Q1 2009: Inside this Issue

Welcome to the most recent issue of Lincoln International's Aerospace and Defense ("A&D") Deal Reader, a newsletter focused on market dynamics, merger and acquisition trends and events of interest to owners and managers of global aerospace and defense businesses and their advisors.

Lincoln's Aerospace and Defense group is one of the largest and most active in the middle market - *and the only truly global team*.

In this issue, we are pleased to present a spotlight interview with Major General Charles R. Davis regarding the F-35 Lightning II program. Other topics covered in this issue include:

- General's Mission Briefing
- A discussion of current market conditions and their implications for M&A prospects
- Recent M&A news involving A&D
- Spotlight on A&D, including public comparable and M&A valuations

We hope you find this newsletter a useful tool, and welcome any comments.

Lincoln International

Full Speed Ahead: The F-35 Lightning II Program -

Interview with General Davis conducted by Lincoln International's Scott Hebbeler

Major General Charles R. Davis, United States Air Force

Major General Charles R. Davis is the Program Executive Officer for the F-35 Lightning II Program Office, Arlington, VA. The Joint Strike Fighter Program Office is the Department of Defense's agency responsible for developing and acquiring the F-35A/B/C, the next generation strike aircraft weapon systems for the Navy, Air Force, Marines and many allied nations. General Davis has recently been selected for a new position as Commander, Air Armament Center and Program Executive Officer, Weapons, Air Force Materiel Command, Eglin AFB, FL.

General Davis was commissioned in 1979 from the U.S. Air Force Academy as a distinguished graduate with a bachelor's degree in chemistry. His assignments include flying duties in the T-38, F-15, A-7, F-117A and F-16. He has also served on the Air Staff under the Director of Air Force Test and Evaluation. The general led divisions in both the F-16 and F-15 program offices, served as Director of the F-15 and Flight Training System Program Offices, and was the Joint Primary Aircraft Training (T-6A) System Program Director. The general has also commanded the 410th Flight Test Squadron and F-117A Combined Test Force.

Prior to joining the F-35 Program, General Davis commanded the 412th Test Wing at the Air Force Flight Test Center. He is an experimental test pilot with 3,300 flying hours in more than 35 types of aircraft.

Q: The Lockheed Martin F-35 Lightning II program could be the largest military aircraft procurement in history. What are the expected operational benefits of the aircraft?

General Davis: You are correct that the F-35 Lightning II program will represent the largest military aircraft procurement in history. Unlike many of its predecessors, the F-35 is intended to be far more than just a next generation aircraft. I view the Lightning II as a complete "combat air system." Among other things, the aircraft will have unprecedented abilities to monitor, collect and disseminate information ranging from electronic signals to infrared imaging. This materially enhances the effectiveness of the aircraft and weapons systems in theater and provides decision makers with a more comprehensive view of the environment. Of course, the Lightning II will also be world-class in its agility and performance. In addition to being stealth-capable, the F-35 will be extremely flexible, with the ability to carry out twelve distinct air combat missions, ranging from air superiority to close air support.

The F-35 program will also yield incredible benefits when not in the air. For the first time in history, we are seeing a truly joint aircraft that will serve not only the U.S. Air Force, Navy and Marine Corps, but also the armed forces of a global coalition. This global coalition currently includes eight countries, with several more expected to be added going forward. Accordingly, the F-35 has been designed and engineered to feature commonality of manufacturing, equipment, maintenance, training and weapons support, to name just a few categories. Operators of the Lightning II around the globe will enjoy a more efficient and cost-effective support infrastructure during the life of the program.

Q: Has the multinational interest in the Lightning II program complicated the acquisition process?

A: Perhaps surprisingly, this has not been a major issue. Most of our coalition partners seem to be satisfied with the operational requirements outlined by the United States. The United Kingdom, our closest partner on this program, has provided meaningful input as it relates to weapons systems and other functional aspects, but this was expected. There is an understanding among the F-35 global partners that any operational requirements driven by a particular country will be funded by that country, a factor which has probably helped to keep the demand for additional operational requirements in check.

One area that has been impacted by the multinational interest is the development and acceptance processes. As you can imagine, various countries have different approaches and milestones for accepting an aircraft off the factory floor or determining the airworthiness of an aircraft.

(Continued on page 2)

Full Speed Ahead: The F-35 Lightning II Program

(Continued from page 1)

Q: Can you speak about the challenges of developing a fighter aircraft with several variants to accommodate multiple branches of the Armed Forces?

A: Fortunately, the United States has a reasonable amount of experience in designing aircrafts that have variants based on the intended end user. For example, Navy aircrafts typically require sturdier landing systems than their Air Force counterparts, whereas the Air Force might require greater g-force capability for performing aerial maneuvers. The modern design and engineering tools available today have made this consideration a minor issue for the F-35 program.

Q: From structural to avionics components, the F-35 will be equipped with the most modern technology available. How has the supplier base responded to advanced requirements?

A: As I described earlier, modern design and engineering tools have advanced exponentially in recent years. However, the capabilities of the global aerospace and defense manufacturing base have not always kept up. I feel the challenge going forward will be for the manufacturing base, which often consists of small and disadvantaged businesses, to keep pace with the ever growing operational and design requirements of advanced platforms.

I am confident that this goal can be achieved, however. I have been extremely impressed with modern machining capabilities. Many of the top companies operating in this sector have shown remarkable flexibility in producing quality structural and engine components for the Lightning II and other advanced aircraft. Electronics is another area where manufacturing has advanced to match modern design and engineering. Going forward, the global manufacturing base will continue to be asked to produce components at a faster rate and at a lower cost.

Q: What technologies do you see as critical in the future for military aircraft?

A: There are two types of technologies I believe will have growing importance in the decades to come. The first relates to net-enabled warfare. The modern battlefield is comprised of a myriad of platforms covering the land, air, sea and space. Future aircraft will need to act as the “internet in the sky” and connect to these various platforms using a singular or conformed architecture. As a result, I envision continued emphasis on networking components and systems that allow the United States and its allies to collect, decrypt and distribute information across the globe instantaneously.

The second technology relates to the manufacturing and maintenance of military aircraft. The F-35 has drawn upon the manufacturing infrastructure of countries around the globe. This has stressed existing logistics tools that were created to manage less complex programs. Going forward, it will become increasingly important to track and manage parts on a global basis. This need is not only applicable to the initial production of an aircraft, but will also be critical to managing spares and servicing the aircraft once it’s operational. Most commercial-off-the-shelf software applications, such as Microsoft Project, are not designed to manage such complexity. I believe this will be a focus of the military acquisition community in the near-term.

Q: Do you see any issues that could alter the operational requirement for the F-35? How might the new administration affect the program?

A: Congress, and the American taxpayers by extension, will always expect positive results and accountability from the F-35 program. The program has received outstanding support from a wide group of stakeholders. Both military and political leaders alike understand that the Lightning II goes beyond being just an airframe and grasp the “combat air system” concept of which I previously spoke.

As importantly, many view the F-35 program as an “instrument of state.” When I use this term I am referring to the global outreach involved in bringing the aircraft to fruition. The F-35 has received the highest levels of attention at both the defense and state departments of our global partners and has fostered a collaborative environment unlike any acquisition process I have seen. This program has involved sharing budgets, funding issues, technical requirements, etc. across borders and has contributed to a new mindset on how military acquisition processes can be managed.

Both from a military and political standpoint, the collaborative nature of the F-35 program seems to support the direction of the new administration. I anticipate strong support from the new Congress and White House, but recognize that with this support comes an expectation of achieving the program’s operational results in the most prudent manner possible.

(Continued on page 3)

Source: Lockheed Martin

Full Speed Ahead: The F-35 Lightning II Program

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Q: Have current macroeconomic conditions, which directly impact the global aerospace and defense supply chain, had an impact on the F-35 program?

A: This possibility is one that we monitor very carefully given the program's dependence on a large number of small to mid-sized suppliers. As seen with recent delays at Airbus and Boeing, a component as straightforward as a fastener can have a significant impact on a large aircraft program. Fortunately however, we have not had any disruptions in our supply chain stemming from the recent economic downturn. In general, our suppliers seem to be holding up well despite the broader macroeconomic dynamics. They have strong balance sheets and are generally not over-levered.

The F-35 program has been affected by the broader economy in less obvious ways. There is significant sourcing of components from the U.K., and the appreciation of the pound sterling against the dollar resulted in approximately $400 million in additional costs. We had planned for an exchange rate of $1.5 / 1GBP, which proved to be optimistic during the summer and fall of 2008. While the exchange rate has since come down to be more aligned with our initial expectations, this situation highlights the impact of the broader economy on defense acquisition programs. The F-35 is now the first major defense acquisition program that I know with an exchange rate hedge in place.

Source: Lockheed Martin

Another example of how macroeconomic factors are affecting the program is the allocation of pension costs to the F-35 program. As many primes and large suppliers have pensions funded with publicly-traded stock, they have been forced to offset the decline in their stock value with cash. Under defense acquisition rules, this cash expense can be charged to specific programs such as the F-35. Of course, the program is impacted by other economic factors such as the price of oil and various metals as well. I expect that the interrelationship between the defense acquisition process and private-sector economy will become even greater as the United States and its allies turn to the global supply chain in an effort to maximize performance and cost-effectiveness of future defense platforms.

Lincoln Continues to Thrive Despite Challenging Market Conditions

In February 2009, Lincoln International announced the sale of myonic, a portfolio company of Süd PE and DZ Equity Partner, to Minebea Group of Japan.

Süd Private Equity Management GmbH, DZ Equity Partner GmbH and management have sold their jointly-held portfolio company myonic Holding GmbH to Japanese miniature ball bearing specialist Minebea Co., Ltd. (TYO 6479).

Over the past 40 years, myonic has developed into a leading international manufacturer of miniature and high precision ball bearings for aerospace and medical applications. In the last fiscal year, the company generated approximately EUR 32 million sales with over 400 employees.

Minebea, headquartered in Tokyo, is the world's largest manufacturer of miniature ball bearings. Its 50,000 employees have generated sales of EUR 2.8 billion in the financial year 2007/08.

Lincoln International AG acted as exclusive M&A advisor to the vendors in this sale process. The transaction demonstrates once again Lincoln International's outstanding ability to successfully arrange deals in a challenging financial market environment. Over 50% of Lincoln International's 2008 transactions were to strategic acquirers and over 30% involved a cross-border element.

The transaction is subject to merger clearance. For questions relating to the transaction, please contact the responsible project leader, Patrick von Herz, Managing Director, on +49 69 97 105 442.

February 2009

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and

DZ Equity Partner

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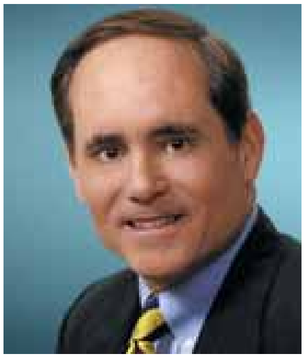
Lincoln INTERNATIONAL

General's Mission Briefing



Brigadier General Bob Edmonds
USAF, retired

Brigadier General Bob Edmonds is an Advisory Director in Lincoln International's Aerospace and Defense Group. He retired in 2007 from the United States Air Force after 28 years of service, including as an F-15 pilot and commander. His experience also includes leading the U.S. Air Force's Senate Liaison office on Capitol Hill after September 11th, 2001 and serving as a White House Fellow.

Washington D.C.: New faces, "Parachute teams," and Big Problems….

The focus is on Washington D.C. these days – OK, that is expected when we inaugurate a new President, but these times are not "business as usual." Big problems are facing our nation – starting with a global recession and a Wall Street restructuring which created a new acronym, TARP (troubled assets relief program), and shifted some power and more than the usual focus to D.C.; the incoming Obama Administration, more than just a shift in political party in the Executive Branch, arrives bringing huge promises but facing more than enough problems. With a great deal of this focus on domestic issues such as health care reform, energy, and economic recovery, national security must, and will, remain a top priority.

So, the question I get routinely asked is: "What's going to happen in D.C. with the new Administration, specifically with the defense and security budget?" From the election through the first half of 2009, there will be a lot of "noise in the system" so, don't get too focused on one headline or announcement. There will be new policies announced, proposals floated, more political appointees selected (there are thousands to be done), and Obama and Congress (even with a Democrat majority on the Hill) will feel each other out. "Parachute teams" are people "dropped" into agencies to keep them running until the political leadership is confirmed, which can take most of 2009. It is helpful to keep perspective and do so through what I call my ***"3 Ps of D.C.": People, Programs, and Politics.***

In D.C., more than any other city, it's about the ***People*** – who is where, who is connected to whom, and what's the agenda. On the national security front, leaving Secretary Gates in place at the DoD speaks volumes about Commander-in-Chief Obama's understanding that it is different now than when he was "Candidate-in-Chief." Yes, he will keep his promise to pull troops out of Iraq – we were already on a path to do so thanks to a vastly improved security situation there. Further, keeping Secretary Gates was brilliant if (and when) the Quadrennial Defense Review produces any major shifts and President Obama needs additional top cover.

Also of note is the selection of Bill Lynn as DepSecDef, a veteran Pentagon executive with a tremendous understanding of the defense arena. Lynn will be the continuity when Gates eventually leaves and odds-on replacement Richard Danzig takes over. Another key position to watch is who gets the nod as the head of Acquisition, Technology, and Logistics (AT&L), the top acquisition official. Over at the Department of Homeland Security, the selection of Arizona governor, Janet Napolitano, signals a strong focus on the borders—security and immigration. Odds are that Federal Emergency Management Agency (FEMA) will be brought back out from under the Department of Homeland Security (DHS) and made a separate agency.

Another interesting appointment in the security arena was the selection of Leon Panetta to lead the CIA. While there was some criticism for his lack of experience in the Intelligence Community, for sure, he will understand what the President needs. With the selection of Admiral Dennis Blair as Director of National Intelligence, they will form the necessary wingman pair to take on the big task of restructuring the Intelligence agencies.

With the defense budget for FY2010 substantially complete and not much chance for the new Administration to make significant changes, major programs will remain funded.

Follow the money through following the ***Programs.*** The good news is there will be a Quadrennial Defense Review – a great way to do a complete scrub of the Defense requirements and programs. The bad news is it will take too long and won't live up to the lofty goal of a complete scrub. However, it is time to do a major review with a fresh look at the threat, the risks, the geo-political global landscape, and the programs—and give President Obama a strategic foundation of the FY2011 defense budget.

With the defense budget for FY2010 substantially complete and not much chance for the new Administration to make significant changes, major programs will remain funded -- although scrutiny will occur during the debate on the Hill this spring. Without the emergency supplemental part of the budget (promised during the election), the cost of Afghanistan and Iraq operations will come out of the base budget – Secretary Gates was planning a $60B increase for 2010 pushing it up to $587B; however, this is still less total DoD funding and will likely see slips in schedules for the big ticket programs and compromises on the numbers of items procured. However, the big question is *when* will the supplementals go away and how much will the DoD really get in their base budget?

Some of the big issues confronting President Obama and his defense team are policy decisions on the National Missile Defense (which is really international missile defense), particularly with regard to Poland, leading to implications across eastern Europe and into the Middle East. This also has big implications for the defense industry on the major program of GMD – Ground-based Midcourse Missile Defense – and the numerous associated programs. Another major issue is the recapitalization of equipment. The USAF

(Continued on page 6)

Aerospace and Defense M&A: Creativity Outweighs Negativity

Alyssa Morrisroe

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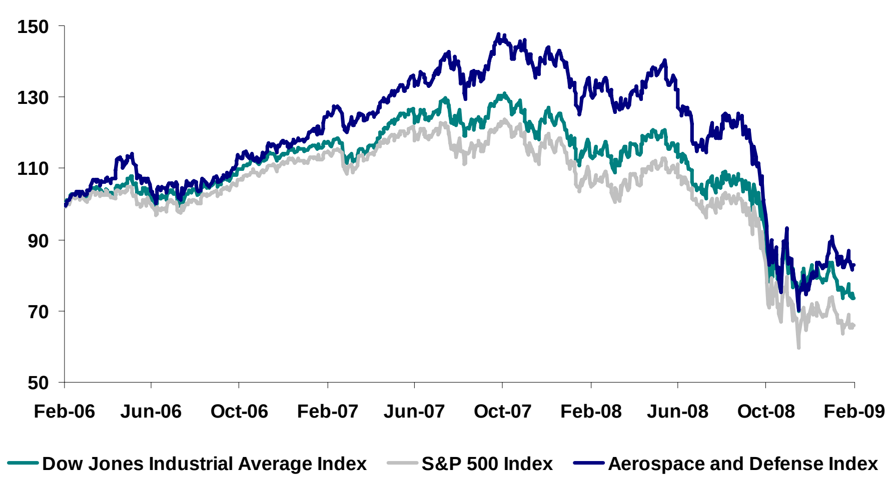
Market Overview

It's not news that M&A activity has slowed across all sectors considerably beginning in the fourth quarter of 2008. The aerospace and defense M&A market has fared better than many, largely as a result of the factors that we discussed in our last DealReader, including the fragmented nature of the market, increasing globalization and strategics' significant cash reserves. The current market involves a myriad of challenges and uncertainties. Of course, credit available for deals has gone from a torrent to a trickle, as we're all likely tired of hearing and talking about. Global economic uncertainty looms, with specific concerns in our industry including the availability of aircraft financing, strength of commercial aerospace orders, and the affects of a new administration on defense spending and priorities. Uncertainty can be more destructive to deals than actual bad news, a factor most certainly at play in the current market. Sellers are wary of tapping a market at its bottom, and buyers are unable to quantify their risks.

Aerospace and Defense Fundamentals

Much of the doom and gloom in the A&D market is not based on fundamentals. From a commercial perspective, the reality of a slimmer market for aircraft financing is real, and news of order cancellations from Russia and Dubai are disconcerting. Historically, the worst downcycles have resulted in cancellations in the low double digits. With the current, unprecedented strength of backlogs, even a catastrophic 30% rate of order cancellations would still provide visibility through 2013. Moreover, with the exception of American Airlines, the US carriers have not yet meaningfully entered the fray – and barring a disaster or game changing international event, they will by necessity start backfilling Boeing's and Airbus's orderbooks to replace aging fleets. Interestingly, it may turn out that delays with the B-787 and A350 may ultimately be a blessing in terms of further flattening out the historically cyclical market (although that's small comfort for those suppliers that are maintaining capacity and were involved in significant risk sharing on these aircraft).

Aerospace and Defense Stock Price Performance Relative to Overall Market



Note: Aerospace and Defense Index is composed of companies listed on page 7 and are market cap weighted
Source: CapitalIQ

On the defense side, questions loom, not so much around the overall market, but rather around the new administration – specifically, the size of the defense budget and funding priorities. General Bob Edmonds addresses this in this edition's Mission Briefing.

The Deal Environment

From an M&A perspective, the current market is one in which "cookie-cutter" transactions such as a seller engaging an investment bank to run a broad auction with an attractive staple financing is less viable. While we all hope the current market conditions are very temporary, there are tremendous opportunities in the near and mid-term for those willing to engage in the over-talked about and under-utilized concept of creative transactions. In basic terms, the A&D market continues to benefit from consolidation.

In terms of buyers, we have:

Private equity firms (major players in A&D consolidation over the last few years) stymied by:

- Lack of access to debt financing;
- Limited partners' reluctance to pony-up; and
- Targeted returns – much is made of the gap between seller valuation expectations and market reality. A less discussed reality is the possibility of private equity buyers accepting reduced returns. Those firms that have plans for value creation (as opposed to multiple arbitrage or a focus on synergies – although these opportunities certainly exist) are poised to benefit from the current market.

Strategic players

- Equity valuations have been hammered, making a resurgence of stock deals unlikely, while also raising the threat for potentially hostile transactions to become more attractive;
- Many strategics have been disciplined in terms of capital structure – creating a target-rich environment that's enhanced by significant cash and balance sheet flexibility

In terms of sellers, there seems to be a bifurcation in the types of businesses being sold – we have seen a

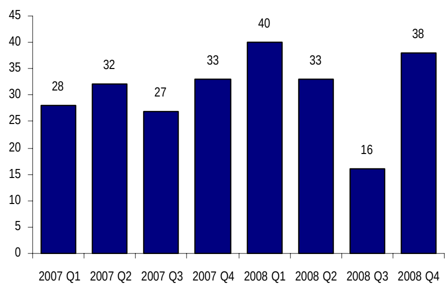
(Continued on page 6)

Aerospace and Defense M&A: Creativity Outweighs Negativity

(Continued from page 5)

number of high quality businesses coming to market that will garner attractive valuations regardless of the overall M&A market. On the other end of the spectrum, there will be a number of distressed sales. The area of true opportunity for buyers, however, will be the fundamentally strong companies that are forced to consider alternatives because of inappropriate capital structures, need for expansion capital, succession issues, etc. Not surprisingly, there's been an increased focus on comprehensive diligence, both from a buyer and lender perspective.

Aerospace and Defense Merger and Acquisitions Activity



Note: Represents number of transactions per quarter
Source: CapitalIQ

From a financing perspective, while cash flow lending is highly selective and relationship-based, asset based lenders remain open for business, and manufacturers in aerospace tend to be asset rich targets. Other alternatives for structuring that can be successfully employed include staged acquisitions, seller (or "vendor") financing (some sellers are quite receptive to this in the current market), private equity /strategic partnerships, PIPEs, joint ventures and asset swaps. While these structures require more time and flexibility, they can be crucial to unlocking value in the current market environment.

Lincoln International Group prides itself on finding creative ways to maximize our value for our clients regardless of market conditions. Our combination of industry expertise, international presence, deep and wide product knowledge and unrelenting commitment allows us to create value in tough market conditions. We would welcome the opportunity to discuss the evolving market and its prospects for you.

General's Mission Briefing

(Continued from page 4)

KC-X tanker aircraft program will likely be a compromise with a split buy for the first 180 tankers; the F-22 program will see only an additional 60-75 fighters bought, stopping well short of that service's original 381 required number; with the extended F-35 schedule, expect the US Navy to fill the gap with ~75 E/F-18s from Boeing; for the US Army, the Joint Light Tactical Vehicle (JLTV) program will likely be the last big Army vehicle buy for next decade.

Stand by for and expect the unexpected...particularly in the first six months of this new administration!

Where there will continue to be strong budget support and business activity is in the Operations and Maintenance area, where post-Iraq there is a need for restocking and replenishment of parts, ammunition, troop support supplies – what is called reset funding to "reset the force" after many years of combat operations. However, a byproduct will be a great opportunity to innovate, particularly in the area of weapons. In other areas of need, the combat support, service support and IT services will lead to continued consolidation of companies providing these services, leading to opportunities for deal flow.

Innovation will always be rewarded and companies focused on high technology and leading edge solutions will be more important as the government looks for ways to meet their needs in times of budget pressures. One "must have" capability is network-centric systems. We can't have the most modern and capable forces without having technologies which advance network integration such as net-centric warfare, net-centric command and control, leveraging networks; technologies for unmanned aerial vehicles/robotics, cyber warfare, and precision targeting (missile defense, rockets/missiles). We will continue to push the envelope on wireless technology combined with robots on the battlefield – they can save lives, speed mission completion, improve situational awareness, and provide more precision in targeting. Funding for special operations, better communications, intelligence gathering and dissemination equipment, such as unmanned aerial vehicles and increased bandwidth, and Army and Marine Corps troop support should stay on course. These programs are critically important to maintain our technological edge. Watch for increased funding for NASA and associated space programs where this could placate some as non-defense spending, but these technologies can easily transfer.

Politics: My rule #5 in D.C.: "The program and the politics (with a little "p") have to line up." This is particularly true on Capitol Hill where the money is put against the programs. A program might be technically sound in all ways, but so many factors can derail it in this town. On a dime, attention can shift to headline grabbing issue which sucks the energy and time away from the necessary debate on a budget issue. The current economic situation will do this for the better part of this year: stimulus package, unemployment increasing, credit crisis, etc Or, an issue which on the surface appears not to have anything to do with a particular program will affect the debate and either derail it or change it in unexpected ways. So, stand by for and expect the unexpected, particularly in the first six months of this new Administration.

Public Comparable Trading Statistics

Company	Stock Price	52 Week High	52 Week Low	LTM Revenues	Market Cap.	Net Debt	EV/ Revenue	EV/ EBITDA	EV/ EBIT
Large Cap Companies									
Boeing Co. (NYSE:BA)	$42.80	$88.29	$36.17	$60,925	$29,880	$4,233	0.6x	6.5x	9.1x
EADS N.V. (ENXTPA:EAD)	18.78	25.42	12.14	53,579	15,198	(7,852)	0.1x	1.3x	2.0x
General Dynamics Corp. (NYSE:GD)	56.75	95.13	47.81	29,300	21,946	2,403	0.8x	5.9x	6.7x
Honeywell International Inc. (NYSE:HON)	33.55	62.99	23.24	36,556	24,367	6,310	0.8x	6.9x	8.7x
Lockheed Martin Corporation (NYSE:LMT)	81.50	120.30	67.38	42,731	32,005	1,576	0.8x	5.6x	6.5x
Northrop Grumman Corp. (NYSE:NOC)	46.40	83.40	33.96	33,887	15,173	2,440	0.5x	4.7x	6.0x
Raytheon Co. (NYSE:RTN)	48.41	67.49	41.81	23,174	20,045	50	0.9x	6.8x	7.8x
United Technologies Corp. (NYSE:UTX)	49.62	75.86	41.76	58,681	47,170	7,149	0.9x	6.2x	7.3x
Mid-Cap Companies									
Bombardier, Inc. (TSX:BBD.B)	$2.99	$7.36	$2.60	$19,562	$5,239	$632	0.3x	3.6x	5.2x
Dassault Aviation SA (ENXTPA:AM)	503.05	790.10	486.15	5,029	5,094	(1,436)	0.7x	3.7x	5.9x
Finmeccanica SpA (CM:FNC)	15.62	29.56	11.12	18,427	9,009	4,250	0.7x	6.6x	9.8x
L-3 Communications Holdings Inc. (NYSE:LLL)	79.34	115.33	58.49	14,901	9,473	3,671	0.9x	7.5x	8.5x
Precision Castparts Corp. (NYSE:PCP)	68.18	131.38	47.08	7,092	9,541	(223)	1.3x	5.3x	5.7x
Rolls Royce Group plc (LSE:RR.)	4.81	6.82	3.62	11,799	8,871	(1,184)	0.7x	5.9x	8.1x
Safran SA (ENXTPA:SAF)	13.01	19.94	10.61	13,902	5,290	132	0.4x	5.4x	15.0x
Singapore Technologies Engineering Ltd. (SGX:S63)	1.59	2.49	1.22	3,547	4,763	233	1.4x	10.2x	12.7x
Thales (ENXTPA:HO)	43.86	56.99	35.95	16,173	8,576	1,248	0.6x	5.8x	7.4x
Zodiac SA (ENXTPA:ZC)	37.64	50.15	30.70	2,643	2,092	981	1.2x	8.2x	10.0x
Small Cap Companies									
CAE Inc. (TSX:CAE)	$5.98	$11.45	$4.61	$1,239	$1,525	$211	1.4x	6.1x	8.0x
Curtiss-Wright Corp. (NYSE:CW)	33.82	56.07	24.80	1,820	1,521	442	1.1x	7.2x	9.8x
Elbit Systems Ltd. (NasdaqGS:ESLT)	44.00	64.02	35.60	2,531	1,851	106	0.8x	5.6x	8.7x
Meggitt plc (LSE:MGGT)	2.27	4.59	1.66	1,565	1,498	1,175	1.7x	6.4x	10.0x
OHB Technology AG (XTRA:OHB)	8.75	15.32	6.30	309	130	(33)	0.4x	3.0x	4.4x
QinetiQ Group Plc (LSE:QQ.)	2.44	3.52	1.94	2,174	1,612	639	1.0x	8.6x	13.0x
Rheinmetall AG (DB:RHM)	35.70	70.94	21.52	5,218	1,248	789	0.4x	3.9x	6.6x
Societe Industrie d'Aviation Latecoere (ENXTPA:LAT)	6.53	20.77	5.28	697	56	520	0.8x	12.3x	18.0x
Teledyne Technologies Inc. (NYSE:TDY)	27.82	66.21	26.33	1,895	998	313	0.7x	5.1x	6.3x

Notes:
1.$ in millions
2.Large Cap Companies - market cap > $10 billion; Mid-Cap Companies - market cap between $10 billion and $2 billion; Small Cap Companies - market cap < $2 billion
Source: CapitalIQ

Select Recent Industry Transactions

- 11/03/2008: **Esterline Technologies** sells **Muirhead Aerospace Limited,** a manufacturer of motion technology for aerospace and defense programs to **Ametek**
- 11/03/2008: **Dunedin Capital** sells **Gardner Group,** a manufacturer of aerospace components and structures for gas turbine and air-frame manufacturers to **The Carlyle Group**
- 11/18/2008: **Dassault Aviation** announces the offer to acquire a 21% stake in **Thales**, a provider of information systems to the aero-space, defense and security markets, for $2.0 billion, representing an implied enterprise value of $10.7 billion and an implied EBITDA multiple of 6.5x
- 12/18/2008: **EADS Astrium,** completes the acquisition of **Surrey Satellite Technology Limited**, a manufacturer of small and micro satellites, for $99 million
- 12/21/2008: **Esterline Technologies** announces the acquisition of **Racal Acoustics**, a manufacturer of audio ancillary and field com-munication equipment for military environments, for $171 million
- 01/06/2009: **Daher SA** completes the acquisition of a 70% stake of **EADS Socata**, a general aviation manufacturer
- 02/05/2009: **Mineba Co.,** completes the acquisition of **myonic GmbH**, a manufacturer of minature bearings, bearing units and systems for the aerospace and defense, medical, dental and other industries

Lincoln International's Global Footprint

More than 65 professionals in the U.S.

More than 60 professionals plus a 24-person advisory board in Europe

Office in Japan and strategic partnerships in China and India

Indicates Lincoln International office

Indicates strategic partnership and/or Lincoln International personnel

About Lincoln International

Lincoln International specializes in merger and acquisition services, debt advisory services, UK pensions advisory and providing fairness opinions and valuations for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, New York, Madrid, Paris, Tokyo and Vienna and strategic partnerships with China Everbright and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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Lincoln International dedicates teams headed by senior professionals in each of its global offices to the following industries:

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- Automotive and Truck
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- Business Services
- Chemicals
- Consumer
- Electronics
- Food and Beverage
- Industrials
- Packaging
- Technology
- Transportation and Logistics

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