



Jetstream

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In this Issue...

- ▶ **Dresner Partners Market Insights:**
Outlook and Analysis.....1
- ▶ **Deal Landings:**
Select Recent Transactions.....2
- ▶ **Commercial Jet Sector:**
Overview.....3
- ▶ **Dresner Partners:**
Aerospace and Defense Group.....4

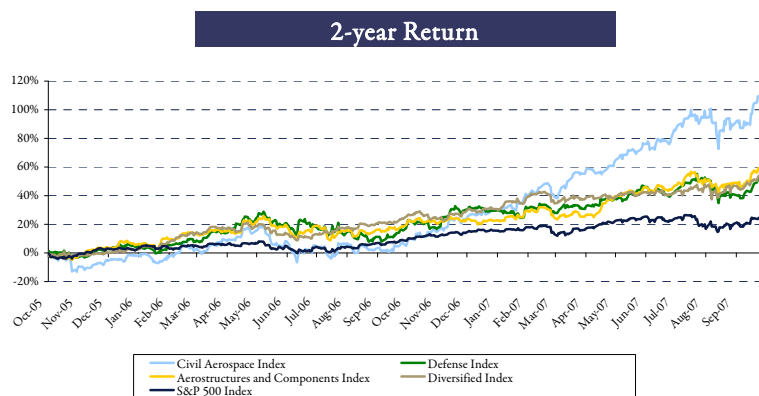
Long-Term Forecast: The Sky is the Limit

The aerospace and defense industry is experiencing stellar growth, particularly in the commercial and general aviation markets, and such growth is expected to continue through the end of the decade. Aircraft manufacturers have record backlogs, and this is driving growth through thousands of suppliers, ranging from precision components to composites to avionic suppliers. Supporting this growth are aerospace distribution and service companies, including ground support equipment suppliers and fixed-base operators.

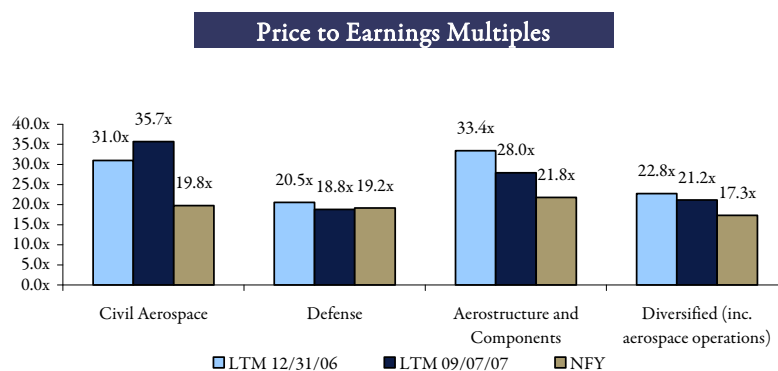
In the commercial sector, according to Boeing's 2006 Outlook, the global market for commercial airplanes is \$2.6 trillion and the market will require over 27,000 new planes through 2025. In the business jet sector, according to the Honeywell Forecast, the 2007 to 2011 global demand is estimated at 4,000 aircraft. With record backlogs, most business jet manufacturers have sold out their plant capacity beyond 2008. Demand will be boosted by the new very light jet category ("VLJ") with several players, such as Eclipse, Cessna Mustang, and Hondajet, among others. In this edition of *Jetstream*, we are focusing on the trends in the commercial jet sector.

We are witnessing increased acquisition activity in the aerospace and defense sector by both strategic and financial buyers. The key drivers of this activity are continued consolidation of the industry's supply chain, trends toward outsourced manufacturing, access to capital, and the positive long-term trends for the industry.

Aerospace and Defense Public Market Trends (Relative Stock Price Performance)



Source: CapitalIQ



Source: CapitalIQ and First Call

AEROSPACE & DEFENSE CAPITAL MARKETS TRENDS

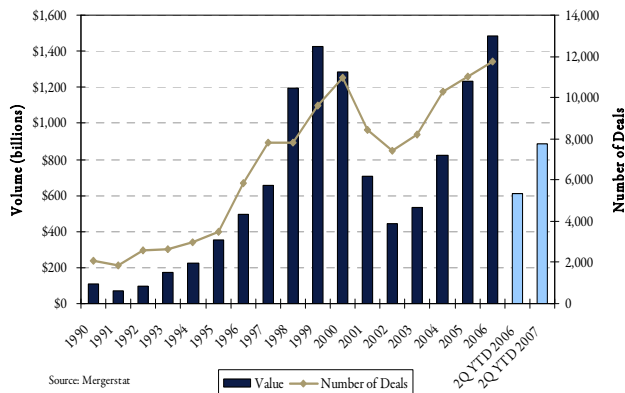
Selected Recent Transactions

- On September 17, 2007, **Timken Co.** acquired **The Purdy Corp.**, a precision manufacturer and systems integrator for military/commercial aviation customers.
- On August 22, 2007, **Littlejohn & Co.** acquired **Synchronous Aerospace, Inc.**, manufacturer of machined aerospace parts, from **Hancock Park Associates**.
- On August 10, 2007, **TransDigm Group Incorporated (NYSE: TDG)** acquired certain assets from **Bruce Industries, Inc.**, a Nevada-based supplier of proprietary, highly engineered components to the aerospace and defense industries.
- On August 9, 2007, **Macquarie Infrastructure Company (NYSE: MIC)** acquired **Mercury Air Centers, Inc.**, owner of 24 fixed base operations (FBOs) at 22 airports, from **Allied Capital Corporation (NYSE: ALD)**.
- On June 22, 2007, **Sheffield Manufacturing** acquired **Hermach Machine and Fortune Manufacturing**, manufacturers of machined parts and assemblies.
- On June 22, 2007, **Meggitt PLC (LSE: MGGT)** acquired **K&F Industries Holdings, Inc.**, a manufacturer of aircraft wheels, brakes, brake control systems, de-icing equipment and flexible bladder fuel tanks.
- On June 14, 2007, **Umeco** agreed to acquire **JD Lincoln**, a manufacturer of a range of materials primarily used by tier two aerospace suppliers.
- On June 7, 2007, **Paradigm Precision Holdings**, a portfolio company of **American Capital Strategies**, acquired **Palmer Manufacturing** and **Smith West**, manufacturers of precision machined aerospace components.
- On June 5, 2007, **AMETEK** acquired **Advanced Industries**, a manufacturer of starter generators, brush and brushless motors, vane-axial and centrifugal blowers.
- On May 17, 2007, **Hammond, Kennedy, Whitney & Company** acquired **Visioneering, Inc.**, a provider of mechanical engineering and manufacturing services to the communication and aerospace & defense industries
- On May 5, 2007, **Primus International**, a portfolio company of **Oak Hill Capital Management**, acquired **St. Bernard Composites**, a manufacturer of composite components to the global aerospace industry.
- On April 13, 2007, **Boeing**, through its subsidiary **Aviall**, agreed to acquire **Sisu Services**, a manufacturer of aircraft brakes, parts and tires.
- On April 4, 2007, **GKN** agreed to acquire **Teleflex Aerospace Manufacturing Group** from **Teleflex**, a designer and manufacturer of precision-machined aircraft engine components.
- On March 26, 2007, Goldman Sachs Capital Partners and Onex Partners formed the new aerospace company **Hawker-Beechcraft Corp.**, by acquiring **Raytheon Aircraft Company**, a designer, manufacturer and marketer of Beechcraft and Hawker aircraft, from Raytheon Company.
- On January 11, 2007, **The Jordan Company, LP** acquired **Reinhold Industries, Inc.**, a manufacturer of custom composite components and sheet molding compounds, from **Hammond, Kennedy, Whitney & Company**.

Source: MergerStat, company press releases and reports, various national news sources, and Dresner Partner research.

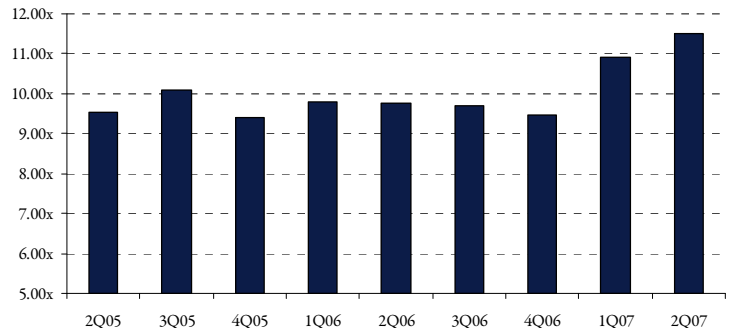
Capital Markets

Mergers and Acquisitions



Source: Mergerstat

Average EV/EBITDA Multiples for Middle Market Companies

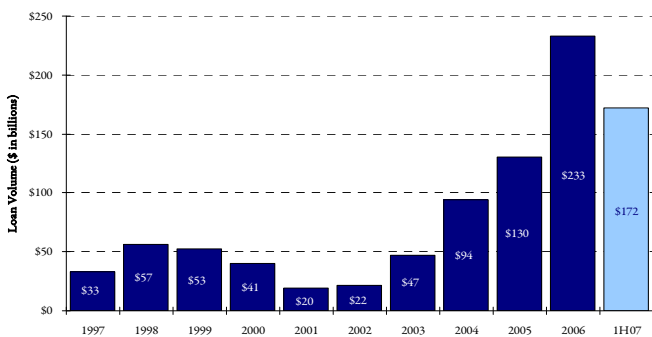


Source: Mergerstat

Deals valued between \$1 Million and \$500 Million, plus undisclosed deals

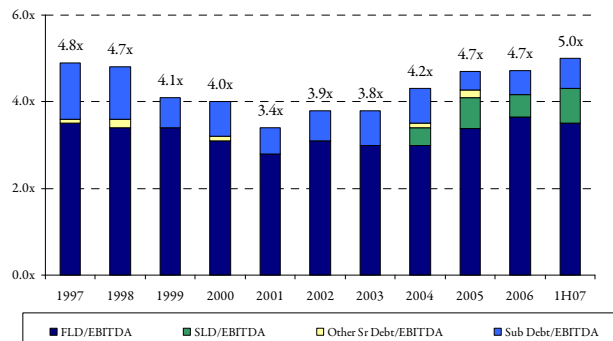
Ratios considered ranges: 0-25

U.S. LBO Loan Volume



Source: Allied Capital LBO Market Update

Average LBO Debt Multiples



Source: S&P LBO Review



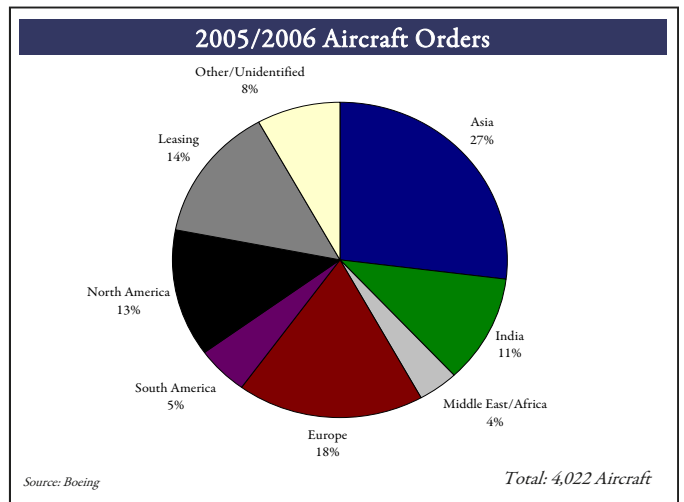
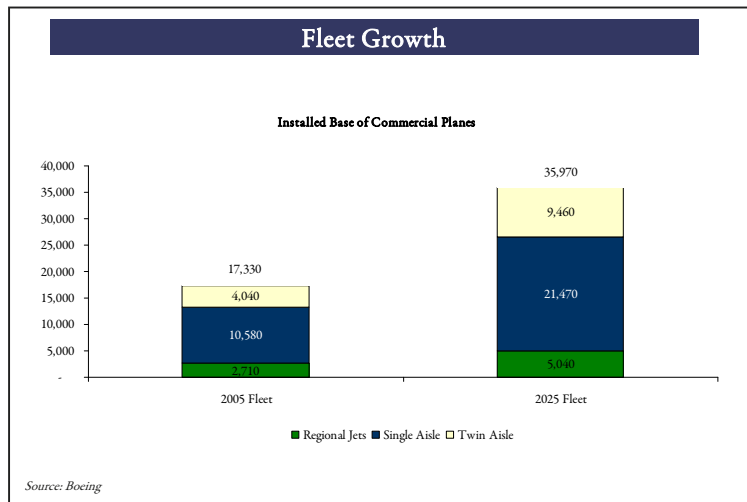
AEROSPACE & DEFENSE SECTOR SPOTLIGHT

Commercial Jet Sector Trends

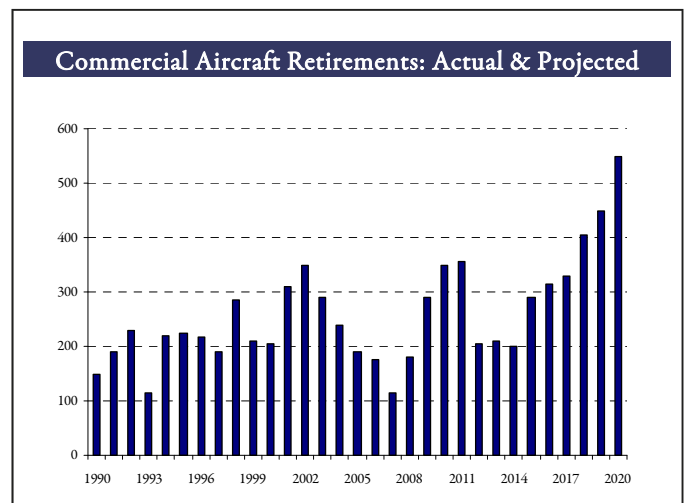
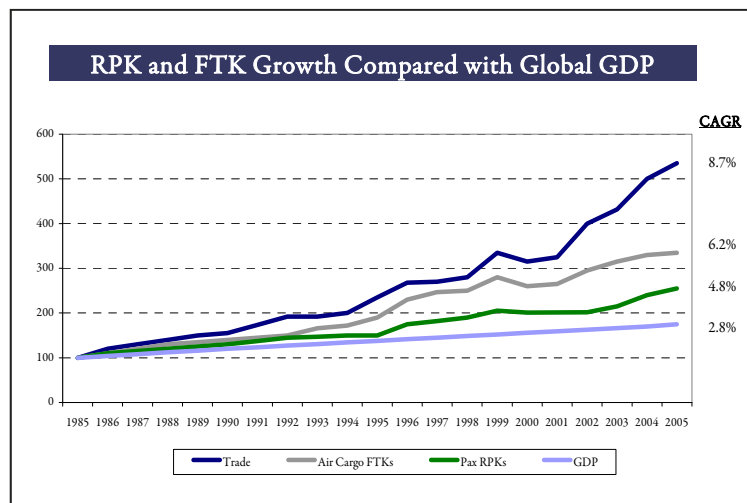
The commercial jet sector is experiencing robust growth due to the (i) rapid growth in international demand; (ii) steady growth in passenger miles and international trade; and (iii) commercial aircraft retirement and the required replacement.

As a result, the installed base of commercial planes is expected to grow from 17,330 in 2005 to 35,970 by 2025 and the global market for new planes will reach \$2.6 trillion. Of the 2005/2006 new aircraft orders, Asia, Europe, North America, and India accounted for 27%, 18%, 13%, and 11%, respectively, showing significant demand from foreign markets. In 2006, we witnessed a return to more normal airline passenger growth and continuation of record passenger load factors.

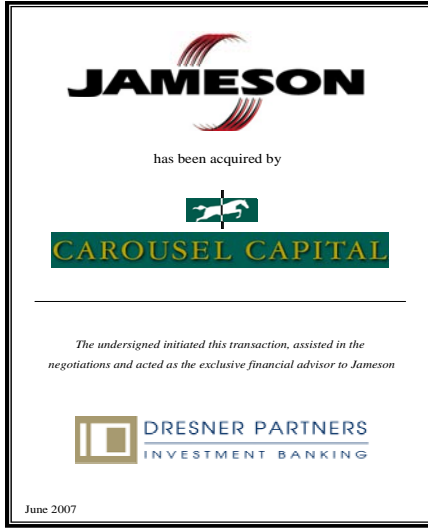
Commercial Jet Sector Dynamics



Commercial Jet Sector Growth



Highlighted Transaction Experience



Jameson is a leading supplier of mission-critical specialty lighting and related accessories to the U.S. Army, Marines, and other forward deployed operations, along with some foreign militaries. The Company also produces high-quality professional tools for a variety of end markets. This transaction provided substantial liquidity for the Company's owners, as well as capital to support continued growth.

Dresner Partners Aerospace & Defense Team

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Our role as financial advisor requires independent and objective advice and seasoned execution. Please contact one of our Aerospace & Defense Group leaders to discuss how our experience can help you.

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