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

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**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.

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

![Graph showing 2-year return and price to earnings multiples for different sectors including Civil Aerospace, Defense, Aerostructure and Components, and Diversified (inc. aerospace operations).](Image)
Selected Recent Transactions

- 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 14, 2007, Umeco agreed to acquire JD Lincoln, a manufacturer of a range of materials primarily used by tier two aerospace suppliers.
- On April 13, 2007, Boeing, through its subsidiary Aviall, agreed to acquire Sirus 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.

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

Capital Markets

![Mergers and Acquisitions Graph](image)

![U.S. LBO Loan Volume Graph](image)

![Average EV/EBITDA Multiples for Middle Market Companies Graph](image)

![Average LBO Debt Multiples Graph](image)

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

Source: IMF, WTO, ICAO
The professionals of Dresner Partners’ Aerospace & Defense Group have advised institutions, corporations, and business owners around the country in executing strategic transactions such as a company or divisional sale, strategic acquisition, or a private placement. We provide financial and strategic advice that enables companies and their owners to make informed decisions about their options and understand the value of their strategic assets. We assist companies in executing their financial and strategic alternatives.

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.

John C. Riddle  
Managing Director  
Group Head, Aerospace & Defense  
(312) 780-7203  
JohnRiddle@dresnerco.com

Joe Kacergis  
Vice President  
Director, Aerospace & Defense  
(312) 780-7217  
JKacergis@dresnerco.com

Gian Ricco  
Associate  
Aerospace & Defense  
(312) 780-7230  
GRicco@dresnerco.com

Joe Thomas  
Analyst  
Aerospace & Defense  
(312) 780-7236  
JThomas@dresnerco.com

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.

JAMESON
has been acquired by
CAROUSEL CAPITAL

The undersigned initiated this transaction, assisted in the negotiations and acted as the exclusive financial advisor to Jameson.

Dresner Partners Aerospace & Defense Team

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JKacergis@dresnerco.com

Gian Ricco  
Associate  
Aerospace & Defense  
(312) 780-7230  
GRicco@dresnerco.com

Joe Thomas  
Analyst  
Aerospace & Defense  
(312) 780-7236  
JThomas@dresnerco.com

20 N. Clark Street, Suite 3550 | Chicago, IL 60602 | T: 312.726.3600 | F: 312.726.7448 | www.dresnerpartners.com

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