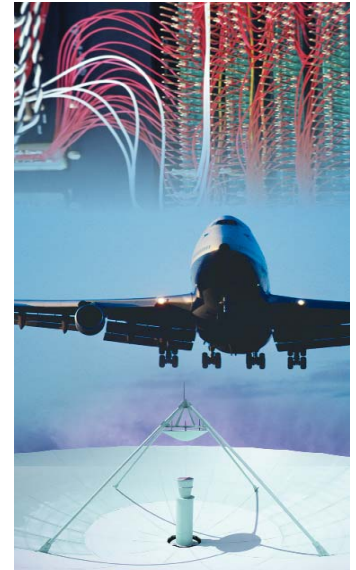
Date Closed	Target	Business Description	Target Nation	Acquirer	Acquirer Nation
Jun-10	VgTZ Volgograd Machine-Building Company Ltd	Manufactures airborne infantry fighting vehicles	Russia	Strategic	Russia
Jun-10	General Dynamics European Land Systems-Germany GmbH, Murcia Plant	Manufactures weapons	Germany	Strategic	Spain
Jun-10	Simrad Optronics ASA (OB:SIT)	Develops, manufactures, and supplies equipment for remote-controlled weapon stations, electro-optical equipments, weapon improvement products, and vehicle systems for military use	Norway	Strategic	Germany
Jun-10	Saab AB (OM:SAAB B)	Engages in the development, manufacture, and sale of products and services in the defense, aviation, and space sectors	Sweden	Financial	Sweden
May-10	Gichner Systems Group, Inc.	Designs, manufactures, and integrates tactical and logistic shelters and related products for military and commercial applications	United States	Strategic	United States
Apr-10	NP Aerospace, Ltd.	Designs and manufactures bespoke components and assemblies, composite helmets, shields, body armors, armored cars and vehicles, and EOD systems	United Kingdom	Strategic	United Kingdom

Source: Capital IQ

EUREKA'S AEROSPACE & DEFENSE EXPERTISE

Eureka's professionals advise aerospace & defense companies on mergers, acquisitions, financial restructurings, capital raising 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



CONTACT INFORMATION

Mark Hyman

Senior Managing Director
mark.hyman@eurekacap.com
646.277.8425

Mark J. O'Keefe

Managing Director
mark.okeefe@eurekacap.com
949.719.2263

EUREKA CAPITAL MARKETS LLC, MEMBER FINRA/SIPC

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California

23 Corporate Plaza, Suite 125
Newport Beach, CA 92660
Ph: 949.719.2260
Fx: 949.719.2314

New York

286 Madison Ave., Suite 1300
New York, NY 10017
Ph: 646.277.8420
Fx: 646.277.8421

www.eurekacap.com