

JANES CAPITAL PARTNERS

AEROSPACE AND DEFENSE

M&A DEAL UPDATE



3rd Quarter – 2009



AEROSPACE & DEFENSE

M&A Deal Update

Q3 – 2009

Leading Acquirers by Transaction Activity

Elbit Systems Ltd.

9/14/2009 BVR Systems
7/20/2009 Mikal Ltd. [19%]

Harrison Street Capital

7/12/2009 Aerodyne, LLC
7/12/2009 MCR, LLC

Ranger Aerospace

8/24/2009 US Logistics, LLC
7/4/2009 CAV International, Inc.

SAIC

8/4/2009 R.W. Beck Group, Inc.
7/13/2009 Atlan, Inc.

TransDigm Group

8/10/2009 Woodward HRT [Fuel and Pneumatic Valve Product Line]
7/27/2009 Acme Aerospace, Inc.

AgustaWestland

8/18/2009 PZL-Swidnik S.A. [87.61%]

Eaton Corp.

9/1/2009 Micro Innovation Holding AG [50%]

General Dynamics

9/2/2009 Axsys Technologies, Inc.

Lockheed Martin

7/22/2009 Gyrocam Systems, LLC

Praxair, Inc.

7/1/2009 Sermatech International Holdings Corp.

TSI Group, Inc.

8/4/2009 J.A. Reinhardt and Co., Inc.

United Technologies

8/19/2009 GST Holdings Limited

Deal Spotlight

On September 16, 2009 Chemring Group PLC announced it had entered into an agreement to acquire Hi-Shear Technology Corp. in a \$132 million all-cash deal.

Transaction Details

Chemring's \$132 million, all-cash offer equates to \$19.18 per share of Hi-Shear common stock, which represents a 61.4% premium over the September 15, 2009 closing price. Hi-Shear will receive approximately 11.4x EBITDA and approximately 5.1x revenue upon the close of the deal, which is expected to be in the fourth quarter of 2009.

The company will fund the acquisition by utilizing a new committed facility with Lloyds Banking Group. The acquisition is expected to be accretive to Chemring's earnings in the first full financial year post-close.

Deal Rationale

Chemring Chief Executive David Price said, "The acquisition of Hi-Shear will allow Chemring to extend its capabilities as an advanced engineering business, and creates a strong platform for growth in the space and missile defense markets."

Hi-Shear Technology Corp. – Key Customers

Key customers include Boeing, Lockheed Martin, and the U.S. Government Agencies and Departments

Hi-Shear Technology Corp. – Key Platforms

Military Aircraft Platforms: A-10, B-2, F-15, F-16 MALD™
Munitions Platforms: Acoustic Firing System, PAC-3, Tomahawk
Space & Satellite Platforms: Space Shuttle, Delta II, Orion, Phoenix Mars Lander

Commentary

While the deal is still subject to U.S. regulatory and Hi-Shear shareholder approvals, including Hart-Scott Rodino Act and Exon-Florio Amendment reviews, the deal has been unanimously approved by the Hi-Shear Board. The \$132 million deal values Hi-Shear at 11.4x EBITDA, making it one of the highest premiums paid in the A&D industry this year. For Chemring, this acquisition is a compelling growth play, as it fits well with existing energetics businesses for near-term earnings enhancement and opens up space applications, which are likely to exhibit considerable growth long-term. In addition, it increases Chemring's U.S. presence on the West Coast. While the growth opportunities in the space market are likely included in the high acquisition price, the premium paid may also be a function of the dearth of high-quality deals currently in the market – in particular for defense-related, cash-rich acquirors. Chemring's growth prospects remain strong comparable to the broad aerospace sector, but its shares trade at a discount to the sector. The last A&D acquisition Chemring made was robot and vehicle-mounted mine detection systems designer, Non-Intrusive Inspection Technology Inc (NIITEK), which it completed in December 2008 for \$38.5 million.

Chemring Group PLC (Fareham, United Kingdom)

Chemring Group PLC engages in the design, manufacture, and sale of decoy countermeasures and energetic materials for the defense, security, and safety markets worldwide. It operates in two segments, Energetics and Countermeasures. The Energetics segment offers energetic materials, subsystems, and systems for military, OEM, and safety customers. The Countermeasures segment manufactures expendable decoy countermeasures for protecting air, sea, and land platforms against guided missile threats.

Hi-Shear Technology Corp. (Torrance, CA)

Hi-Shear Technology Corporation designs and manufactures pyrotechnic, mechanical, and electronic products primarily for the aerospace and defense markets in the U.S. The company's products are primarily used in space satellites and satellite launch vehicles, exploration missions, strategic missiles, tactical weapons, advanced fighter aircrafts, and military systems.





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Acquirer Spotlight



WOODWARD

Headquarters: Fort Collins, Colorado
 Founded: 1870
 Employees: 4,476
 Locations: 31 (Worldwide)

Description

Woodward Governor Company is a designer, manufacturer, and servicer of energy control systems and components for aircraft engines, industrial engines, turbines, and electrical power systems for OEMs in the power generation, process industries, transportation, and aerospace markets.

Business Segments

Turbine Systems: Industry leading supplier of integrated control systems and components that provide energy control and optimization solutions to OEMs of gas turbines for use in aerospace and industrial power markets.

Engine Systems: Develops and manufactures systems and components that provide energy control and optimization solutions for the industrial engine and steam turbine markets.

Electrical Power Systems: Provides power sensing and energy control systems for OEMs that manufacture generator sets, wind turbines, and switchgear equipment.

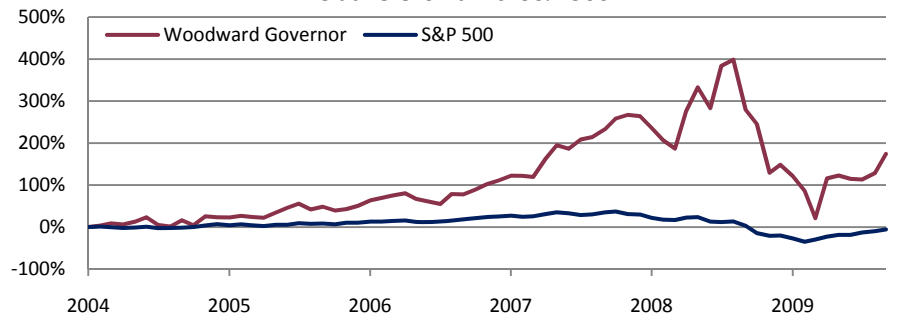
Airframe Systems: Provides electromechanical motion control systems, including sensors, for aerospace applications.

Major Customers: Caterpillar, Ecotècnia, GE, REpower Systems AG, Rolls-Royce, U.S. government, and United Technologies.

Senior Management:

Thomas A. Gendron	Chairman, President, CEO
Robert F. Weber Jr.	Chief Financial Officer
Dennis M. Benning	Group VP of Airframe Systems, President of Woodward MPC
Martin V. Glass	Group VP of Turbine Systems
Gerhard Lauffer	Group VP of Electrical Power Systems
Chad R. Preiss	Group VP of Engine Systems

5 Year Stock Performance Relative Growth vs. S&P 500



Woodward Governor – \$Millions	2004	2005	2006	2007	2008
Total Revenue	\$709.8	\$827.7	\$854.5	\$1,024.3	\$1,258.2
<i>Growth Over Prior Year</i>	21.0%	16.6%	3.2%	22.0%	20.7%
EBITDA	82.3	98.6	112.4	165.4	215.0
Margin %	11.6%	11.9%	13.2%	15.9%	17.1%
Total Debt/EBITDA	0.6x	0.1x	NM	NM	NM
Total Debt/Equity	24.7x	22.1x	15.4x	12.2x	7.8x
TEV/LTM Total Revenue	1.21x	1.20x	1.58x	2.21x	1.19x
TEV/LTM EBITDA	10.40x	10.09x	11.13x	13.60x	6.97x
Stock Performance	28.0%	21.9%	40.2%	72.5%	-31.8%

*Financials based on Fiscal Year Ending September 30th; Stock Performance based on Calendar Year Results

2009 Acquisitions:

HR Textron, Inc. – HR Textron is an industry leader in advanced technology, engineering, development, and manufacturing of actuation systems and controls for commercial aerospace, defense and guided munitions systems. The acquisition of HR Textron will expand Woodward Governor's market presence and capabilities deep into the defense arena, yielding significant growth in the munitions, guided missile systems, land vehicle and space markets. As a result of the acquisition, HR Textron, Inc. is now known as Woodward HRT, Inc.

2009 Divestitures:

Woodward HRT, Inc., Fuel and Pneumatic Valve Product Line – AeroControllex Group, Inc., a subsidiary of TransDigm, Inc., acquired the fuel and pneumatic valve product line of Woodward HRT, Inc. The sale allows Woodward to focus on the core areas of its new airframe business, as well as reduce outstanding debt with the proceeds.

2009 Private Placements:

Woodward Governor – The company issued \$57 million worth of notes maturing in 2016 and carrying a coupon rate of 7.8%, as well as \$43 million worth of notes maturing in 2019 and carry a coupon rate of 8.2%. The proceeds were used for the acquisition of HR Textron, which Woodward acquired for \$370 million in cash. Woodward funded the acquisition with short-term loans amounting to \$175 million, and with a portion of the \$215 million currently available under its revolving credit facility.



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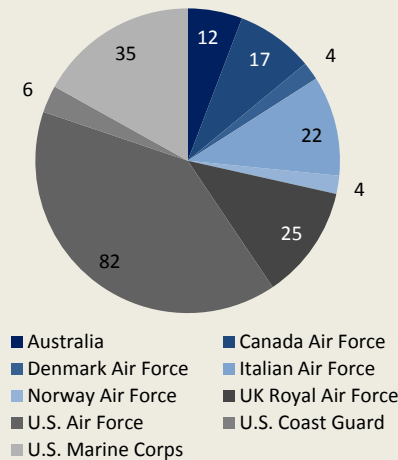
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Platform Spotlight

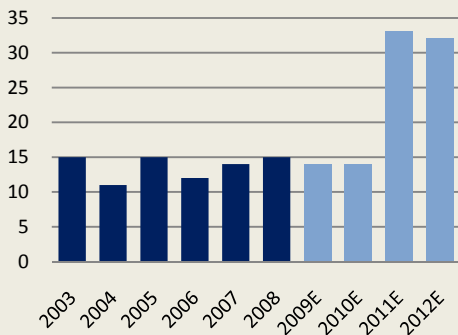


Top C-130J Customers
of Aircraft Ordered



Source: World Military & Civil Aircraft Briefing

C-130J Deliveries
of Aircraft



Source: World Military & Civil Aircraft Briefing

Lockheed Martin C-130J

Recent News

- June 8, 2009 – The Sultanate of Oman orders one C-130J-30 aircraft
- May 27, 2009 – Rolls-Royce receives an \$80 million contract to provide spare C-130J engines
- April 14, 2009 – U.S. Defense Secretary announces the Pentagon will have a “robust” buy of the C-130J
- February 18, 2009 – Indian Air Force orders six C-130J planes in a deal worth approximately \$1 billion
- February 13, 2009 – CAE wins a \$267 million contract from Canada to provide C-130J aircrew training

Description

The C-130 Hercules is a military transport aircraft manufactured by Lockheed Martin. Entering production in 1954, the C-130 has been in continuous production longer than any other military aircraft. The newest variant of the C-130, the C-130J Super Hercules, began deliveries in 1998. The C-130J is primarily used for delivering cargo and troops in a wide range of military operations. It is also capable of providing aerial refueling, search and rescue, low-altitude surveillance, and close air support.

Powered by four Rolls-Royce AE 2100 turboprops putting out 4,600 shaft horsepower each, the aircraft has seen improvements in maximum speed, cruising speed, range, service ceiling, and take off and landing distance over its predecessors. One of the most significant upgrades to the C-130J is the flight deck. Using advanced flight systems and digital avionics, the crew requirement has been reduced by one, as a secondary navigator is no longer necessary. Other improvements include composite scimitar propellers, and the option to configure the plane with the Enhanced Cargo Handling System.

The C-130J can carry payloads of up to 42,000 lbs in its 40 foot long cargo compartment. There is also an extended variant available, the C-130J-30, which stretches the cargo bay out to 55 feet. At maximum payload, the C-130J-30 has a range of 3,600 nautical miles.

Key Suppliers by Component Type

Aerostructures	Avionics	Electrical	Propulsion
Brunswick	BAE Systems	BAE Systems	Dowty
General Dynamics	Honeywell	ITT	GKN Aerospace
Hamble	GE Aviation	Northrop Grumman	Hamilton Sundstrand
LMI Aerospace		Raytheon	Lucas Aerospace
Marshall Aerospace		Rockwell Collins	Rolls-Royce
Sargent Industries			
Vought Aircraft			

Unit costs started out ranging between \$65-70 million for the C-130J, much higher than the \$43 million Lockheed Martin had initially hoped for. The main driver behind the higher than expected price was the development costs, which came out to be \$1.5 billion, over 4 four times what Lockheed Martin had estimated.

With only one international sale from 2000 to 2007, the U.S. was essentially the sole remaining customer for the C-130J. Defense Secretary Donald Rumsfeld proposed eliminating future procurement of the C-130J, a move which would surely kill the C-130J program. However, the proposed cancellation was heavily opposed by the political and military communities, and Rumsfeld ultimately reversed his decision. Since then, due to recent U.S. contract changes which allowed for a more competitively priced C-130J, orders have increased significantly. In 2008, Canada ordered 17 aircraft, India purchased 6, and Qatar and Norway both bought 4. These aircraft are set to be delivered beginning in 2011.





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M&A Transactions above \$10 Million



Date	Buyer	Acquired	Price /TEV (\$MM)	Revenues (\$MM)	EBITDA (\$MM)	Revenue Multiple	EBITDA Multiple
8/26/2009	Precision Castparts Corp.	Carlton Forge Works	\$850.0	ND	ND	ND	ND
9/2/2009	General Dynamics Corp.	Axsys Technologies, Inc.	\$643.0	\$252.9	\$51.5	2.5x	12.5x
7/30/2009	Boeing Co.	Vought Aircraft Industries, Inc. [facility]	\$580.0	ND	ND	ND	ND
8/17/2009	Honeywell International, Inc.	RMG Regel + Messtechnik GmbH	\$400.0	ND	ND	ND	ND
8/19/2009	United Technologies Corp.	GST Holdings Limited	\$247.8	\$165.8	\$30.7	1.5x	8.1x
9/1/2009	Raytheon Co.	BBN Technologies, Inc.	\$200.0	ND	ND	ND	ND
8/4/2009	SAIC, Inc.	R.W. Beck Group, Inc.	\$155.0	ND	ND	ND	ND
9/16/2009	Chemring Group plc	Hi-Shear Technology Corp.	\$132.0	\$25.9	\$11.6	5.1x	11.4x
7/29/2009	Thoma Bravo, LLC	Entrust, Inc.	\$122.9	\$96.5	\$7.2	1.3x	17.1x
8/31/2009	J.F. Lehman & Co.	Ashland, Inc., Drew Marine	\$120.0	\$140.0	ND	0.9x	ND
8/18/2009	AgustaWestland	PZL-Swidnik S.A. [87.61%]	\$113.0	\$119.0	ND	0.9x	ND
7/21/2009	Smith & Wesson Holding Corp.	Universal Safety Response, Inc. (USR)	\$73.0	ND	ND	ND	ND
8/19/2009	PT Pukuafu Indah	PT. Dirgantara Indonesia	\$50.0	ND	ND	ND	ND
8/10/2009	TransDigm Group, Inc.	Woodward HRT [business]	\$48.0	\$16.0	ND	3.0x	ND
7/2/2009	QinetiQ Group plc	Cyveillance, Inc.	\$40.0	\$10.4	ND	3.8x	ND
7/27/2009	TransDigm Group, Inc.	Acme Aerospace, Inc.	\$40.0	\$18.0	ND	2.2x	ND
8/17/2009	Darwin Private Equity	Hampson Aerospace Machining Ltd. (HAML)	\$39.0	\$60.6	ND	0.6x	ND
8/10/2009	OHB Technology AG	Carlo Gavazzi Space SpA	\$37.3	\$73.3	\$9.9	0.5x	3.8x
7/20/2009	Elbit Systems Ltd.	BVR Systems (1998) Ltd.	\$34.0	ND	ND	ND	ND
8/3/2009	NCL, Inc.	TRS Consulting, Inc.	\$24.0	ND	ND	ND	ND
8/4/2009	TSI Group, Inc.	J.A. Reinhardt and Co., Inc.	\$20.0	\$14.2	ND	1.4x	ND
8/5/2009	Viola Private Equity	Aeronautics Defense Systems Ltd. [10%]	\$20.0	\$150.0	ND	1.3x	ND
9/4/2009	Teledyne Technologies, Inc.	Ocean Design, Inc. (ODI) [11%]	\$19.6	ND	ND	ND	ND
9/14/2009	Elbit Systems Ltd.	Mikal Ltd. [19%]	\$18.0	ND	ND	ND	ND
9/1/2009	Applied Signal Technology, Inc.	Pyxis Engineering, LLC	\$16.2	\$11.7	ND	1.4x	ND
8/5/2009	Fuel Systems Solutions, Inc.	Teleflex, Inc. [Power Systems]	\$14.5	ND	ND	ND	ND
7/8/2009	Ultra Electronics Holdings PLC	Avalon Systems Pty Ltd	\$12.9	ND	ND	ND	ND
8/31/2009	NICE Systems Ltd.	Hexagon System Engineering Ltd.	\$11.0	ND	ND	ND	ND

Source: DACIS, Capital IQ, and JCP Estimates ND: Not Disclosed





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On August 26, 2009 Precision Castparts Corp. announced an agreement to acquire Carlton Forge Works and related entities for \$850 million in cash. Carlton Forge Works is a manufacturer of seamless rolled rings for critical aerospace applications and offers nickel, titanium, and steel rolled rings across the widest range of product sizes in the industry.

On September 2, 2009 General Dynamics Corp. announced it had completed its acquisition of Axsys Technologies, Inc. in a deal worth \$643 million. Axsys Technologies designs and manufactures high-performance electro-optical and infrared sensors and systems and multi-axis stabilized cameras. The company serves aerospace, defense, and high-performance commercial markets.

On July 30, 2009 Boeing Co. completed its acquisition of the business and operations conducted by Vought Aircraft Industries at its South Carolina facility in a deal with approximately \$580 million in cash. The North Charleston, SC Vought facility performs fabrication and assembly of structures and systems installation of 787 aft fuselage sections, which are made primarily of composite materials.

On August 17, 2009 Honeywell International, Inc. announced it had completed the acquisition of the RMG GROUP (RMG Regel + Messtechnik GmbH and all of its subsidiaries, together RMG) for approximately \$400 million. Based in Kassel, Germany, RMG is a global leader in natural gas measuring and control products, services and integrated solutions.

On August 19, 2009 GST Holdings announced it had acquired more than 95% of the shares of privately held GST Holdings Limited (GST), worth approximately \$247 million. GST Holdings, the leading fire alarm system provider in China, is primarily engaged in the manufacturing and distribution of fire alarm systems, fire network systems and other products such as video entry, electronic power meter and building automation systems.

On September 1, 2009 Raytheon Co. announced it entered into an agreement to acquire privately held BBN Technologies, Inc. for an estimated \$200 million. BBN Technologies is a world leader in research and development, and provider of critical solutions for national defense and security missions. It encompasses a range of technologies including advanced networking, speech and language technologies, information technologies, sensor systems, and cybersecurity.

On August 4, 2009 SAIC announced that it had completed its acquisition of R.W. Beck Group, Inc. for approximately \$160 million in cash. R.W. Beck Group is a provider of business and technical consulting services in engineering, energy and infrastructure, and it serves public and private infrastructure organizations and financiers in the energy, water, wastewater and solid waste industries.

On September 16, 2009 Chemring Group plc announced it had entered into an agreement to acquire Hi-Shear Technology Corp. in a \$132 million (£80 million) all-cash deal. Hi-Shear Technology provides pyrotechnic, mechanical, and electronic products to the aerospace and defense market in applications where safety, performance and high reliability are essential. Its advanced systems and products are primarily used in space satellites, launch vehicles, and national defense.

On July 29, 2009 an affiliate of Thoma Bravo, LLC entered into a definitive agreement to acquire Entrust Inc. in a transaction with a total equity value of \$114 million. Entrust is a provider of digital certificates, PKI security, and encryption software for consumers, enterprises and governments. Entrust solutions help secure the most common digital identity and information protection pain points in an organization.

On August 31, 2009 Ashland Inc. announced it had completed the divestiture of its Drew Marine business to J. F. Lehman & Co. in a transaction valued at approximately \$120 million. Drew Marine is a provider of technical solutions, high-value products and services to the global marine industry, including chemicals and testing equipment, corrosion inhibitors, sealing and welding products, fuel management programs, and fire safety and rescue products and services.

On August 18, 2009 AgustaWestland, a Finmeccanica company, announced it had signed an agreement to purchase 87.61% of PZL-Swidnik for a sum of PLN 329 million (\$113 million). Poland-based PZL-Swidnik PZL-Swidnik (full name: Wytownia Sprzetu Komunikacyjnego PZL-Swidnik S.A.) produces helicopters and aerostructures. The company's helicopter models include: PZL W-3A SOKOL, PZL SW-4, PZL KANIA, and (under license) Mil MI-2 helicopters.

On July 21, 2009 Smith & Wesson Holding Corp. announced it had completed its acquisition of Universal Safety Response, Inc. (USR) for up to 9.7 million shares of common stock and up to \$26.2 million in cash, making the overall value of the transaction worth \$74.0 million. USR is a full-service security systems solutions provider. The company is a provider of integrated perimeter security solutions, including its proprietary GRAB(R) vehicle safety barrier.

On August 19, 2009 PT Pukaafu Indah announced it acquired PT. Dirgantara Indonesia for \$50 million in an all-cash deal. PT. Dirgantara Indonesia designs, develops, and manufactures civilian and military regional commuter aircraft, commercial and maritime patrol aircraft, as well aircraft and helicopters for search and rescue, offshore operation, medical support/ambulance mission, oil industry operations, military missions, and law enforcement operations.

On August 10, 2009 Woodward Governor Co. announced it had sold the Fuel and Pneumatics product line of its Woodward HRT business to TransDigm Inc. for \$48 million. The Fuel and Pneumatics product line provides a variety of off-turbine fuel management and pneumatic actuation components to producers of military and commercial aircraft and helicopters, as well as their suppliers. It was acquired in April 2009 by Woodward as part of the HR Textron, Inc. acquisition.





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On July 2, 2009 QinetiQ North America announced it had completed its acquisition of Cyveillance, Inc. in an all cash transaction. The deal includes an initial cash payment of \$40 million. Cyveillance, Inc. is a provider of online monitoring technology to identify and track data in cyberspace. The company seeks to ensure the success of risk-management professionals in securing their enterprises against the growing number of threats found on the Internet.

On July 27, 2009 TransDigm Group, Inc. announced it had acquired the stock of Acme Aerospace, Inc. from a subsidiary of Actuant Corp. for approximately \$40 million in cash. Acme Aerospace supplies proprietary, highly engineered components to the commercial aerospace industry. Products include fibrous nickel cadmium main ship batteries, battery chargers, battery back-up systems and power conversion equipment.

On August 17, 2009 Darwin Private Equity announced it had completed its acquisition of the aerospace machining division of Hampson Industries plc, for £23.7 million (\$39.0 million). Hampson Aerospace Machining Limited is a manufacturer and supplier of complex, highly engineered, performance-critical components for the commercial aerospace, military & defense and power generation markets. It serves a blue-chip customer base of gas turbine engine OEMs.

On August 10, 2009, OHB Technology AG entered into an agreement to acquire Carlo Gavazzi Space SpA for \$37.3 million (€26.3 million) in cash and stock. Carlo Gavazzi Space SpA provides space systems, research, and applications for space agencies, space authorities, and industrial groups in Europe. The company also provides earth observation data, as well as planetary exploration services and research for space applications.

On July 20, 2009 Elbit Systems Ltd. announced it had signed an agreement to acquire the assets of BVR Systems (1998) Ltd. for a cash payment of \$34 million. Rosh Ha'ayin, Israel-based BVR Systems (1998) Ltd. is a developer and manufacturer of training, simulation and debriefing systems for air, sea and ground forces.

On August 3, 2009, NCI, Inc. announced it had acquired the outstanding capital stock of TRS Consulting, Inc. for approximately \$24 million. TRS Consulting is a technology and consulting company supporting the Intelligence Community. TRS provides mission-critical agile software development, database management, and analytical computing solutions focused on information sharing and collaboration.

On August 4, 2009 TSI Group, Inc. announced it had acquired J.A. Reinhardt and Co., Inc. for an estimated \$20 million. J.A. Reinhardt designs, engineers and manufactures thermal and mechanical products such as avionics chassis, cold plates, complex electronic housings with integrated cold walls, heat exchangers and microwave antennas for the defense and aerospace industries.

On August 5, 2009 Viola Private Equity announced it had invested \$20 million in growth capital in Aeronautics Ltd. The company specializes in the development and production of unmanned aerial vehicles (UAVs), command and control systems, observation systems, and military electronics and communication systems.

On September 4, 2009 Teledyne Technologies, Inc. announced that subsidiary Teledyne Instruments, Inc. had completed its acquisition of the remaining 11% of Ocean Design, Inc. for approximately \$19.6 million, net of stock option proceeds. Ocean Design, Inc. is a manufacturer of subsea, wet-mateable electrical and fiber-optic interconnect systems used in offshore oil and gas production, oceanographic research, and military applications.

On September 14, 2009 Elbit Systems Ltd. announced it had completed its investment of approximately \$18 million in Mikal Ltd. in consideration for the issuance of approximately 19% of its shares. The Mikal group operates through three main branches including Soltam Systems Ltd. in the field of artillery, the field of armored fighting vehicles led by Saymar Ltd., and the field of optronics, led by ITL Optronics Ltd.

On September 1, 2009 Applied Signal Technology, Inc. (AST) announced it had completed the acquisition of privately held Pyxis Engineering for approximately \$16 million in cash. Pyxis Engineering specializes in systems engineering, software engineering, application architecture, cloud computing, advanced data operations, enterprise IT infrastructure services, and project management services for the U.S. DoD and intelligence Community.

On August 5, 2009 Teleflex, Inc. announced it had completed the divestiture of its Power Systems business to Fuel Systems Solutions, Inc. for \$14.5 million in cash. The company is a designer, manufacturer, and supplier of alternative fuel components and systems for use in transportation and industrial applications. Its components and systems control the pressure and flow of gaseous alternative fuels, such as propane and natural gas, used in internal combustion engines.

On July 8, 2009 Ultra Electronics Holdings plc announced it had acquired Avalon Systems Pty Ltd., paying a cash consideration of A\$16.5 million (\$12.9 million). Avalon Systems specializes in the field of electronic warfare (EW), undertaking the design and manufacture of EW subsystems and providing engineering consultancy services and through-life support. It has contracts with the Australian Defence Force and the Defence Science & Technology Organization.

On August 31, 2009 NICE Systems Ltd. announced it had signed a definitive agreement to acquire Hexagon System Engineering Ltd. for approximately \$11 million. Hexagon System Engineering provides cellular location tracking technology, which enables law enforcement, internal security, and intelligence agencies to fight crime and terror more effectively.





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On July 1, 2009 Praxair Surface Technologies, Inc., a subsidiary of Praxair, Inc., announced it had acquired Sermatech International Holdings Corp. from Arsenal Capital Partners. Sermatech International is a supplier of protective coatings and advanced processes used on industrial and aviation gas turbines. Sermatech serves the aerospace, defense, power generation and oil and gas markets.

On July 1, 2009 RUAG AG announced it had completed the acquisition of Oerlikon Space AG. The company is one of the major suppliers for Payload Fairings in composite technology, supplying the payload fairings for the European launchers Ariane 5 and Vega. It is also a European provider of ultra-lightweight, high-stability structures, precision mechanisms and electro-optical subsystems for applications in space.

On July 4, 2009 Ranger Aerospace, LLC announced the majority buyout of CAV International, Inc. CAV is a government outsourcing contractor specialized in airfield services and logistics. The company maintains a lean cost model, and is able to offer its government or prime contractor customers an absolute cost advantage combined with measurably superior quality metrics on a consistent basis.

On July 6, 2009 Marport Canada Inc. announced the completion of its acquisition of C-Tech Ltd. C-Tech Ltd. is a supplier of advanced sonars for underwater defense, including anti-submarine warfare, mine countermeasures and harbor surveillance. It is a world leader in the design, development and manufacturing of sonar systems for the Canadian Navy, major defense contractors and other foreign naval customers.

On July 9, 2009 Guy Meyerhofer and Generation Growth Capital announced the acquisition of the Decrane Assembly & Logistics division from Decrane Aerospace, Inc. Decrane Aerospace designs, manufactures and installs interiors for the private jet market, covering all aspects of production from engineering to certification.

On July 12, 2009 Harrison Street Capital announced it had acquired a majority stake in MCR LLC. The company is a provider of integrated program management services to the federal government, specializing in strategic planning, cost/schedule analysis, program assessment and acquisition management services.

On July 12, 2009 Harrison Street Capital announced the acquisition of Aerodyne. Aerodyne is an aeronautical and technical services consulting firm, which specializes in aeronautical systems, and provides full spectrum technical solutions including program management, aviation integration, testing and certification, training and requirements development, and system life cycle management for Army manned aircraft and UAVs.

On July 21, 2009 GTCR portfolio company Six3 Systems, Inc. completed its acquisition of Harding Security Associates, Inc. Harding Security Associates is a provider of biometric-enabled identity intelligence, forensics analysis and security services to the federal government. The company also provides mission-critical intelligence and counter-intelligence training and security services to the DoD and key civilian agencies.

On July 22, 2009 Lockheed Martin Corp. announced it had entered into a definitive agreement to acquire Gyrocam Systems LLC. Gyrocam Systems develops and supplies gyrostabilizer optical surveillance systems and sustainment field services principally to the U.S. military, and provides combat forces greater situational awareness in virtually all conditions with real-time reconnaissance and threat identification and tracking from safe, stand-off distances.

On August 10, 2009 Allied Defense Group, Inc. announced it had completed the divestiture of subsidiary NS Microwave to 3DRS International, Inc. Allied Defense had acquired NS Microwave in December 2001 for \$7.4 million. NS Microwave was the sole remaining business of Allied Defense's Electronic Security Segment.

On August 10, 2009 EDAC Technologies Corp. announced it had acquired substantially all of the assets of privately held Service Network, Inc. Service Network, Inc. manufactures and rebuilds precision grinders. SNI also provides parts and service for Heald grinders.

On August 11, 2009 Thermacore, Inc. announced it had acquired k Technology. k Technology designs and manufactures custom thermal management products for power electronics cooling. Among its primary thermal solutions, k Technology developed the patented, which uses encapsulated graphite to help alleviate heat in power electronics.

On August 21, 2009 Chandler/May, Inc. a portfolio company of Arlington Capital Partners, announced it had acquired a controlling share of privately held AeroMech Engineering, Inc. AeroMech Engineering, Inc. is an engineering services and manufacturing firm supporting the unmanned aircraft systems market. The company provides engineering services in the areas of aeronautical, mechanical, and manufacturing as well as metallic and composite fabrication services.





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Deal Briefs – Undisclosed Transactions



On August 24, 2009 Ranger Aerospace LLC announced it had acquired privately held US Logistics, Inc. US Logistics, Inc. is a government outsourcing contractor which specializes in the aerospace & defense industry, providing aircraft technical services, tactical vehicle overhauls and repairs, technical staffing, and base logistics. The company's customers are the U.S. military and larger prime contractor customers.

On September 1, 2009 Eaton Corp. announced it had acquired an additional 50% of the outstanding shares of Micro Innovation Holding AG from Eaton's joint venture partner. This increases Eaton's ownership of the company from 50% to 100%. Micro Innovation manufactures human machine interfaces, programmable logic controllers and input/output devices.

On September 1, 2009 Presagis announced that it had acquired Seaweed Systems, Inc. Seaweed Systems, a long-time Presagis partner, is a developer of embedded graphics solutions for the military and aerospace market, with expertise in the development of safety critical graphic drivers.

On September 4, 2009 Moog, Inc. announced it had entered discussions with GE Aviation Systems to purchase its flight control actuation product line located in Wolverhampton in the U.K. The Wolverhampton operation designs and manufactures primary and secondary flight control actuation for a number of major commercial and military programs, including the Boeing 777 and 787, the Airbus A330 and A380, the Typhoon, and U.S. Joint Strike Fighter.

On September 4, 2009 Worthington Industries, Inc. announced it had acquired Structural Composites Industries, LLC. The company is a manufacturer of DOT-approved lightweight, aluminum-lined, composite-wrapped high pressure cylinders used in commercial, military, marine and aerospace applications.

On September 11, 2009 Evermedia Group, Inc. announced it had completed an agreement to acquire a majority interest in System Technology Solutions, Inc. The company is a defense contractor providing engineering, logistics, IT and security services to government and large commercial enterprises. It also provides technical design, program management and security services globally.

On September 12, 2009 Versa Capital Management, Inc. signed a binding agreement to acquire Allen-Vanguard Corporation. Allen-Vanguard develops and markets proprietary technologies, tools, and training for defeating and minimizing the effects of improvised explosive devices (IED) and hazardous devices and materials, including chemical, biological, radiological, nuclear, or explosives.

On September 16, 2009 GP Strategies Corp. announced that its wholly owned subsidiary General Physics (UK) Ltd. acquired certain operating assets and the business of Milsom Industrial Designs Limited. Milsom Industrial Designs Limited provides technical documentation, technical publications, technical recruiting and engineering design services for aerospace and engineering companies.

On September 16, 2009 DRS Technologies, Inc. announced that it had completed its acquisition of all the outstanding stock of Soneticom, Inc., which was subject to review by the Committee on Foreign Investment in the United States. Soneticom is a provider of precision geolocation systems and communications products, and focuses on solutions for precision geolocation supporting the growing defense, homeland security, and spectrum management markets.

On September 28, 2009 DynCorp International LLC announced it had entered into a definitive agreement to acquire 100% of the stock of Phoenix Consulting Group, Inc. Phoenix Consulting Group provides its proprietary training courses to experienced professionals in intelligence, counterintelligence, special operations and law enforcement, as well as materials and management consulting and augmentation services to government and military organizations.





AEROSPACE & DEFENSE

M&A Deal Update

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Janes Capital Partners



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Developer and manufacturer of composite solutions for military and space applications; on its sale to




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Developer of innovative unmanned aerial systems, technologies and vehicles; on its sale to



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Manufacturer of electrical subsystems, electronic connectors and wire termination devices; on its sale to



Acted as Financial Advisor to



Producer of actuators and position control devices for commercial aircraft seating; on its sale to



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