

Defense Mergers & Acquisitions

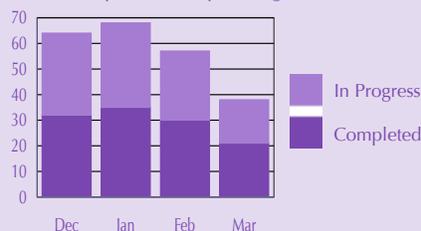
An M&A Review for the Defense and Aerospace Industries

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Activity Index

Deals completed and pending



When a CASA is Not a Home

Call it the Five-Year Itch. Similar to its cousin, the Seven-Year Itch, the Five-Year Itch has its root causes in the ingrained tendencies of Europe's socialist governments to view history in five-year blocks of time. The condition runs its course along these lines: Five years ago, our best and brightest government planners charted a course for "A", but alas, hard knocks and happenstance drove us onto the rocks of "B". Now, with lessons learned and new wonks at the helm, we have again charted course for "A". This time we fully expect that safe harbor in economic nirvana awaits. Or perhaps just another five-year do-over.

Taking this observation from the gen-

eral to the particular, we have the case of government owned Spanish aerospace company CASA, which five years ago was offered up as Spain's contribution to the European Aeronautic Defense and Space Company (EADS).

EADS was a great step forward for Europe. It effectively privatized Aeroespacia and CASA, and took them public in one fell swoop. It gave DaimlerChrysler an exit strategy for its aerospace business. And it was built squarely on the foundation of two very successful joint ventures—Airbus and Eurocopter—which together still account for more than two-thirds of its revenues.

But in an important, and underappreciated, sense, EADS wasn't much of

..... *Continued on page 3*

The MAYA Viz Deal

A soldier who shows the ability to think quickly and act decisively in the danger of a battlefield situation can receive a promotion that would take years to achieve in peacetime.

So it's only appropriate that a technology which directly helps soldiers—and leaders—make such decisions has been receiving a battlefield promotion of its own. And that this success quickly attracted the attention—and, ultimately, the ownership—of one of the Army's leading suppliers of command and control systems, General Dynamics Corp. (NYSE: GD).

CoMotion, the digital-based workspace technology developed over five years by Pittsburgh-based MAYA Viz, went from technology to the workhorse collaboration tool of two U.S. Army divisions in Iraq in less than a year, thanks to the enthusiastic promotion of Gen. Peter Chiarelli, commanding general of the 1st Cavalry. Chiarelli saw the technology displayed in late 2003. In a series of live wargames led by MAYA Viz CEO Steve Roth, Chiarelli saw that combat teams were rapidly able to establish a common situational picture, rather than spending time describing what each saw. Team members experienced a 300 percent productivity jump in conveying information to one another. And the technology was scalable, with two people or 1,000 people able to collaborate simultaneously on an information "blueprint".

Chiarelli immediately told the Army's Vice Chief of Staff that this was the technology for which he had been

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When a CASA is Not a Home *Continued from page 1*

a step forward at all. This negative view of the company rests on the three little noted national operating companies within the joint venture: EADS France, EADS Deutschland, and EADS-CASA. Standing apart from the operating structure of EADS N.V., these companies perform two vital functions: they continue to hold each nation's assets, and they (not EADS N.V., which is a holding company) continue to act as the responsible parties in the export of defense goods.

EADS N.V. cannot appear as a party to a licensed transaction under the International Traffic in Arms Regulations. Only its three national operating companies can. In this important respect the creation of EADS changed nothing at all from the days when Aerospatiale, DASA, and CASA had to clear export sales through their respective national governments.

Thus the three national operating companies perpetuate national divisions which theoretically were done away with five years ago. If EADS could be viewed as a marriage of Aerospatiale, DaimlerChrysler Aerospace, and CASA,

to Spain's attempt to expand its place within EADS.

Spain, with only a 5.5% percent stake in EADS, has no executive authority in EADS: the presidency of the company is split, in perpetuity, between senior partners France and Germany.

Not that EADS-CASA has a bad deal. On the contrary, it's a deal that's envied in many respects by the French and Germans. The Spanish, holding but 5.5 percent of the equity in EADS, are entitled contrac-

tually to perform 10-13 percent of the defense contracts won by the company. But they receive "only" 5.5 percent of work on existing Airbus airliners, and they have spent the past year on the sidelines, veto-less and nervous, as France aggressively moved to take control of EADS from the Germans.

That effort came up short, but was *Continued on page 7*

S*PAIN'S motivations are difficult to divine. Government interference... hard-nosed negotiating... the rising European nationalism to which Spain has certainly not been immune... any and all of these could be at work.*

then EADS France, EADS Deutschland, and EADS CASA could be viewed as that marriage's prenuptial agreement.

And while it's well-nigh impossible to imagine a scenario under which the French or the Germans might decide to jump ship, it's much easier to envision a scenario under which junior partner Spain might. In fact, it is the threat of that action which is giving teeth

The MAYA Viz Deal *Continued from page 1*

waiting for 30 years. And with the 1st Cav scheduled to deploy to Iraq in early 2004, he wasn't willing to wait another day. Chiarelli asked for—and got, in one week—\$8 million to move the product from prototype to production. MAYA Viz dispatched a team to implement the technology in Iraq, often under battlefield conditions. CoMotion became the command and control software not only of the 1st Cavalry Division but of the 3rd Infantry Division as well. And as the software foundation of the U.S. Army's Command Post of the Future (CPOF), it has a bright future.

It is in deals like this one that we see the old industrial paradigm of large prime contractors and smaller support players beginning to break down. All the large players have been talking about,

and executing, a network-centric game: fair enough, but how to do it? Where do you plug into a sensor-to-shooter chain that encompasses satellites, aircraft, vehicles, data links, fixed and mobile command centers, and combat units of different sizes, strengths, and purposes?

And once you've picked your point of entry, what technological approach do you take to it? The primes talk up the idea of systems integration, and putting together systems of systems. Which is appropriate, but just how do you accomplish that? Buy a hardware company? A software company? Buy a company that does neither, and integrates both?

These are the two choices—where you buy in the sensor-to-shooter chain, and

what kind of company you buy—that confront every prime buying into this space. The decision made by General Dynamics on each explains why this is such a smart deal.

First, the point of entry into the sensor-to-shooter chain: MAYA Viz is a company that sits at the far end—the user end—of the chain. This is smart buying: the Army's wartime need is for a system that will save lives and maximize its strength in combat situations. This is where the money is today, and this is what will drive requirements tomorrow. And going forward into the future, knowing what the soldier needs—and knowing, intimately, what he *has*—will give General Dynamics a leg up in addressing requirements throughout the *Continued on page 8*

Price/Revenues Comparisons: Middle Market Transactions (\$50-\$500M)

2002 - Present, All Figures in \$M

Price	Rev.	P/R	Acquired/Targeted	Buying
2005 (Weighted Average of Price/Revenues: 116%)				
\$278.0	\$129.7	214%	CAE, Inc. [Marine Controls Div.] (Canada)	L-3 Communications Corp.
\$151.5	\$95.0	159%	Spacelink International, LLC	Engineered Support Systems, Inc.
\$185.0	\$155.0	119%	General Dynamics Corp. [Propulsion Systems]	L-3 Communications Corp.
\$94.0	\$90.0	104%	Teldix GmbH (Germany)	Rockwell Collins, Inc.
\$440.0	\$425.0	104%	SYTEX Group, Inc., The (TSGI)	Lockheed Martin Corp.
\$215.0	\$256.0	84%	Resource Consultants, Inc. (RCI)	Serco Group plc (U.K.)
\$260.0	\$770.0	34%	Johnson Controls World Services Inc. (JCWS)	IAP Worldwide Services, Inc.
2004 (Weighted Average of Price/Revenues: 180%)				
\$50.0	\$8.1	818%	Yakovlev Design Bureau (Russia)	JSC Scientific Production Corporation Irkut
\$49.5	\$13.3	372%	SSP Solutions, Inc.	SAFLINK Corp.
\$277.5	\$76.2	364%	Secure Computing Corp.	CyberGuard Corp.
\$190.0	\$55.0	345%	Indigo Systems Corp.	FLIR Systems, Inc.
\$260.0	\$88.9	292%	REMEC, Inc. [Defense & Space]	Cobham plc [Chelton Microwave] (U.K.)
\$110.0	\$50.0	220%	Integrated Aerospace, Inc.	Smiths Group plc (U.K.)
\$507.0	\$234.0	217%	Agfa [non-destructive testing business]	General Electric Co. [Aircraft Engines]
\$49.0	\$23.0	213%	Synergy Microsystems, Inc.	Curtiss-Wright Corp.
\$75.0	\$37.0	203%	SensIR Technologies, LLC	Smiths Group plc (U.K.)
\$57.6	\$28.5	202%	Progressive, Inc.	Heroux-Devtek, Inc. (Canada)
\$415.0	\$250.0	166%	American Management Systems, Inc. [DIG]	CACI International, Inc.
\$165.0	\$100.0	165%	PSI Group	Alliant Techsystems, Inc. (ATK)
\$111.5	\$71.0	157%	TRAK Communications, Inc.	Smiths Group plc (U.K.)
\$92.0	\$60.0	153%	Specialty Group, Inc., The	Armor Holdings, Inc.
\$110.0	\$72.0	153%	Dy 4 Systems, Inc. (Canada)	Curtiss-Wright Corp.
\$163.0	\$120.0	136%	Foster-Miller, Inc.	QinetiQ Ltd. (U.K.)
\$105.0	\$82.0	128%	Racal Instruments Group	EADS N.V. [North America] (Netherlands)
\$81.9	\$64.2	128%	Advanced Composites Group Holdings Ltd. (U. UMECO plc (U.K.)	
\$215.0	\$175.0	123%	Mission Research Corp.	Alliant Techsystems, Inc. (ATK)
\$145.0	\$120.0	121%	Leach Holding Corp.	Esterline Technologies, Inc.
\$70.0	\$60.0	117%	Scott Aviation	Groupe Zodiac S.A. (France)
\$53.4	\$47.0	114%	Impact Innovations Group LLC (government)	Dynamics Research Corp. (DRC)
\$197.0	\$898.0	112%	Elbit Systems Ltd. [19.6%] (Israel)	Federmann Enterprises Ltd. (Israel)
\$90.0	\$90.5	99%	SCB Computer Technology, Inc. (SCB)	CIBER, Inc.
\$452.0	\$640.0	99%	Alvis PLC (U.K.)	BAE Systems plc (U.K.)
\$65.8	\$70.4	93%	MATCOM International Corp.	SI International, Inc.
\$130.0	\$140.0	93%	Westar Aerospace & Defense Group, Inc.	QinetiQ Ltd. (U.K.)
\$49.4	\$59.6	83%	User Technology Associates, Inc. (UTA)	DigitalNet Holdings, Inc.
\$66.0	\$80.0	83%	Orkand Corp.	Harris Corp.
\$80.3	\$508.2	59%	Industria de Turbopropulsores (ITP) [26.565%]	Sener Ingenieria & Sistemas S.A. (Sener)
\$163.0	\$350.0	47%	FLS Aerospace Ltd. (Denmark)	SR Technics (Switzerland)

Price/Revenues Comparisons: Middle Market Transactions

- CONTINUED -

Price	Rev.	P/R	Acquired/Targeted	Buying
2003 (Weighted Average of Price/Revenues: 156%)				
\$170.0	\$35.0	486%	Solipsys Corp.	Raytheon Co.
\$188.7	\$100.0	189%	Goodrich Corp. [Avionics Systems]	L-3 Communications Corp.
\$94.5	\$51.5	183%	Weston Group (U.K.)	Esterline Technologies, Inc. [Aerospace]
\$543.0	\$304.4	178%	Integrated Defense Technologies, Inc.	DRS Technologies, Inc.
\$73.0	\$43.7	167%	Northrop Grumman Corp. [Life Support]	Cobham plc (U.K.)
\$138.0	\$86.7	159%	Signal Technology Corp.	Crane Co. [Aerospace]
\$110.5	\$73.4	151%	Simula, Inc.	Armor Holdings, Inc.
\$158.0	\$133.0	119%	Northrop Grumman Corp. [Poly-Scientific]	Moog, Inc.
\$116.0	\$364.0	110%	Alvis PLC [28.95%] (U.K.)	BAE SYSTEMS plc (U.K.)
\$193.5	\$244.0	109%	Aermacchi S.p.A. [67.2%] (Italy)	Finmeccanica S.p.A. (Italy)
\$87.4	\$80.0	109%	Bombardier, Inc. [Military Aviation Services]	L-3 Communications Corp.
\$68.7	\$63.0	109%	MCE Technologies, Inc.	Aeroflex, Inc.
\$125.0	\$125.0	100%	NLX Corp.	Rockwell Collins, Inc.
\$144.0	\$150.0	96%	Atlantic Research Corp. (ARC)	GenCorp, Inc. [Aerojet General]
\$51.2	\$60.0	85%	R.M. Vredenburg & Co.	American Management Systems, Inc. (AMS)
\$107.0	\$137.0	78%	Soza & Company, Ltd.	Perot Systems Corp.
\$91.6	\$130.5	70%	Information Spectrum, Inc. (ISI)	Anteon International Corp.
\$82.0	\$120.0	68%	MEVATEC Corp.	BAE SYSTEMS plc [North America] (U.K.)
\$65.9	\$115.0	57%	Technical and Management Services Corp.	Engineered Support Systems, Inc.
2002 (Weighted Average of Price/Revenues: 108%)				
\$103.5	\$45.0	230%	Jaycor, Inc.	Titan Corp. [Titan Systems]
\$146.0	\$65.2	224%	BAE SYSTEMS PLC [Adv. Systems]	Integrated Defense Technologies, Inc.
\$110.2	\$51.8	213%	Paravant, Inc.	DRS Technologies, Inc.
\$67.5	\$45.0	150%	BAE SYSTEMS Information & Electronic	Esterline Technologies, Inc. [Advanced]
\$90.0	\$60.0	150%	General Dynamics Corp. [O&TS business]	GenCorp, Inc. [Aerojet General]
\$101.9	\$78.0	131%	Condor Systems, Inc.	EDO Corp.
\$52.0	\$40.0	130%	Boeing Co. [ordnance operations]	Alliant Techsystems, Inc. (ATK)
\$257.0	\$198.4	130%	Advanced Technical Products, Inc.	General Dynamics Corp. [Armament Systems]
\$124.3	\$106.2	117%	Wescam Ltd. (Canada)	L-3 Communications Corp.
\$69.1	\$60.0	115%	Aegis Research Corp.	ManTech International Corp.
\$92.2	\$90.0	102%	Eaton Corp. [Navy Controls Div.]	DRS Technologies, Inc.
\$53.4	\$55.0	97%	Technology, Management and Analysis Corp.	L-3 Communications Corp.
\$135.0	\$140.0	96%	Northrop Grumman Corp. [divisions]	L-3 Communications Corp.
\$59.5	\$62.2	96%	Spirent plc [Aerospace Solutions] (U.K.)	Curtiss-Wright Corp. [Motion Control]
\$227.0	\$252.0	90%	SIGNAL Corp.	Veridian Corp.
\$305.0	\$431.7	71%	United States Marine Repair, Inc. (USMR)	United Defense Industries, Inc.
\$225.2	\$374.0	60%	Getronics Government Solutions LLC	DigitalNet, Inc.
\$503.6	\$850.0	59%	EG&G Technical Services Holdings, LLC	URS Corp.
\$79.9	\$146.0	55%	Westinghouse Electro-Mechanical Div.	Curtiss-Wright Corp. [Flow Control]

Mastering the Federal Contractor Merger

Paul Serotkin
President, Minuteman Ventures

Guest Article

“Deal success is not random,” assert authors David Harding and Sam Rovit in the new book *Mastering the Merger*.

That’s particularly true for corporate deal-makers operating in the federal sector.

While study results differ, the authors cite one public survey that shows a mere 30% success rate among big company mergers. And, yet, virtually all Fortune 500 companies are the product of multiple deals.

So are the public federal services firms.

Several went public in 2002, using IPO capital to acquire aggressively. Other long-time buyers, such as Titan, rapidly built their portfolios through M&A as well.

So what do the authors cite as successful acquirer characteristics? They:

1. ...are active deal makers that make acquisition execution a core competence.
2. ...cut their teeth on small deals (relative to the buyer size) and graduated to larger ones. In fact, their research shows that the acquirers with the best shareholder returns typically bought firms no larger than 15% of their size.
3. ...succinctly define their core business, then invest in and defend it (liberally using M&A)

4. ...buy high growth assets. Seems obvious, but in practice this point is both controversial and stands popular business operation on its head. Responding to Wall Street, acquirer CEOs and CFOs insist that acquisitions be immediately or shortly ‘accretive’ to earnings, i.e., earnings per share (EPS) must increase as a result of the deal. The authors show such a standard is not even necessarily desirable; their survey indicate that true value is more often achieved by buying ‘dilutive’ targets (the opposite of accretive, in terms of the acquired firm’s effect on the buyer’s EPS) in that the latter companies are growing faster.

Several companies in the federal services sector epitomize this view of M&A excellence. Two that quickly come to mind are Anteon and CACI.

Both followed the authors’ prescription for success.

Anteon (NYSE:ANT), which went public in Q1 2002, has acquired three firms since then — ISI, STI, and IMSI, with respective reported revenue of \$130 million, \$20 million and \$30 million, well within the 15% seller-buyer ratio recommended.

Prior to that, as a private capital backed entity, the company had completed a series of transactions, one a year on average since its formation in 1996. With the exception of Analysis & Technology, at \$170 million in revenue, it did not breach the 15% rule. In the case of A&T, the company added scale

needed to thrust it into sector elite status, while deepening its core base in IT and engineering services in the Navy and other armed services branches.

The stock market liked all its post-IPO deals, with the stock price running to new plateaus in mid-2003 and mid-2004.

Similarly, CACI (NYSE:CAI) has been a remarkably disciplined acquirer. In its seven announced transactions from 2001 through April 2004, the company acquired firms in the revenue range of \$12 million to \$55 million, well within the 15% threshold.

Those transactions enabled CACI to reinforce its brand as technology services provider in intelligence and defense markets.

With the capital market for federal contractors steadily improving and its reputation as acquirer firmly entrenched, CACI stepped up in May 2004 to buy the defense piece of American Management Systems, a \$250 million entity. At that, though, with CACI now well over \$1 billion in revenue, the 15% line was only marginally breached.

One could argue that these venerable federal contractors ‘did M&A right’ — embedding acquisition as a core competency, buying right-sized firms relative to their capacity, and investing and defending their core business.

For more on the book, *Mastering the Merger*, go to www.masteringthemerger.com.



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Nuts and bolts

Precision Castparts Corp. (NYSE:PCP) completed its acquisition of privately held **Air Industries Corp. (AIC)** and the assets of **Air Tuf Products, Inc.**

Precision Castparts paid \$194 million for Garden Grove, Calif.-based AIC, a manufacturer of airframe fasteners, which include bolts, pins, and screws made from titanium and nickel-based alloys.

PCC chairman and chief executive officer Mark Donegan stated: "Since our successful acquisition of SPS Technologies in December 2003, we have been actively pursuing aerospace fastener manufacturers that would 'tuck in' with our existing product line, and AIC fits squarely into that strategy. AIC's significant presence in structural airframe bolts and its expertise in titanium fastener products will greatly expand our manufacturing capabilities and the range of fastener product families we can offer to our customers."

Miscellany

SAIC completed the sale of subsidiary **Telcordia Technologies, Inc.**, a leading provider of telecommunications software and services, to private equity firms **Providence Equity Partners** and **Warburg Pincus**.

Telcordia, based in Piscataway, N.J., is the leading provider of enabling software for communications networks. The company's solutions handle the complex tasks required to develop, maintain, monitor and fix today's carrier networks carrying over 80 percent of U.S. telephony traffic.

SAIC is realizing \$1.35 billion from the sale of Telcordia, nearly double the \$700 million it paid for the company in 1997. That's a decent return given the meltdown in the telecommunications marketplace that marked much of the seven-year period in which SAIC owned the business.

The sale of Telcordia whittles down SAIC's revenues base by about 15

CASA

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a harbinger of management change at EADS. The amicable rapprochement between co-CEOs Philippe Camus and Rainer Hertrich is giving way to what is likely to be a more territorial relationship between Noel Foregard and Tom Enders, each a star in his own right. As these parties set their boundaries, Spain is anxious that its interests not get short shrift.

An early test of that issue will be provided by the A350 program. Airbus has been endeavoring to sell this program to airlines as being substantially more than a warmed-over A330-200. But as it does so it is having to guard its flank internally. Because if the A350 is categorized as a new project, then EADS CASA will be entitled to 10-13% of the work. This is at least double the 5% share it would have if the A350 were deemed to be a development of the A330.

This is the background against which to judge Spain's current campaign to lift its stake in EADS from 5.5 percent to a higher figure—the figure of 10 percent is most often mentioned.

Spain's motivations are difficult to divine. Government interference... hard nosed negotiating... the rising European nationalism to which Spain has certainly not been immune... any and all of these could be at work. For our purposes boiling down this welter of motivations to the simple shorthand of the "Five Year Itch" suffices. And we do think that the Spanish are onto something.

Much has been made of the fact that Spain continues to own 100% of SEPI, the holding company which owns much of Spain's aerospace and defense industry. But state ownership has been almost beside the point for Spanish industry, which has generally teamed well with private industry, formed viable joint

ventures with private industry, and has consistently operated at a profit. (In terms of teaming arrangements, shipbuilder Navantia (ex-Izar) has, through a joint venture with Lockheed Martin, become the only shipbuilder outside the U.S. to build and export AEGIS-equipped naval vessels.)

Along these lines we'd note, too, that France's privatization moves have been driven at least in part by a burning desire to spearhead European defense and aerospace consolidation. Spain shares no such ambitions, and thus, feels less incentive to take its defense industry private. But there is nothing doctrinaire in its approach: when it came time to cut off money-losing land systems company Santa Barbara Sistemas from the public till, it not only sold the company outright, it even selected an *American* buyer (General Dynamics). Would the French government in a similar situation have been able to make the same call? (With Giat Industries on its hands, the question is hardly academic.)

It is less useful to compare Spain with France or Germany than with Italy, Turkey, or even Israel. Its interests, like theirs, are to develop areas of demonstrated competence in market niches, and to use those niches to advance the interests of domestic industry. Spain leads Europe in the area of transport aircraft, but has seen design and manufacturing on the A400M aircraft slip through its fingers and back to France and Germany (leaving it with only the final assembly line, the traditional sop to junior partners and developing nations). It has considerable expertise in composites. It possesses formidable aerostructures capabilities in Gamesa, formidable space component manufacturing capabilities in EADS-CASA, and world-class shipbuilding capabilities

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percent. This fact becomes interesting in light of Ken Dahlberg's goal of doubling the company's revenues over five years.

With more than \$1.35 billion jingling in its pockets, SAIC will suddenly have the means to make bigger deals. And given Ken Dahlberg's ambitions, we have no doubt that the company will.

▼
Advanced Photonix, Inc. (AMEX: API) signed a merger agreement to acquire **Picotronix Inc.**, a privately held company doing business as **Picomatrix**, for \$15.7 million in cash and stock.

Ann Arbor, Mich.-based Picomatrix is a developer and manufacturer of ultra high-speed photoreceivers used in telecommunication, data communication, and test & measurement markets and terahertz instrumentation for scientific, industrial, and defense/homeland security markets.

▼
Dynasil Corporation of America (OTCBB: DYSL) completed its acquisition of **Optometrics LLC** of Ayers, Massachusetts.

Optometrics LLC, which has been renamed Optometric Corp. (www.optometrics.com), is a supplier of optical components including diffraction gratings, lenses, thin film filters, laser optics, monochromators, and specialized optical systems and software.

Terms of the transaction were not disclosed.

▼
Spectrum Sciences and Software Holdings Corp. (OTCBB: SPSC.OB) completed its acquisition of **Coast Engine and Equipment Co., Inc. (CEECO, Inc.)**, a Florida based company.

CEECO, with a 15,000 sq. ft. facility located in Port Canaveral, Florida, provides ship repair, metal fabrication, and design services to both commercial and governmental clients. The company was acquired for \$300,000.

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sensor to shooter chain.

On the second choice, General Dynamics has bought, pure and simple, a software company. This is an interesting choice, since the obvious route (under the old industrial paradigm) would have been to buy an integrator and subcontract out both the hardware (a commodity, and a perishable one at that) and the software (which is emphatically *not* a commodity, but which holds certain perils for larger, less nimble owners).

But the new industrial paradigm as it pertains to C4ISR says: damn the torpedoes, and buy the software company. What attracted the U.S. Army to the CoMotion system was the knowledge advantage it could give to its soldiers. The knowledge, simply put, is in the software, and that's where a prime

contractor wants to be: responsible, at the highest level, for providing the item which its customer requires. CoMotion, as the software centerpiece of the Command Post of the Future (CPoF) program, is off to a great start, combat tested, and assuredly can look forward to a future full of revisions, upgrades, and maintenance.

We wonder what General Dynamics paid for this company. Our analysis leads us to view this as a smaller version of the Raytheon/Solipsys deal—and to suspect that, pound for pound, it was just as expensive.

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in Navantia. It has reason, in short, to feel it can get a better deal than it has gotten.

For now Spain, and its Socialist government, has pinned its hopes with EADS and Europe. Doubling its stake in EADS to ten percent would cost it about 900 million euros. Since these are shares that are available today on the open market, Spain could just have gone ahead and purchased them.

Instead Spain has chosen to stand pat and talk about it. In so doing it has telegraphed its true intent: not just to own *more* of EADS, but to have a better deal *within* EADS. More technological content, and less of the low-tech leftovers. If it can't get that—if Tom Enders and Noel Foregard forget EADS' junior partner in their own jockeyings for advantage—then Spain just might

choose to look westward instead of eastward.

The Spanish have built jump jets with Boeing, frigates with Lockheed Martin, and tanks with General Dynamics. The world's largest and most dynamic defense market is exerting a powerful magnetism, and the European nation to which it is geographically closest is certainly not immune to the pull. Nor is it above using that pull in bargaining with its French and German partners.

U.K.

On April 20 the U.K. Dept. of Trade and Industry accepted statutory undertakings relating to the acquisitions of parts of the military communication and avionics businesses of **BAE Systems plc** (LSE: BA.L) by Italy's **Finmeccanica S.p.A.** (Milan: SIFI.MI).

The two documents allow the acquisitions as requested by the companies, but keep the businesses under the management of U.K. nationals, under the control of U.K. boards, and provides the U.K. government with "golden share"-esque guarantees that the businesses cannot be re-sold by Finmeccanica without its approval.

Details regarding the two transactions are spelled out in PDF-formatted documents which can be downloaded at <http://www.dti.gov.uk/ccp/topics2/mergerspi.htm>.

On the Continent

L-3 Communications (NYSE: LLL) sold a 60 percent stake in the Turkish military software company **Aydin Yazilim Ve Elektronik San A.S. (AYESAS)**, to Turkey's top exporter, Istanbul-based **Vestel Elektronik Sanayi Ve Ticaret AS**.

Vestel, one of Turkey's top business conglomerates, has interests ranging from home appliances and hardware production to banking. Ayesas is Turkey's top ranked exporter of software. Sales are primarily to U.S. defense companies, including Boeing, Rockwell Collins, L-3 Communications and Lockheed Martin. France's Thales is another leading customer.

During Sept. 2004 L-3 acquired the Ayesas stake from Turkish construction company Metis. An Ayesas source said that L-3 bought the stake with the intention of selling it to another Turkish company. L-3 Communications will continue to own the remaining 40 percent shares in Ayesas, which it acquired during the mid-1990s.



The Curtiss-Wright/Indal Technologies Deal

During March Curtiss-Wright completed its first acquisition of 2005: Canadian shipboard helicopter handling systems specialist Indal Technologies.

Curtiss-Wright may be a name that evokes the storied dawn of the aviation era, but when one substitutes green eyeshades for rose-colored glasses, one of the first things that becomes apparent is the company's determined push into the naval hardware sector:

-- In November 2004 the company acquired the Government Marine Business Unit ("GMBU") division of Flowserve Corp., a \$26 million/year supplier of pumps for the U.S. Navy nuclear submarine and aircraft carrier programs and non-nuclear surface ships.

-- In June 2004 the company bought Britain's Primagraphics Holdings Ltd., a \$12 million/year developer of radar processing and graphic display systems used throughout the world for military and civil applications, such as ship and airborne command and control consoles, vessel tracking, air traffic control and air defense systems;

- In October 2002 it bought \$146 million/year Westinghouse Electro-Mechanical Div., a designer and manufacturer of pumps, motors, generators, and other electro-mechanical equipment for the U.S. Navy. (Worth noting: revenues-wise, this is the biggest business Curtiss-Wright has ever bought.)

Collectively these deals have added some \$185 million to the company's bottom line, and the Indal deal will increase that total to \$230 million. For a company whose total 2004 revenues were \$955 million in 2004, that's approaching one quarter of the total top line.

From an organizational perspective Curtiss-Wright has elected to integrate these businesses half on the customer-facing model, half on the technological model. The Westinghouse and Flowserve GMBU businesses, with their obvious

product line matchups, have together gone into Curtiss-Wright's Flow Control segment. But Primagraphics has gone into the Embedded Computing business area of Curtiss-Wright Controls, where its technological fit with other subsidiaries providing embedded computing systems appears to have outweighed the advantages of integration with the company's other naval businesses.

Similarly, Indal is being integrated into the Engineered Systems business of Curtiss-Wright Controls. This business can be thought of as splitting the difference, technologically, between the purely mechanical offerings of the Flow Control segment and the computer hardware offerings of the Embedded Computing business. Engineered Systems is about precision control of mechanical systems like aircraft control surfaces, canopies, cargo doors, and weapons bay doors.

Until now Engineered Systems' offerings have been focused on the aircraft marketplace. This deal expands that lineup to naval systems like helicopter landing systems, telescopic hangars, and cable handling systems. This is precisely the kind of technological transfer that the company has made the organizational basis for its Embedded Computing business.

Going forward, it will be interesting to see how Curtiss-Wright builds on the technological and customer-facing aspects of its naval business. And also to see whether there is any response from L-3 Communications, which in its time has racked up some acquisitions of naval equipment suppliers of its own. The L-3 business focuses on subsystems that manage, control, distribute, protect and condition electrical power in surface ships and submarines. Technologically the L-3 and Curtiss-Wright businesses have no overlap—but they sure do face some of the same customers.

Cyclone Aviation Products Ltd., a Carmiel, Israel-based subsidiary of **Elbit Systems, Ltd.** (Tel Aviv: ESLT.TA; NasdaqNM: ESLT) completed its \$7 million acquisition of the business activities of the Aircraft Systems Division of **Israel Military Industries Ltd. (IMI)**.

The Aircraft Systems Division of state-owned IMI makes weapon pylons and external fuel tanks for fighter aircraft. Its customers include Israel's Defense Ministry, the U.S. Defense Department, U.S. aviation companies and others.

The division's revenues in 2004 were approximately \$8 million, down from the \$14 million recorded in 2003.

U.S. Activity Overseas

XCEL Corp. Ltd. (XCEL), the U.K. subsidiary of **EMRISE Corp.** (OTCBB: EMRI.OB), completed its acquisition of all of the outstanding capital stock of **Pascall Electronics Ltd.**, a U.K.-based subsidiary of **Intelek plc** (LSE: ITK.L).

Total consideration for the transaction was \$9.05 million, subject to certain adjustments. Pascall manufactures a range of proprietary power systems and radio frequency (RF) products. Over 75 percent of these products are exported, primarily to the U.S. market.

▼ **MTC Technologies, Inc.** and subsidiaries (NASDAQ: MTCT) purchased the assets of **Eagle-D GmbH**, a subsidiary of **Eagle Support Services** of Huntsville, Alabama. MTC will integrate this activity into its newly established branch office in Speyer, Germany.

The company said that the acquisition "will enhance MTC's reconstitution efforts for the U.S. Army. Late in 2004, the Army awarded MTC a \$35 million, prime contract to reconstitute the 1st Armored Division's Class VII equipment (major end items) upon its redeployment from Iraq. Eagle-D's assets, which include a skilled workforce and two ongoing contracts, are an effective fit with this effort. Additionally, this

Arotech. *Arotech Corp. (NasdaqNM:ARTX), a provider of defense and security products for the military, law enforcement and security markets, announced record results for the year ending December 31, 2004.*

Revenues were \$50 million, an increase of 188% over 2003. Adjusted EBITDA was \$1.8 million compared to negative adjusted EBITDA of (\$2.2) million for 2003.

Looking forward to 2005, Erlich stated that "In 2005, in addition to growing the Company internally, we will continue to focus on growth opportunities through strategic acquisitions that will significantly contribute to our operating results."

AROTECH is projecting that adjusted EBITDA from existing operations will triple in 2005.

Herley Industries. *A month after completing its acquisition of Innovative Concepts, Inc., Herley Industries, Inc. (NASDAQ: HRLY) issued a highly unusual press release spelling out what the deal meant for the defense electronics company and its M&A program going forward.*

Herley president John Kelley said that the deal "completed Phase 1 of the business strategy outlined at Herley's Annual Shareholders meeting in January". He said that completing this phase allowed the company to "increase the criteria needed to meet our minimum acceptance threshold" as it "continue(s) to explore acquisition complementary opportunities".

The release notes that the acquisitions of ICI and Micro Systems have given it a "leadership position in next-generation seeker technology for missiles and other unmanned requirements" and as "the primary supplier of command & control systems" for "sub-scale targets."

Not satisfied yet with these moves up the feeding chain, the company noted that it has \$15 million in cash remaining from its 2002 stock offering, with which it continues to seek "a microwave partner with strong manufacturing skills and the financial resources to take advantage of our business opportunities."

SEPI. *Enrique Martinez Robles, chairman of Spanish government holding company Sociedad Estatal de Participaciones Industriales (SEPI), said on April 4, 2005 that the government and private Spanish investors should increase their stake in EADS N.V. (Paris: EAD.PA; Berlin: EAD.BE).*

Speaking at an economic forum organized by the Europa Press news agency, Robles said that private Spanish stakes in EADS are "very weak" and said that an increase would be desirable. He stated: "An increase in participation in EADS should not consist merely of additions of public but also private capital and also concern the production process."

The Europa Press news agency reported his comments.

Robles did not quantify the size of the equity increase he envisions in EADS. He did, however, mention some numbers with respect to Airbus, which accounts for the bulk of EADS' revenues. He said that Spain should target a stake of 5-10 percent in Airbus, ownership of which is currently split between EADS, with an 80% stake, and BAE Systems PLC (LSE: BA.L), with a 20% stake. Robles stated: "We are working on reaching this target."

Spain's position with respect to EADS is discussed fully on the first page of this newsletter ("When a CASA is Not a Home").

Thales. In a brief interview with industry periodical Flight International, Alex Dorrian, chief executive of Thales UK plc, the British subsidiary of Thales S.A. (Paris: TCFP.PA), said that the company continues to seek acquisitions in the U.K.

Dorrian said that while company doesn't "feel driven by an urgent timescale", it is "certainly look[ing] for acquisition opportunities in the U.K., but perhaps with more focus." He said that Thales continually "seeks to enhance [its] multidomestic presence globally."

Any acquisitions, he said, would need to be consistent with the company's current focus on defense, security and services markets.



Atlas Elektronik GmbH. BAE Systems plc (LSE: BA.L) is "seriously" considering a sale of German underwater weapon systems business Atlas Elektronik GmbH.

BAE Systems has owned the business since August 2003, when it split the STN Atlas Elektronik GmbH joint venture with partner Rheinmetall AG (DAX: RHMG). BAE Systems took the joint venture's naval systems business, which it renamed Atlas Elektronik GmbH.

According to a report appearing in The Independent, the purchase price is expected to be in the vicinity of 290-370 million euros (\$380-480 million). Atlas employs 1,600 people. Revenues in 2004 were about 300 million euros (\$390 million).

According to the report appearing in The Independent, bidders for the business are expected to include EADS, Thales, L-3 Communications, and The Carlyle Group.

In an interview in Aviation Week & Space Technology, Finmeccanica chairman and CEO Pier Francesco Guarguaglini said that his company too is taking a strong interest in the business: "If BAE wants to sell, we are the first one they are going to call."

Atlas Elektronik develops and produces sonar for submarines and surface ships; integrated combat systems for submarines and surface ships; and mine warfare systems (sonar, command, weapons). It would present an interesting combination with Finmeccanica's own naval business, a developer and producer of combat systems, command and control systems, torpedoes and other underwater weapon systems, sensors, surveillance and combat systems.

BAE Systems has been monetizing selected assets in Europe and building its business in the U.S. It has reduced its stake in Sweden's Saab Systems and sold a net one billion euros worth of assets of Finmeccanica through the "Eurosystems" series of transactions. There are rumors it may be interested in selling its 37.5% stake in missile joint venture MBDA Missile Systems.

In the article appearing in The Independent, a BAE Systems spokesman is quoted as saying that "We are not turning our backs on Europe, but there are more opportunities in the U.S." The article said that BAE Systems considers defense markets in France and Germany to be virtually closed to foreign owners.

(Cont'd)

ON THE BLOCK

transaction further solidifies MTC's long-term objective to expand into the European market."

Under the prime contract with MTC, Eagle-D (also known as Eagle Deutschland) is one of the two subcontractors at which actual reconstitution activities are taking place (the other is Mainz-based MIP GmbH).

▼
Alteon Training, LLC announced the creation of a new training joint venture company, **CasaAero Training**, with **Royal Air Maroc**.

Based in Casablanca, Morocco, CasaAero Training will operate out of the airline's existing training center, which currently is equipped with a 737-300/400/500 full flight simulator. Alteon will support the venture with the addition of a new 737-600/700/800 full flight simulator scheduled to be in place in the first quarter of 2005.

Foreign Activity Here

On April 19 the Committee on Foreign Investment in the United States (CFIUS) gave its approval to plans by **BAE Systems North America** to acquire **United Defense Industries, Inc. (NYSE: UDI)**. The companies plan to close the transaction by midyear, pending shareholder and other regulatory approvals.

Among those sought-after approvals is anti-trust clearance from the U.S. Dept. of Justice (DoJ). This approval would ordinarily have been expected at this time, but 22 days of the 30-day initial review period had already elapsed before DoJ and the Federal Trade Commission had settled which would review the transaction.

▼
Canada's **Onex Corp.** (TSX: OCX-SV.TO) has asked the International Association of Machinists and Aerospace Workers union, the largest union to represent employees of the commercial aircraft operations in Kansas and Oklahoma of **Boeing Co.** (NYSE: BA), to accept cuts in wages and benefits.

In a memo to IAMI members, president Steve Rooney said that Onex has asked for cuts, which he did not specify, in all areas of the union's collective bargaining agreement with Boeing.

Rooney said that the deal is contingent on Onex reaching agreement with Boeing's unions. He said that Onex officials had told him that without union approval, Onex "could walk away and owe Boeing nothing."

The IAMI represents about 5,000 employees on the commercial side of Boeing's business in Wichita, and another 1,000 on the defense side.

Onex intends to invest about \$1 billion in the Kansas and Oklahoma sites over the "next few years." It has said that the investment is part of a larger package to make the operations leaner and more competitive. It has not heretofore taken a position with respect to jobs.

▼ **Serco Group plc** (LSE: SRP.L) completed its acquisition of **RCI Holding Corp.**, parent company of **Resource Consultants, Inc. (RCI)** of Vienna, Va., from **CM Equity Partners**, the majority owner, and other shareholders.

RCI is a provider of systems engineering, IT services, supply chain management and business process management services to the U.S. Dept. of Defense and other federal agencies. The majority of its contracts are of a lower risk 'cost plus' or 'time and materials' nature.

Serco's North American business employs 2,000 people and operates at the federal, state and local level. Serco North America had 2003 revenues of \$127 million. Key activities include air traffic control for the FAA, fleet management and local government services. Serco CEO Christopher Hyman said: "North America is one of our chosen markets."

The acquisition of RCI will more than double Serco's North American headcount, to 5,000 people, and triple revenues, to \$385 million.

ON THE BLOCK (Cont'd)

The article further states that a domestic buyer may be preferred for the company due to the classified nature of the electronics systems supplied to the German navy.

Avcraft Aerospace. *Here we go again: AvCraft Aerospace GmbH, the successor organization to Fairchild Dornier, is once again passing through receivership, after having filed for insolvency last month.*

The company's preliminary administrator, Martin Prager, says that there is a "realistic chance" of the company emerging from this second trial intact, and ready to continue production of the Dornier 328JET.

In an interview with Flight International, Prager said that "early discussions with potential investors are very encouraging." He notes that a buyer will face no development costs, will pick up an experienced management team, and will immediately be able to resume production of a product with an "outstanding" reputation in the marketplace.

Prager said that he would entertain a buyer from either industry or the private equity sector. He hopes to be able to name a buyer for the business by the start of June.

Leesburg, Va.-based AvCraft Aviation acquired the Dornier 328Jet production line from Fairchild Dornier in February 2003. Full production of the 328JET resumed 15 months later, but was marked by higher-than-anticipated costs to restart the line. Prager said that delays of several months in making deliveries of four aircraft interrupted AvCraft's cash flow, forcing the company to cut loose the German business.

Prager said that a new owner with a stronger financial basis would bring back customers who have distanced themselves from the company while continuing to be enthusiastic about the 328JET. Prager stated: "The Dornier 328JET is a good aircraft for growing niche markets and has attracted orders accordingly."

The \$215 million acquisition was analyzed on page 9 of the December 2004 issue of *DM&A*.

Israel's **TAT Technologies Ltd.** (NASDAQ/NMS: TATTF) signed a Letter of Intent to acquire in cash 100% of an U.S. company which repair and overhaul various aircraft accessories.

While declining to state the planned purchase price, TAT said that the "revenue of the acquired company for the year 2004 was around \$27.5M."

Defense Industries International, Inc. (OTCBB: DFNS.OB) signed a definitive agreement to acquire all of the outstanding shares of **Owen Mills Co.**, a Los-Angeles based manufacturing and service company specializing in military and industrial sewing of marine and ballistic fabric products. The cash-and-stock transaction has a total value of \$400,000.

Activity Outside the Industry: ACQUISITIONS

Price	Rev.	Buying	Acquired	Sector
\$1,800.0	\$1,200.0	Cytec Industries	UCB Group [Surface Specialties] (Belgium)	Specialty chemicals
	\$10.0	DPAC Technologies	QuaTech	Financial networking
\$1.8		Gamesa (Spain)	Especial Gear Transmissions (Spain)	Energy utility
\$2,300.0	\$2,700.0	Honeywell International	Novar plc (U.K.)	Intelligent building sys.
		National Technical Services	Phase Seven Laboratories	Network product testing
		Oshkosh Truck	London Machinery (Canada)	Concrete mixers
\$925.0	\$330.0	Smiths Group (U.K.)	Medex, Inc.	Medical equipment

DIVESTITURES

Price	Rev.	Buying	Acquired	Sector
\$8.4		investors	Aeroflex [business]	Shock/vibration controls
\$431.0	\$556.0	Valeo (France)	Johnson Controls [auto engine electronics div]	Automotive engine electronics
\$142.6		public	Northrop Grumman [TRW Automotive] (9.7%)	Automotive
\$118.0		Powerwave Technologies	REMEC Wireless	Wireless products
\$1,350.0	\$1,000.0	Warburg Pincus, Providence Equity Partners	SAIC [Telcordia Technologies]	Telecms software
	\$834.0	Swiss Steel [Switzerland]	ThyssenKrupp [long steel business]	Steel

U.S. M&A Highlights for March

..... Continued from page 2

of Lockheed Martin. Lockheed Martin and TSGI concluded that the customers of MacAulay Brown would be best served if it remained as a complete business independent of Lockheed Martin. MacAulay Brown will continue to be owned by the previous owners of TSGI.

Sensis/Seagull Technology

Privately held Sensis Corp. signed a definitive agreement to acquire the assets of Seagull Technology, an engineering firm specializing in transportation, information, and control system technology for the aerospace industry. Seagull will bring Sensis modeling and simulation experience, aviation operational concept development, advanced automation systems development, and expertise in navigation systems.

Terms of the transaction were not disclosed. Seagull has approximately 40 employees.

Telephonics/Systems Engineering Group

Telephonics Corp., a wholly owned subsidiary of the Grifon Corp. (NYSE: GFF), acquired The Systems Engineering Group (SEG).

Columbia, Md.-based SEG will be operated as a wholly owned subsidiary of Telephonics Corp. and will remain within its existing facilities in Columbia, Maryland, Dahlgren, Virginia and Moorestown, New Jersey.

Telephonics is a company more often mentioned as an acquisition prospect than as a buyer. But the acquisition of SEG is the second small acquisition announced by the company during the past six months. And at \$8 million per year in revenues, it is substantially larger than the first, the Short Range Radio (SRR) product line purchased from Saab Communications AB, a subsidiary of Saab AB.

United Technologies/Lenel

United Technologies Corp. (NYSE: UTX) agreed to acquire privately held Lenel Systems International Inc., a security systems and software developer.

Rochester, N.Y.-based Lenel develops and delivers scalable, integrated security software systems and business solutions targeted at the commercial and government security market. It will report as an independent entity to Olivier Robert, president of UTC's fire and security business, Chubb.

The price being paid for the 150-employee company: \$400 million.

Veritas Capital Fund/DRS Technologies [subsidiar-

ies].....

The Veritas Capital Fund II, L.P., a New York-based investment company, acquired DRS Broadcast Technology, Inc. and DRS Weather Systems, Inc., two subsidiaries of DRS Technologies, Inc. (NYSE: DRS).

DRS noted it had previously disclosed its intent to sell these operating units, both of which were subsidiaries of Integrated Defense Technologies, Inc. (IDT), acquired by DRS Technologies from Veritas Capital in November 2003.

DRS Broadcast Technology develops and manufactures radio frequency broadcast transmitters, systems and power amplifiers primarily for commercial U.S. and international government broadcast stations worldwide, as well as university laboratories.

DRS Weather Systems develops and manufactures Doppler weather surveillance radar systems, receivers, components and software primarily for U.S. and international governments, meteorology, and aviation and research institutions.

CORPORATE ENTITIES FOR SALE

NEW LISTINGS: AML Communications, Atlas Elektronik GmbH (Germany), AvCraft Aerospace GmbH (Germany)
 UPDATES: Bombardier [assets], Israel Military Industries (Israel), Krauss-Maffei Wegmann (Germany), Northrop Grumman [businesses]
 REMOVED FROM LISTING: None

Aero Systems Engineering, Inc. (St. Paul, MN) **Listed Oct-02**
Update Nov-03

10/02: Aero Systems Engineering, Inc. (NASDAQ: AERS) retains Goldsmith Agio Helms to explore strategic alternatives, including business combinations and a sale of the stock of the company. The company says it is taking the action because of its thin stock float (only 20% is traded, on the NASDAQ exchange). The remaining equity is owned by Minnesota ASE, LLC (51% stake) and Celsius, Inc., a subsidiary of Sweden's Saab AB (29%). ASE had revenues of \$27.2M in 2001, down from \$30.6M in 2000. Net income was \$271,000, down from \$331,000 in 2000. 11/03: ASE acquires 51% stake in AMR Tec LLC, a robotics integrator in the food industry.

Aero Vodochody a.s. [35.3%] (Czech Republic) **Listed Apr-04**
Update Oct-04

4/04: Czech daily Pravo reports that the Czech government wants to pay Boeing Co. (NYSE: BA) one billion Czech crowns (\$34.2 million) for the company's 35.3% stake in training aircraftmaker Aero Vodochody a.s. The government then expects to offer the stake to a new strategic investor. Preliminary interest is understood to have been shown by Airbus (which is competing with Boeing for a contract to supply airliners to CSA). The Czech government will not open formal negotiations, however, until after Boeing's departure. 10/04: Boeing sells its stake for a nominal sum. Terms of the sale require the Czech government to redeem Aero's debts of more than CKr9 billion (\$360 million).

Aeroflex, Inc. [Isolator Products div.] (Bloomington, NJ) **Listed Jun-04**
Update Jun-04

6/04: Aeroflex says it will sell its shock and vibration control device mfg business in Bloomington, NJ. Business had \$16.2 million in revenues and operating income of \$739,000 for year ending 6/30/03. Markets for isolation systems including commercial, industrial and defense.

Aerospace Industrial Development (Taiwan) **Listed Aug-99**
Update Oct-02

Taiwanese law technically requires AIDC to complete privatization by end of 1999; president Chin Hu wants to sell up to 40% of stock to a strategic foreign investor. He says suitors include AlliedSignal, Boeing, GE, and Bombardier. Bombardier dropped interest in AIDC earlier this year, due to its large military and non-aerospace interests, but he says plans to restructure could remove these obstacles (probably into civil airframe and engine subsidiaries, and possibly defense, maintenance, and avionics capabilities). Chin Hu hopes to see further foreign strategic investments in these individual operations. Chin Hu hopes to see 20-25% stake placed with employees, local investors taking 20%, and the gov't keeping the remainder for the time being. Company expects dip in sales as Ching-Kuo Indigenous Defense Fighter ends production this year, but expects sales to improve after 2005. 4/00: AIDC to sell only 10% stake to foreign investor, with employees owning 10-15%, local investors holding 10%, and the government retaining 45-49%. EADS and Dassault Aviation said interested; gov't wants at least 5% with U.S. buyer, but no bidders identified. 10/00: privatization delayed until end of 2001 while gov't seeks to enhance partnerships, competitiveness. 10/02: three of five bidders lose interest in privatization of company as a whole; piecemeal sale gains ground.

Air Canada Technical Services [49%] (Canada) **Listed Feb-03**
Update Feb-03

Hit by losses of C\$953M (\$625M) in two years, Canadian flag carrier puts 49% stake in maintenance business Air Canada Technical Services on the block. Will also sell a significant stake in Airport Ground Handling Services, a standalone subsidiary which is being created from the airline's current airport ground handling operations. ACTS has 8,000 employees, six major facilities (Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver).

AML Communications, Inc. (Camarillo, CA) **Listed Mar-05**
Update Mar-05

3/05: Board announces it has retained Philpott Ball & Werner to assess "several avenues, including, but not limited to, organic growth, capital requirements, acquisitions, merger or sale." AML (www.amlj.com) designs, manufactures, and markets RF and microwave, power and low noise amplifiers for a variety of frequency ranges and transmission protocols serving the defense microwave markets. Our defense industry products are integrated into electronic systems for tactical aircraft, ships, ground systems, and missile systems.

Applied DNA Sciences, Inc. (Los Angeles, CA) **Listed Aug-04**
Update Aug-04

8/04: APDN retains The Shemano Group, a San Francisco-based institutional broker/dealer, to furnish investment advisory services for APDN's internal and external growth plans, which include strategic alliances or acquisitions with other industry partners. APDN specializes in proprietary DNA security solutions. The company's biotechnology uses microscopic plant DNA codes which are embedded in products and systems to verify authenticity and protect corporations and government agencies from counterfeiting, fraud, piracy, product diversion, identity theft and unauthorized intrusion.

Arianespace [32%] (France) **Listed Jun-03**
Update Feb-04

6/03: Yannick D'Escatha, president of French space agency Centre National d'Etudes Spatiales (CNES), says the agency is in talks to sell its 32% stake in Arianespace to fellow shareholders, with a sale expected before end-2004. D'Escatha tells French daily *La Tribune* that talks have already begun with EADS (24% stake) and Snecma (7.7% stake) and other minority industrial shareholders. EADS confirms it is interested in raising its stake, currently at about 28%, to above 50%. 2/04: D'Escatha says Finmeccanica and Avio want to increase their collective Arianespace stakes from 8% to 15%. EADS and Snecma still in running. Sale to ESA now ruled out.

Atlas Elektronik GmbH (Germany) **Listed Apr-05**
Update Apr-05

3/05: BAE Systems retains Deutsche Bank to review the "strategic options" for German underwater weapon systems business Atlas Elektronik GmbH. Sale price of 290-370M euros (\$380-480M) seen. Atlas employs 1,600 people. Revenues in 2004 were about 300M euros (\$390 million). BAE Systems has owned the business since Aug. 2003. Interested bidders said to include Thales, EADS, Finmeccanica, L-3 Comms, Carlyle Group.

**Australian Submarine Corp.
(Australia)****Listed Apr-00
Update Jun-04**

10/99: Celsius places its sub business into JV with Germany's HDW. HDW applies to the Australian gov't Foreign Investment Review Board to acquire the 49% stake in ASC. An area of interest is the workload projected for ASC's Port Adelaide facility. 4/00: The Sydney Morning Herald reports that the gov't will exercise its pre-emptive right over the 49 percent shareholding which Sweden's Celsius AB owns in Australian Submarine Corp. Pty. Ltd. (ASC). General Dynamics Electric Boat is said to be interested in forming a consortium with an Australian company to buy ASC. 9/00: A\$72M (\$40M) upgrade of two Collins submarines approved (propellers, casings, hydraulics engines); contract seen as effort to boost saleability of ASC itself. 11/00 Australian Industry Development Corp. buys the remaining 51.55% equity in ASC. Five companies (BAE Systems, Newport News Shipbuilding, GD Electric Boat, ADI, and Tenix Defence Systems) are invited to participate in a funded study to determine the most appropriate options for future privatization. 1/01: reports circulate that ASC may benefit from gov't-ordered consolidation of Australian shipbuilding industry. 12/01: gov't indefinitely postpones privatization of ASC, introduces Electric Boat as "capability partner". 10/02: EB signed to support ASC maintenance of Collins subs. No equity involved. 2/03: Tenix, ADI propose merger of shipbuilding ops, say acquisition of ASC could follow. 6/04: gov't delays ASC privatization until 2006.

**AvCraft Aerospace GmbH
(Germany)****Listed Apr-05
Update Apr-05**

4/05: A month after AvCraft Aerospace GmbH enters into receivership, the company's preliminary administrator, Martin Prager, says he hopes to name a buyer by early June. He says the company's 328JET is an excellent, production-ready product with an enthusiastic following, but that customers have been put off by the company's financial weakness.

**BAE Systems plc [Aerostructures]
(U.K.)****Listed Dec-02
Update Jan-05**

12/02: BAE SYSTEMS says Prestwick-based aerostructures business will be sold, expects to name preferred bidder by March 2003, says sale is not expected to be completed until the 2Q. Bidders said to include GKN, Carlyle Group, Saab. Division employs 850 at Prestwick, with 350 more at Samlesbury in Lancashire, and an unspecified number in Kansas. Lynne Blow, spokeswoman for BAE SYSTEMS Aerostructures, says 7/03: GKN said to have dropped from running, but six other bids are said to be under consideration, including Carlyle-owned Vought Aircraft. 11/03: BAE narrows search for buyer to single company; says deal could be closed by Christmas. 1/04: Vought said out of running, GKN said top bidder. 1/05: With civil airliners marketplace heading up, BAE reported reviving bid to sell Aerostructures.

**BAE Systems plc [naval]
(U.K.)****Listed Apr-04
Update Jan-05**

BAE SYSTEMS says it will sell its warship and submarines businesses, consisting of three shipbuilding and submarine yards in north England and Scotland. Collectively they employ over 5,000 people and have annual revenues of approximately £800 million (\$1.42 billion), and a profit of £10M. The group is the prime contractor on the U.K. MoD's aircraft carrier program, and also builds nuclear submarines, helicopter carriers, destroyers, frigates, offshore patrol vessels. Offers are reported to have come from General Dynamics, Thales, and domestic shipbuilder VT Group. 5/04: VT Group expected to make bid for BAE naval yards on 5/19/04. 7/04: BAE SYSTEMS says still considering selling shipyards business. UK MoD reduces buy of Type 45 destroyers from 12 to 8. 9/04: BAE says it is likely to retain shipyards after "breakthrough" with the MoD. 11/04: industry, MoD reported at odds over shipbuilding consolidation. 1/05: industry, gov't said settling on two industrial alliances (in submarines and surface ships) to consolidate U.K. industry.

**Boeing Co. [businesses]
(Seattle, WA)****Listed Mar-99
Update Feb-05**

3/99: CFO Deborah Hopkins says that an internal review revealed that Boeing is earning no returns on at least \$1.3B (about 10%) of its investments. Hopkins says: "A lot of companies historically have a hard time getting out of programs or making tough decisions to exit programs. We will do that." During the month Boeing says it will sell 150-employee McDonnell Douglas Technical Services to a mgmt group. 6/99: Boeing to sell \$300M/yr Boeing Information Services to SAIC. 4/00: sells Boeing Precision Gear to Derlan Industries. 5/00: sells Boeing Australia submarine combat control systems unit to Raytheon. 6/00: to sell St. Louis-based parts fabrication business. Now operates at 40 percent of its capacity, employs about 1,700 people and occupies about 1.7 million square feet. 1/01: St. Louis facility sold to GKN for \$64.1M. 2/01: Boeing Australia sold to Raytheon. 5/01: to sell ordnance business to General Dynamics. 11/01: rumored interest in selling Aero Vodochody stake. 1/02: sells Thermal Joining Center (TJC) in Kent to GKN. 3/02: to sell 500-empl. mfg. plant in Spokane. 5/02: \$40M/y ordnance business sold to ATK. 1/03: 400-empl. Spokane plant sold to Triumph Group. 4/03: 900-empl. Corinth, TX plant sold to France's Labinal. 7/03: puts 1,000-empl. Irving, TX plant (avionics, flight control systems) on the block. 1/04: retains CSFB to shop Boeing Capital's Commercial Financial Services group (about 19% of BCC's \$12.2B portfolio). 4/04: Boeing retains Goldman Sachs to explore sale of Kansas, Oklahoma commercial businesses. 6/04: to sell Commercial Electronics unit in Irving, TX to BAE SYSTEMS. 8/04: Boeing to sell Canada-based Arnprior division. 11/04: Boeing union says company will announce sale of Wichita operation around Thanksgiving 2/05: Boeing announces sale of Wichita to Canada's Onex for C\$1.5B (\$1.2B), to sell Rocketdyne to Pratt & Whitney for \$700M. Sells Electron Devices to L-3 Comms.

**Bombardier, Inc. [assets]
(Canada)****Listed Jan-03
Update Apr-05**

1/03: RBC Capital Markets and Canaccord Capital issues reports saying that the decision by Moody's Investors Service to downgrade the long-term debt of Bombardier Inc. may cause the company to sell its Recreational Product division to raise capital. Both reports also indicate that an equity issue may be in the planning stages. 2/03: Pierre Alery named senior VP and CFO on an interim basis, replacing Louis Morin, who is leaving the company effective immediately. 4/03: Bombardier announces plan to raise C\$2.0B in next six to nine months through stock offering (worth at least C\$800M) and asset sales (worth at least C\$1.2B). Assets to be sold include Recreational Products Group, Defence Services business (a provider of technical services for military aircraft and pilot training), and the Belfast City Airport in Northern Ireland. 5/03: three private equity concerns (Blackstone Group, Thomas H. Lee Partners, Texas Pacific Group) are bidding for RPD. Price said to be about \$960M. BAE SYSTEMS said in talks to buy Bombardier Defence Services. 8/03: to sell most of its business aircraft financing portfolio to GE Capital for \$339M (C\$475M). Agrees to sell Recreation Products Div. for C\$1,225M (\$863M). Tellier says company on target to sell assets worth over C\$2.5B, well over original target of C\$2B. 10/03: BAE withdraws from talks to buy BDS. 12/03: Sells Recreation Products Div. for C\$960M, 20% below initial price due to strengthening Canadian dollar. 3/04: Military Aviation Training business taken off block after contract win. 4/05: sells Bombardier Capital's Inventory Finance Div. for \$2.4B.

China Shipbuilding Corp. (CSBC) (Taiwan)	Listed Jun-00 Update Jun-02
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Taiwan's China Shipbuilding Corp. (CSBC) announced that it is seeking a buyer, after running up \$100 million in debts during the past ten months (a figure provided by the Ministry of Economic Affairs). The company got into this condition by maintaining a 3,500-employee workforce through a trough in orders, and has stipulated that any buyer guarantee to do likewise.

Eighty percent of CSC's output is merchant vessels for European customers. This business has taken a beating recently due to strong competition from Korea and Japan, who have led a global drop in prices.

The rest of CSC's work is for the Taiwanese Navy, with whom contracts run until 2002. CSC claims it can settle its debts with this work, and expects to win more military contracts, including a contract for six new stealth Kwang Hwa guided missile patrol craft. 10/00: debts rise to \$154 million. Management announces a 35% salary reduction and layoffs involving 48 -71% of the 5,232-employee workforce. 6/02: opposition figure in Taiwan's parliament demands that China Shipbuilding build at least six of eight diesel subs ordered by Taiwan. Defense minister Tang Yao-ming expresses reservations about the ability of CSBC to build submarines.

COM DEV Wireless [subsystems] (Canada)	Listed Aug-01 Update Jan-02
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Canada's COM DEV International Ltd. (TSE:CDV) announced plans to divest the wireless subsystem operations of COM DEV Wireless, one of the company's two operating segments. Management called the decision "the direct result of the well-publicized decline of the global markets of our primary customers." The Wireless division had remained unprofitable for the past several years. The company said it will retain Wireless' emerging wireless Internet systems business, "where we believe our extensive microwave system design and engineering strengths give us a particularly strong competitive advantage in global markets." The company's Space division, meanwhile, "continues headed for a record year of both revenue and profit." 1/02: sells parts of Wireless Division that make RF conditioning and satellite ground station components to Mitec Telecom Inc. Remaining Moncton and Memphis-based Wireless Systems Group still on the block.

defense companies (Romania)	Listed Dec-02 Update Dec-02
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Six small Romanian defense companies will be put on the block in the first half of 2003 by the Romanian Ministry of Industry and Resources.

The companies together have capital of more than Lei210 billion (\$6.3 million). The government is the majority shareholder in each of the companies, which are:

<u>Avioane Craiova</u>. Share capital is valued at \$1.6 million, 91% of which is owned by the state. The company posted a gross profit of \$250,000 in 2001.

<u>Uzinele Mecanice Dragasani</u>. Share capital of more than \$2 million

<u>Babeni</u>. A small arms manufacturer with 400 employees and share capital estimated at \$900,000.

<u>Mirsa</u>.

<u>Filiasi</u>.

<u>Mecanica company of Poiana Rusca Teliuc</u>.

[defense companies] (Poland)	Listed Mar-99 Update Oct-01
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3/99: Polish daily Rzeczpospolita reported that the nation's Ministry of Treasury has approved plans to sell six defense companies, following a failed effort by the companies themselves to restructure and improve their financial conditions. The six companies are: 1) Przedsiębiorstwo Sprzetu Ochronnego Maskpol SA: Konieczki-based; 490 employees; gas masks; 2) Przemysłowe Centrum Optyki SA, or Industrial Optics Center: Warsaw-based; 700 employees; 3) WSK PZL Rzeszów: 5,100-employees; aircraft engines; 4) WSK PZL Warszawa: 570 employees; instruments; 5) Zakłady Mechaniczne Bumar-Labedy SA: Gliwice-based; 4,100 employees; armored fighting vehicles; 6) Zakłady Mechaniczne PZL Wola SA: 1,100 empl.; AFV engines

Dariusz Klimek, Poland's deputy minister of economics, said Polish defense employment had fallen from 250,000 at its 1985 peak to 65,200 today. The number of production plants has fallen in the same timeframe from 150 to 31.

Parliament is expected to pass a privatization bill in June. Of the 31 plants, the gov't will retain full ownership of 1, maj. ownership (>50%) of 8, and will sell a controlling interest in 22. Profits will be applied to restructuring, including the layoff of 18,300 people. The bill is also expected to provide for the companies' debts to either be written off or postponed. 9/01: Pratt & Whitney Canada buys stake (60%?) in WSK PZL Rzeszów. 10/01: EADS CASA buys 51% stake in PZL Warszawa Olecie; will up to 85% in 2 years.

Detroit Stoker Co. (Monroe, MI)	Listed Dec-96 Update Jun-04
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12/96: United Industrial to sell certain assets to focus on strengths in UAVs, Simulation and Testing, Logistics Support, Advanced Technology (including OICW program), and Mass Transportation. The company says "We have begun the process for a sale of one of our businesses, and we are evaluating the divestiture of our other unrelated businesses in an orderly fashion so as to maximize returns. Proceeds that United Industrial may receive from the sale of its non-core operations will be invested in building our defense and related technology businesses." 9/97: sells Neo Products (thermoplastics maker) to investment group for \$750K. 10/97: sells AAI Systems Management for \$20.9M, will invest proceeds in growing core business. 10/00: UIC sells subsidiary Symtron Systems for \$13.4 million in cash. 1/02: Business Week reports Steel Partners (10.5% owner of UIC) is pushing for sale of company, says "two major defense contractors are interested." 7/02: UIC sells transportation overhaul business to Alstom for \$19.2M. Some analysts suggest sale clears way for sale all of UIC. 9/02: Lockheed Martin, L-3, DRS Technologies said to be front-runners to buy AAI. 11/02: UIC shares drop 27% ; company named as defendant in asbestos legislation. 4/03: UIC's Richard R. Erkeneff asks Steel Partners in letter to end "personal attacks" against company's directors and to assist in efforts to sell company. 11/03: UIC relocates to Hunt Valley, drops effort to sell company, focus on defense. Retains Imperial Capital, LLC to help it sell Detroit Stoker. 6/04: Detroit Stoker sale talks continue.

DRB-HICOM Defence Tech. (Malaysia)	Listed Apr-00 Update Apr-00
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DRB-HICOM Defence Technologies (DEFTECH), Malaysia's leading maker of military vehicles, is seeking a foreign equity partner, according to CEO Abdul Rahman Daud.

The company has been hard-hit by the Asian economic crisis, which has seen a sharp drop in the company's sales due to its near-total reliance on domestic contracts.

The company hopes that the addition of an international investor will open doors for exports, reducing the volatility of its revenues. Mr. Daud says that the company can perform labor-intensive tasks which no longer fit into high-technology Western firms.

EMS Technologies, Inc. [division] (Canada)	Listed Jul-03 Update Jul-03
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EMS Technologies, Inc. (NASDAQ: ELMG) announced that its board of directors has approved a formal plan to sell the company's Montreal-based commercial space division, a producer of satellite antennas and power components. Division is underperforming compared to other EMS divisions in recessionary commercial space marketplace. Net assets have book value of about \$54M. 2002 sales were \$70M. Sale includes EMS' stake in Skybridge LP. Needham & Co. is advising. A price well below the \$54M book value is expected... probably in the vicinity of \$35M.

Esterline Technologies, Inc. [Automation] (Bellevue, WA)	Listed Jul-02 Update Jul-02
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Esterline Technologies (NYSE:ESL) announces plan to sell its Automation business segment, consisting of two separate companies, Excellon Automation Co. and W.A. Whitney Co., manufacturers of specialized equipment used in the manufacture of printed circuit boards and the fabrication of heavy plate steel, respectively. Esterline says sale will help the company in "focusing on our commitment to becoming a leading specialty niche supplier to the aerospace and defense industry."

EUTELSAT S.A. (France)	Listed Sep-02 Update Mar-04
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9/02: The Wall Street Journal reports that PanAmSat Corp. (Greenwich, CT) and Intelsat Ltd. (Washington, DC) have launched rival bids to acquire EUTELSAT, Europe's largest satellite operator with 17 satellites. Intelsat is said to have submitted a hostile bid of \$3.5-\$4.0B. British Telecom, France Telecom and Deutsche Telekom AG have been unsuccessfully seeking to independently sell their EUTELSAT stakes, which amount to more than 41% of the company's equity. 12/02: French gov't reported opposed to any U.S. buyer for Eutelsat. 1/03: PanAmSat reported out of bidding. Finmeccanica said to have bid 750M euros for France Telecom's 23% Eutelsat stake, it talks with Lehman Bros. regarding its 21% stake. Eutelsat's sales for 2002 reported at 659M euros (\$690M). 2/03: France Telecom sells its 23.14% stake in EUTELSAT to Eurazeo. 2/04: A 3.48% stake is sold by Dutch telecoms provider KPN to an undisclosed buyer for 70M euros. 3/04: Eutelsat identified as potential bidder for PanAmSat (also for sale).

Fairchild Dornier AeroIndustries (Germany)	Listed Jul-04 Update Jul-04
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7/01: During June Fairchild Dornier AeroIndustries files for bankruptcy protection due to inability of parent D'Long International Strategic Investment to meet financial obligations on 728 regional jet program, whose remaining development costs are put at \$1B. Employees being paid for 6-8 weeks by the gov't while search for investor is conducted.

Fincantieri S.p.A. (Italy)	Listed Feb-02 Update May-03
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2/02: Genoa-based shipbuilder Fincantieri S.p.A. has become the latest Italian firm to be marked for privatization. Details are expected to be announced by the Italian government in coming months. It is expected that the privatization will be completed by the end of the year. Fincantieri S.p.A. is 83% owned by IRI, a state-owned holding company. The shipyard cooperates with France's DCN International on the Horizon air defense frigates program and with Germany's HDW on the Type 212 (U212) diesel-electric submarine. CEO Pier-Francesco says that he considers such cooperative agreements, and not a merger, to be the company's most viable option at the European level. 9/02: it is reported that IRI's stake is not to be sold until the end of 2003.

Finmeccanica S.p.A. [assets] (Italy)	Listed Mar-97 Update Dec-04
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3/97: strategic talks between Alenia Difesa, UK's GEC-Marconi. 5/97: 12-year president of Finmeccanica, Fabiano Fabiani, resigns. 6/97: new three-party mgmt team appointed for Finmeccanica. Includes Bruno Steve, who led JV talks with BAe, GEC. 7/97: JV, cross-holdings w/GEC announced. Bruno Steve resigns. 11/97: JV talks between British Aerospace, Alenia Aerospazio. Would take form of 50:50 JV and bring Alenia into Airbus. Finmeccanica to raise 3 trillion lire (\$1.79B) from asset sales. 3/98: to sell Alenia's Space Div. (see separate record). 4/98: talks to sell Agusta to GKN Westland (see separate record). 5/98: puts Dee Howard on block (see separate record). 9/98: Agusta announces helicopters JV w/Bell Helicopter. 5/99: Italian Industry Ministry Undersecretary Gianfranco Morgando says gov't will reduce its Finmeccanica stake from 55% to 25% by selling shares to investors. 6/99: Merrill Lynch handling sale of Finmeccanica IT subsidiary Elsag S.p.A. Suitors said to include IBM and EDS. In May Finmeccanica rejected an offer for Elsag from a Genoa-based group of investors, including Esaote SpA Chairman Carlo Castellano. 6/00: privatization completed. IRI's entire 54.6% stake sold. Treasury retains 30% stake. 2/01: AgustaWestland JV finalized. Finmeccanica may sell \$8.2B stake in STMicroelectronics. 5/02: cuts stake in EMA engine components JV w/Rolls-Royce from 66.7% to 49%. 4/03: Finmeccanica CEO Roberto Testore says spinoff of commercial businesses as "Finmeccanica 2" under consideration. 12/03: talks on again to sell Alenia Spazio to Alcatel. 12/04: to monetize 10.3% of STMicroelectronics shares, worth 1.4B euros.

Hellenic Aerospace Industry [49%] (Greece)	Listed Nov-92 Update Mar-01
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Greek gov't intends to privatize HAI, established in 1975 by Lockheed under a contractual arrangement, in 1993. Talks w/Aerospaziale, Dassault reported. HAI managed by Lockheed's Dan Lange. HAI was 90% dependent on military business in 1990, but now has 50% of its manufacturing in civil work and 10% of maintenance work. 6/93: privatization date set for June 1994. Seeks US and European investors for 49% stake; investors will have operational control. 11/97: managing director George Goulios says HAI may be partially privatized in IPO if it achieves goal of profitability by 1999. Gov't could also combine HAI, small arms maker Hellenic Arms Industries, ammo maker PIRKAL, armored vehicles maker ELVO, and Hellenic Shipyard Scaramanga into single company. All must be profitable by 1999 under new Greek law. HAI now said to be nearly 80% reliant on defense business. 1997 sales will be about \$118M; \$6.5M loss expected. 10/99: Greek gov't hires Salomon Smith Barney to help it sell a minority stake in HAI to a strategic partner. 3/00: DASA, Dassault Aviation to make competitive bids for 49% stake in HAI. 5/00: Spyros Travlos, general secretary of Greece's Economy Ministry, says the gov't will sell its 49 percent holding in HAI by July. 9/00: binding offers for HAI due Sept. 20. 11/00: Gov't annuls tenders for HAI until 2001; wants value of Eurofighter offset work reflected in bids. 3/01: Greece postpones the purchase of 60 Eurofighters until 2004; a decision seen likely to influence the HAI privatization.

Hellenic Vehicles Industry (ELVO) (Greece)	Listed Oct-99 Update May-00
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Greece announced its intention to sell by the end of 1999 as much as 67 percent of Hellenic Vehicles Industry, or ELVO, a military vehicle manufacturer. Greece also said it's chosen Salomon Smith Barney to help it sell a minority stake in Hellenic Aerospace Industry, a military aeronautics company, to a strategic partner. The decision was taken on October 20th at a meeting between Economy Minister Yannis Papantoniou, Defense Minister Akis Tsochatzopoulos and Development Minister Evangelos Venizelos. Intracom SA, Greece's largest telecommunications equipment manufacturer, has announced its intention to bid for ELVO in a partnership with Mytilineos Holdings SA, a Greek metals trader. 3/00: bidders for 43% stake in ELVO are Krauss-Maffei Wegmann and Vickers Defence Systems. Both are bidders for a pending Greek purchase of up to 250 main battle tanks worth \$1.6B. ELVO will be involved in production and assembly of the selected tank. 5/00: Spyros Travlos, general secretary of Greece's Economy Ministry, says gov't will sell 43 percent of ELVO by June. Bidders said to include Britain's Vickers Defence Systems, Germany's Krauss-Maffei, Intracom SA and Mytilineos Holdings SA group, and a group led by domestic steel and iron products producer Bitros SA. 8/00: Intracom decides against buying ELVO, clearing way for partner.

Hightech Aerospace (HTA)
(Netherlands) **Listed** Apr-02
Update Apr-02

Royal Philips Electronics NV (Amsterdam, Netherlands) announced plans to sell its Hightech Aerospace (HTA) unit, part of the Philips Enabling Technologies Group.

HTA is estimated to win 1.8 billion (\$1.6 billion) in extra orders if the Dutch government participates in the development of Lockheed Martin Corp's F-35 Joint Strike Fighter. Philips is following the process around the JSF closely amid expectations the decision will affect the selling price. A Philips spokesman declined to say for how much more the unit could go if the Dutch parliament votes in favor of the project, but noted that no political parties have voiced objections to Philips selling the unit.

HTA employs about 430 people, largely based in the Netherlands, and the spokesman estimated roughly 200 more would be hired if the JSF project receives approval.

Honeywell International, Inc. [businesses]
(Phoenix, AZ) **Listed** Jul-01
Update Dec-04

7/01: Honeywell chairman and CEO Lawrence Bossidy says that the company will divest certain operations outside of its core aerospace business (which he called "the best aerospace business in the world"). Likely to be sold are a number of businesses which had been on the block, but were pulled back when GE agreed to acquire the company. These included the company's friction materials business (automotive brake friction materials and aftermarket brake products). Other consumer automotive operations are likely to be sold, as the sector has been hit by a weak economy. The company's auto consumer products group produces Autolite spark plugs, Prestone antifreeze and car care products. 10/01: Bossidy says "we'll have some announcements to make in the next 60 to 90 days with respect to at least a couple of" businesses to be sold... next year we'll go about selling the remainder in economic conditions that are better than they are today." 12/03: CFO Dave Anderson discloses during conference call with analysts that the company's \$200M/year security monitoring business is being shopped. Anderson says sale of the non-core business would dilute earnings by 2 cents to 3 cents a share in 2004. 1/04: Sale of Bendix Friction Materials to Federal Mogul falls through. 6/04: company's \$200M/year security monitoring business is sold to GTCR for \$315M cash. 12/04: sells \$368M/yr Performance Fibers business to Sun Capital Partners.

ILC Industries, Inc.
(Dover, DE) **Listed** Feb-05
Update Feb-05

2/05: Private equity firm Behrman Capital (Bohemia, NY) puts ILC Industries, Inc. (space suits for NASA, chemical warfare protection equipment for the military). Price in the \$400-\$650M range expected. Houlihan Lokey Howard & Zukin representing Behrman.

Indonesian Aerospace
(Indonesia) **Listed** Aug-00
Update Feb-02

8/00: The Indonesian government hires Deloitte and Touche to assess IPTN's financial condition. According to Syafruddin, secretary of the finance sector policy committee, IPTN can only pay about 1.7 billion rupiah out of its total debt of 3.2 billion rupiah (\$383 million). IPTN vice president of operation: Suroto Dikoen says a debt-for-equity swap is "now being negotiated" between IPTN and the government. The arrangement would not change the government's shareholding (it already owns 100% of IPTN) but Dikoen says that the value of its stake would be increased. 2/02: debt-for-equity swap has reduced Indonesian Aerospace's debt to 1.6 billion rupiah. Privatization planned for 2003 requires further drastic cost-cutting measures, stepping up of CN-235 sales.

Indosat
(Indonesia) **Listed** Sep-02
Update Sep-02

The <i>Wall Street Journal</i> has reported that the Indonesian government intends to ask 13 investors to bid for a 41.94% stake in international call provider PT (Persero) Indonesian Satellite Corp. Tbk (Indosat).

Mahmuddin Yasin, the deputy of the Minister of State Enterprise Minister said that "the government has decided that only 13 investors are qualified to bid for the stake."

The companies invited to submit preliminary bids all meet certain criteria, which include having more than \$450 million in total assets and not being telecommunication operators based in Indonesia.

Invensys PLC [assets]
(U.K.) **Listed** Nov-01
Update Jun-04

New CEO Rick Haythornthwaite plans radical restructuring of the company, including raising up to £750 million (\$1.1 billion) through asset disposals, in order to erase about a quarter of the company's £3.2 billion in debt. Detailed strategy with respect to company's four divisions expected in the first quarter of 2002. Divisions expected to see activity are Automation Systems (factory automation products, systems and services), Software Systems (business software), and Power Systems. Mr. Haythornthwaite succeeds Alan Yurko, who was forced to step down as chief executive in July after presiding over the delivery of three profit warnings in 10 months. 2/02: Struggling with £3.3B (\$4.7B) in debt, Haythornthwaite says Invensys will sell businesses with combined sales of £2.3B and 28,000 employees by March 2003. To create two main divisions, production management and energy management, in place of the present four. Most activities in industrial components will be sold. Announces a £240M asset write-down, to be taken this year. 2/02: "last chance" plan unveiled to reduce debt, preserve Invensys as going concern, calling for divestiture of businesses with sales of £2.3B (\$3.3B) and 28,000 employees. 3/02: to sell Flow Control Div. for \$535M. 8/02: Invensys Sensor Systems sold to Honeywell for \$415M. 9/02: Rexnord sold to Carlyle Group for \$913M. 4/03: to sell development division (incl. Baan); could raise up to £1.55B (\$2.44B). 8/03: to sell Barber-Colman Dyna Products (\$15M/yr) to Woodward Governor. 6/04: sells Powerware batteries business to Eaton for \$560M.

Israel Aircraft Industries [assets]
(Israel) **Listed** Jan-94
Update Feb-05

Financial recovery plan agreed to by government, union officials after \$147M loss in 1992. Asset sales likely; company also may offer stock in itself or selected units. 7/94: Israel Corp. (headed by former defense minister Moshe Arens) offers to acquire a major stake in IAI. 7/96: Netanyahu gov't says it will push hard for privatization of IAI, involving unions whom Israeli MoD officials say "have a veto" over privatization plans. Probable suitors: Elbit, Koor Industries, Clal, the The Israel Co. 10/96: privatization set for 1998. Interim step planned for 1997 will involve transformation into a holding company structure; individual businesses to be held as separate subsidiaries. IAI expects \$40M loss in 1996, return to profitability in 1997. 6/97: IAI president Moshe Keret says he would welcome investment by Lockheed Martin and other Western firms as IAI prepares for expected privatization. Unions riot; IAI chairman Avigdor Ben-Gal injured; unions warn any Western investors that they must be included in negotiations. 7/97: talks to merge Malat Div., privately-held UAV maker Silver Arrow. 11/99: gov't panel recommends state-owned companies like IAI retain R&D and strategic weapons operations, while privatizing rest. 9/00: Defense Ministry officials, IAI execs form panel to investigate privatization options as Israeli gov't again prioritizes asset sales. 6/03: Finance Ministry reported readying sale of 30% IAI stake in 2004. 8/03: more reports of a 30% IPO in IAI shares. 6/04: Israeli gov't privatization plan includes combination of some assets of IAI, IML, and Rafael. 2/05: sells 20% stake in Vectro to RADA. 30% stake in Elisra threatened by Elbit plan to acquire remaining 70% of company.

Israel Military Industries Ltd. (Israel)	Listed Oct-96 Update Mar-05
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Israeli government preparing financial prospectus for sale of state-owned armaments maker. Has sales of \$460M (1995 figure). At least one division, heavy munitions, is said to be profitable. Lockheed Martin Armament Systems is bidding for that division. Three or four other US and European companies are expected to join in bidding for TAAS. The Israeli defense ministry opposes the sale, particularly one which would include TAAS's central laboratory, where the company conducts research in areas which include smart bombs and missiles. 8/01: A number of privatization options said under consideration, including sale to privately-held Elbit Systems. 12/01: Panel recommends breakup of IMI, including asset sales. 12/02: IMI, gov't, unions agree to restructuring involving sale of four divisions, closure of fifth. 11/03: six bidders (both domestic and international) reported to have submitted cash offers to acquire IMI's Magen small arms plant. 1/04: IMI to sell Aircraft Systems Div. (\$14M/yr) to Elbit subsidiary Cyclone Aviation. 2/04: agrees to sell Magen small arms div. to privately held General Defense and Technologies for \$25M. Last step remaining is privatization of IMI subsidiary Ashot Ashkelon, manufacturer of automotive related products. 6/04: gov't considers combination of various assets of state-owned firms IAI, IMI, and Rafael. 3/05: sale of Aircraft Systems Div. complete: price is \$7M, but 2004 revenues fell to \$8M.

Kellogg Brown & Root (KBR) (Houston, TX)	Listed Sep-04 Update Jan-05
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9/04: Halliburton CEO David Lesar announces major restructuring of engineering and construction subsidiary Kellogg Brown & Root, says KBR could be sold if its profit margins do not improve. Investment analyst interviewed by Bloomberg News puts KBR's value as a separate company at about \$3.5B (other estimates range down to \$2.1B). 1/05: Halliburton CEO Dave Lesar says on Jan. 28 that he will recommend to the board to separate KBR from Halliburton, including a possible sale, a process that would take "several quarters" to accomplish depending on when KBR shows a profit.

Kongsberg, Nammo (Norway)	Listed Jun-02 Update Jun-02
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Ownership Report prepared for submittal to Parliament recommends divestiture of government's entire 100% stake in Nammo Norway (the former Raufoss ammunition and rocket engine activity). Nammo Norway comprises 45% of the Nordic Nammo ammunition company. The sale value of the stake is put at 1.575 billion kroner (\$200 million). Also recommended is a reduction of the government's interest in Kongsberg Gruppen from 50.1 percent to 34 percent. The 16.1 percent stake has an estimated value of 240 million kroner (\$30 million).

Krauss-Maffei Wegmann [49%] (Germany)	Listed Apr-00 Update Apr-05
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4/00: German newspaper Welt am Sonntag reports that General Dynamics is interested in acquiring Mannesmann's 49 percent holding in Krauss-Maffei Wegmann. 11/00: press reports of interest in Mannesmann's stake in KMW from Rheinmetall. 5/02: Financial Times Deutschland reports that Siemens (now holding Mannesmann's stake) plans to sell its 49% KMW stake. Interest said coming from General Dynamics, United Defense, Alvis, and possibly from the Roehling family, which holds 66% of Rheinmetall. 7/02: Jane's Defence Weekly said preparing report that Siemens stake will be sold to General Dynamics. 8/03: German politicians reported readying legislation to give gov't regulators veto power over acquisitions of German defense firms by foreign companies. 8/04: KMW seen by some analysts as potential bidder for stake in Rheinmetall being sold by Röchling family. 4/05: buys MAN-Mobile Bridges GmbH.

Lockheed Martin Corp. [LMGT assets] (Bethesda, MD)	Listed Dec-01 Update Aug-04
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Lockheed Martin announced plans to exit its Global Telecommunications services business. Discontinued operating businesses and divestiture candidates include: Satellite Services (COMSAT Mobile Telecommunications, World Systems and Lockheed Martin Intersputnik); and Enterprise Solutions-International (providing telecommunications network services primarily in Latin America). The disposition of these assets will be subject to valuation, negotiation, and appropriate Corporate approval. The Corporation previously announced that it had reached an agreement to sell the COMSAT Mobile Telecommunications operations (which provides global service via the Inmarsat system) to Telenor of Norway for \$116.5 million in cash. The sale is anticipated to close by year-end and is not expected to have a material earnings impact.

LMGT's equity investments to be reported in the Corporate and Other segment include: INTELSAT (24% ownership), Inmarsat (14% ownership), New Skies, N.V. (14% ownership), ACeS International (33% ownership), Americom Asia-Pacific (50% ownership) and Astrolink International (31% ownership). 1/02: COMSAT Mobile Com acquired by Norway's Telenor A/S for \$116.5M. 10/02: COMSAT Int'l sold to Comsat Int'l Holdings (formerly World Data Consortium). 1/03: to sell Astrolink equity to Liberty Media. 7/03: Americom Asia-Pacific 50% stake sold to partner SES Americom. 8/03: LM Intersputnik still on block. 10/03: Liberty Media drops offer to buy out partners' stake in Astrolink International JV. 5/04: to sell COMSAT General to Intelsat for \$90M. 8/04: Intelsat sale agreed to; LM has 24.1% stake.

Loral Space & Communications Corp. (New York, NY)	Listed Apr-01 Update Oct-04
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Alcatel Space said to have filed suit on March 16 against Loral Space & Communications to insure that it has the right of first refusal in any future sale of Loral or its satellite manufacturing division, Space Systems/Loral. The suit alleges that Loral has been in talks with "at least one party" which could result in the consolidation or restructuring of Space Systems/Loral. Suit comes after chairman Bernard Schwartz says that company expects to make certain asset sales to enhance liquidity, but declines to say which businesses are under consideration. 8/01: Company announces \$54.7M loss for second quarter of 2001, warns cash could run out by end of 2002 without asset sales (which Mr. Schwartz says "may not occur" until the general economy, and the satellite industry, recover). Company reduces top-line forecast for 2000 by about 20%, to \$1 billion, and says a net profit will occur no earlier than 2005. 10/01: Richard Mastoloni named and assistant treasurer; has M&A background. 6/02: talks reported underway which could lead to JV of commercial satellite ops of Loral, Lockheed Martin. 7/03: six Telstar satellites sold by Loral to Intelsat for \$1.1B; Loral files for Chapter 11. 8/03: EchoStar makes informal \$1.45B offer for all of Loral; analyst says company is worth \$1.8B. 10/03: Intelsat offer for six Loral satellites approved. 3/04: Intelsat deal complete. 8/04: Loral files plan to emerge from bankruptcy. 10/04: Loral expects bankruptcy exit in 1Q05; Space Systems/Loral and Loral SkyNet will emerge intact as separate subsidiaries of reorganized Loral (New Loral).

Northrop Grumman Corp. [businesses] (Los Angeles, CA)	Listed Oct-02 Update Apr-05
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Northrop Grumman expects to sell the businesses of its Component Technologies sector within the next 12 months; has classified the businesses as discontinued operations for both the current and prior years. 1/03: sells VEAM/TEC to ITT Cannon. 8/03: sells Life Support to Cobham. 9/03: sells Poly-Scientific to Moog. 10/03: subsidiary SciTec sold to management. 11/03: TRW Automotive Holdings says it hopes to raise \$350M from IPO. Impact on NG's 19.6% stake in company not revealed. 2/04: sells Kester business to Amer. Capital Strategies for \$70.5M. 12/04: Sells Northrop Grumman Canada to L-3 for \$65M. 4/05: Sells Teldix GmbH to Rockwell Collins for \$94M.

Orbital Sciences Corp. [business] **Listed** Mar-04
(Dulles, VA) **Update** Mar-04

3/04: Orbital Science's 10-K says "we do not consider [our Transportation Management Systems business] to be core to our business." TMS, which produces fleet management systems that are used primarily by metropolitan mass transit operators, had revenues of \$36.6M in 2003, down from \$65.5M in 2002. Operating loss in 2003 was \$7.6M, compared with a profit of \$0.2M in 2002.

Penang Shipbuilding **Listed** Jan-00
(Malaysia) **Update** Jan-00

Penang Shipbuilding and Construction Industries (PSCI) chief Amin Shah tells Defense News "we definitely need to merge with an international company to become bigger. It is important because we are too small to compete internationally." Seeks military business with worldwide marketing presence, preferably with strength in electronics. Has major Malaysian Navy contracts to produce nine offshore patrol vessels (with up to 27 planned). Also marketing Italian midget submarines to the Malaysian Navy. In 1998 sales were 767M ringgit, with profits of 57M ringgit. Sales expected to grow to 1.2B ringgit, with profits of 100M ringgit, in 2000.

Privatized in the mid-1990s, PSCI has been scouting major international program of acquisitions and joint ventures since 1997. At that time parent company Business Focus Group said it was in acquisition talks with a U.S. shipyard. An agreement for a joint venture in Port Alexandria, Egypt was also announced, and the company took a 48% interest in Denmark's Danyard A/S.

Piedmont Hawthorne Holdings, Inc. **Listed** Sep-01
(Winston-Salem, NC) **Update** Jul-04

9/01: Carlyle Group puts majority-owned subsidiary Piedmont Hawthorne Holdings on the block, three years after creating it through the acquisition of aviation services providers Piedmont Aviation Services, Inc. and Hawthorne Aviation. Piedmont Hawthorne is the nation's second largest (in terms of locations) operator of airport fixed base operations (FBOs). It also operates an airport management business, an aircraft sales, charter and aircraft management business, and an airline component overhaul business. At the time of its creation in 1998, Piedmont Hawthorne Holdings had revenues exceeding \$170M and over 1,200 employees. The employee count grew to 2,000 in June 2000 with the acquisition of Associated Air Center, located at Dallas Love Field. 11/02: sells airline component maintenance and overhaul operations. 1/03: PHH sells PACE Airlines, returning it to focus on FBOs. 7/04: Carlyle buys Garrett Aviation Svcs, to combine with Piedmont Hawthorne.

PZL Mielec S.A. **Listed** Jul-98
(Poland) **Update** Apr-99

Treasury Ministry plans privatization of aircraft maker, with at least 10% to be sold to foreign buyer. Adviser to be selected as early as August. Bidders likely to include British Aerospace (which signed an agreement for Mielec to supply airframe parts for the latest models of its Hawk trainer jet during the month), Bombardier, Boeing, and Lockheed Martin. Maker of trainers and small agricultural aircraft plans to cut payroll by 700 from current 2,700 in bid to break even this year. Foreign investors would have edge in pending Polish procurement of fighter aircraft. Long term plan is to list the company on the stock market by the end of 1999 or beginning of 2000. 4/99: industry sources reported that a new company called PZL (Polish Aviation Plant) had been formed to take over the assets of operations of the bankrupt PZL-Mielec Aircraft. The move is intended to recapitalize the company and relieve its heavy debt burden. PZL will initially be 70%-owned by Poland's Industrial Development Agency. PZL is injecting \$10 million of new capital, with \$10 million more to follow by the end of April, allowing for the completion of a contract to provide 18 M-28 Skytruck transport aircraft to the Venezuelan National Guard.

PZL Swidnik S.A. [36.7%] **Listed** Dec-00
(Poland) **Update** May-01

Polish business daily Prawo i Gospodarka reported that the Polish government is preparing to sell an industry investor a 36.7% stake in military aircraft builder PZL Swidnik. The newspaper reports that the Treasury Ministry has already sent invitations to leading international aircraft manufacturers, and plans to complete the sale of the company by mid-2001. Likely bidders include Bell Helicopter Textron, Boeing, AgustaWestland, and Eurocopter.

In 1999 the Polish government increased Swidnik's capital with 5.2 million shares of KGHM Polska Miedz SA, representing a 2.6 percent stake in Europe's No. 1 copper producer. During the year Swidnik was reported in talks to be acquired by Bell Helicopter Textron, if Poland selected Bell's AH-1Z Super Cobra for its planned purchase of 50 attack helicopters. The program, still pending, is valued at \$1.5 billion.

PZL Swidnik expects revenues of 140 million zloty (\$32 million) in 2000, with earnings of 14 million zloty (\$3.2 million). This represents the company's first profit in recent memory, driven by the firing of 1,100 employees and by the sale of an unknown number of the company's shares in Polish copper producer KGHM Polska Miedz SA. The KGHM stake, which was transferred to the company in 1999 as part of a recapitalization package, was valued at 121 million zloty (\$27.7 million). 4/01: Bell shortlists Textron, AgustaWestland for 36.7% stake sale. Final bids due June 6. 5/01: Bell said to have withdrawn bid for Swidnik due to gov't refusal to guarantee attack helicopters buy.

QinetiQ Group PLC [56%] **Listed** Mar-04
(U.K.) **Update** Jun-04

3/04: Press reports U.K. government is mulling sale of its 62% equity stake in the nation's top defense research establishment, QinetiQ Group PLC. (A 33.5% stake in QinetiQ had previously been sold to The Carlyle Group in Feb. 2003.) The report cites strength in equity marketplaces and the good financial performance of QinetiQ itself. 6/04: Morgan Stanley retained by U. K. gov't to draw up "readiness study" for IPO of QinetiQ; market value said to be £1B, double the £500M at time of Carlyle's investment in Feb. 2003.

Raytheon Co. [units] **Listed** Oct-98
(Lexington, MA) **Update** Nov-04

10/98: Boston Herald reports Raytheon to divest two small units as part of its plan to raise about \$600M by divesting non-core businesses in order to reduce debt to less than \$7B by 2001. Midland, Ontario-based Elcan Optical Technologies makes photographic lenses and IMAX film with \$65-100M revs. Salt Lake City-based Raytheon Aircraft Montek Co. makes navigation systems with \$75-100M revenue. 11/98: Montek sold to Moog for \$160M. 1/00: Duff & Phelps lowers Raytheon rating outlook from stable to negative after third downward revision of estimates since 9/99. Debt down to \$9.5B in 1999 from \$10.4B. Urges sales of non-core assets to counter any prospective ratings downgrades resulting from "any additional shortfalls to earnings or cash flow." 2/00: In investors conference Raytheon says it will sell \$500M of businesses in 2000. 4/00: agrees to sell Raytheon Engineers & Constructors to Morrison Knudsen for \$800-\$820M. 5/00: Forbes reports Raytheon has hired CS First Boston to assist in sale of Raytheon Aircraft; expects \$3B price. 6/00: Raytheon Control-by-Light sold in MBO. 11/00: Reviewing 30% stake (\$85M investment) in remote sensing venture Space Imaging. 12/00: sells Raytheon Optical Systems to BFGoodrich. 1/01: recreational div. of Raytheon Marine sold for \$108M. 6/01: 73.5% in Raytheon Aerospace sold to Veritas Capital. 3/02: sells Aircraft Integration Systems business to L-3 for \$1.15B. 1/03: SEC investigating revenue recognition at Raytheon Aircraft. 9/03: Swanson says Raytheon Aircraft off block until problems are fixed. 10/03: sells \$20M/yr RF Components Div. Sells Aerial Targets business to Composite Engineering, Inc. 11/04: sells Raytheon Commercial Infrared to L-3 for \$42M.

Rheinmetall Industrie GmbH [72.7%] (Germany)	Listed Dec-01 Update Nov-04
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German newspapers report that members of the Roehling family, majority shareholders in Rheinmetall Industrie GmbH (Rantingen, Germany), plan to sell their 72.7% stakes in the company. The family said asking at least 511M euros (\$455M), almost double the current market price of the stake. Family's decision said based on change in tax statutes which exempts companies from paying tax on proceeds from the divestment of industrial shareholdings. Report states that gov't would oppose sale to foreign buyer--especially a U.S. firm. 8/04: German gov't says it opposes foreign takeover of Rheinmetall. Interested private equity groups include Cerberus, the Carlyle Group, Blackstone, KKR of the US, and Permira of the UK. Röchling family stake now at 42%. 11/04: Luxembourg-based insurer Lombard International Assurance has acquired a stake of 7.354% in Rheinmetall.

Saab AB [businesses] (Sweden)	Listed Feb-00 Update Dec-04
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Saab officials say that they plan to sell parts of Celsius AB that are incompatible with the company's designated core businesses, once the Celsius buy is closed, focusing on "military aircraft, command and control systems, guided weapons, commercial aircraft support, and space technology." That list would appear to be about the right length for a company of the new Swedish national champion's size (\$2.65 billion). But it leaves out one of Celsius' biggest businesses, shipbuilder Kockums AB (whose submarines business has already been folded into a JV with Germany's HDW). Other operations which might not be making the cut include Kockums Computer Systems, and the Bofors ordnance business (including the Nammo joint venture with Finnish and Norwegian interests). A question mark may also be hanging over Saab's own training and simulation business. 9/00: sells Bofors Weapon Systems to United Defense L. P. 2/01: sells three subsidiaries (revenues: \$12.4M/yr) to U.K.'s Bodycote Int'l. 5/01: Optronics Division of SaabTech Electronics AB sold to FLIR Systems. 6/01: Australian Aerospace subsidiary sold to EADS. 9/01: 51% interest in U.S. subsidiary Aero Systems Engineering sold to mgmt. 11/01: sells 25% in German shipbuilder HDW (gained through Kockums sale), sells AeroThrust for \$51M. 7/02: Halse says divestitures to continue. 11/02: Saab sells subsidiary Applied Composites AB to U.K.'s Chelton Ltd., a subsidiary of Cobham plc. 12/04: Short Range Radio (SRR) product line sold to Telephonics.

Sabena Technics (Belgium)	Listed Aug-01 Update Aug-03
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8/01: Belgium's Sabena has announced plans to sell a number of its businesses, including Sabena Technics, Catering, cargo and its hotels business, as part of a larger restructuring intended to restore the carrier to profitability. The company also plans to cut 1,600 jobs. CEO Christoph Mueller says Sabena will reduce its short-haul fleet from 66 to 60 aircraft, while retaining 11 Airbus A330s for long-haul use. Sabena Technics, which only recently completed its first full year as a wholly-owned subsidiary of the Sabena Group, has actually been growing less dependent on its financially-troubled parent. Revenues from maintenance of Sabena-owned aircraft are on the decline (and actually was surpassed in 2001 by its third-party business). In the analysis of third-party maintenance man-hours by Aircraft Economics, Sabena Technics was ranked ninth in a listing of leading European third-party maintenance providers. Sabena Technics also provides repair and overhaul services on more than 17,000 part numbers. In the course of the year 2000, the workforce at Sabena Technics grew by 5.7%, from 2,467 in 1999 to 2,610 in 2000 (including Snecma Sabena Engine Service, or SSES). A logical buyer for the business would be Snecma, with whom Sabena Technics is already involved in the SSES JV. SSES had revenues of 5.15 billion Belgian francs (\$117 million) in 2000, up more than 30% from the previous year. 11/01: Sabena suspends operations, liquidation of assets expected. 1/02: Snecma buys Sabena Technics' share in SSES. 8/03: no buyer for Sabena Technics has yet materialized; company is growing through new orders.

SatCon Technology Corp. [assets] (Cambridge, MA)	Listed Aug-03 Update Aug-03
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8/03: Satcon Technology Corp. (NASDAQ NM: SATC) engages Alliant Partners to help sell 25 percent of assets, excluding the company's engineering and manufacturing in electromechanical systems.

Space Imaging, LLC (Thornton, CO)	Listed Nov-00 Update Sep-04
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11/00: In SEC filing Lockheed Martin says it is reviewing its 46% stake in satellite imagery venture Space Imaging LLC, in which it has a \$160M investment. Its largest partner is Raytheon (which reported a 30.69% stake in its 1999 10-K filing). Lockheed Martin says that its other investors--which include Japan's Mitsubishi Corp. and Eastman Kodak--also are reviewing their investments in the company. Raytheon independently confirmed its review of its interest in the venture. The one-meter imagery offered by the company was originally thought to have a number of commercial applications, including road construction, agriculture, and satellite site planning. But the primary application for imagery of this clarity has remained military, and the company, along with its rivals, have complained about the restrictions placed on the sale of its photographs by the U.S. government. The filing says that Lockheed Martin has guaranteed repayment of \$125M in loans to Space Imaging as of Sept. 30. Raytheon is guaranteeing \$128.7M in loans. Raytheon says that Space Imaging has \$286M in outstanding debt. 11/02: Lockheed Martin says Space Imaging needs U.S. Gov't contracts or new outside funding to survive. 1/03: NIMA awards \$120M, 3-year contract to Space Imaging to provide high-res satellite imagery. 9/04: Space Imaging loses key \$500M NGA NextView contract to ORBIMAGE. Space Imaging sells Federal Civil/Commercial Solutions Business to Geo360 Corp.

Spectrum Signal Processing, Inc. (Canada)	Listed Jul-03 Update Jan-04
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7/03: Company retains CIBC World Markets to assist the company in pursuing strategic alternatives to help it decide whether to sell one of its "two distinct product lines targeted at defense wireless applications and commercial packet-voice applications." 1/04: rejects offers for entire company, will sell commercial business, retain defense wireless business.

Teledyne Technologies, Inc. [propulsion] (Toledo, OH)	Listed Apr-02 Update Apr-02
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Teledyne Technologies, Inc. (NYSE:TDY) announced in a statement of its financial results for the first quarter of 2002 that it is "exploring strategic alternatives for the product lines" in its Aerospace Engines and Components segment. The segment's sales for the first quarter of 2002 were \$41.9 million, compared with first quarter 2001 sales of \$38.8 million. First quarter 2002 operating profit was \$0.7 million, compared with operating profit of \$0.9 million in the first quarter of 2001. Segment sales for 2001 were \$159.2 million, down sharply from \$199.8 million the previous year. Operating profit also declined, from 2000's \$15.8 million to \$8.2 million. Teledyne stated: "Given the more stable market outlook in its Aerospace Engines and Components segment, the company is exploring strategic alternatives for the product lines in this segment."

Telesat (Canada)	Listed Jan-02 Update Jan-02
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As part of its plan to sell C\$4.5 billion (US\$2.8 billion) in assets, BCE Inc. (TSE: BCE) announces at the Salomon Smith Barney 12th Annual Entertainment Media and Telecommunications Conference in Scottsdale, Arizona that it is considering recruiting an investor for its satellite operator business, Gloucester, Ontario-based Telesat Canada.

Textron, Inc. [non-core operations]
(Newbury Park, CA) **Listed Jun-92**
Update May-04

Plans to sell non-core "profitable business with excellent products": CWC Castings (Muskegon, MI): engine castings, and Forest City Tool (woodworking tools). Also plans sale of Avco Financial Services subsidiary's collateral protection and life insurance lines it markets to independent financial institutions and their customers. 10/92: sells Filtration Systems Div. to ESCO Electronics for \$28M. 8/93: may sell all or part of its finance (Avco Financial Services Corp.) and insurance (Paul Revere Insurance) units. Seeks greater role for commercial manufacturing, money from sales would fund acquisitions. Point man is Thomas P. Hollowell, a North Carolina investment banker hired to manage corporate development in 1992. 10/94: Textron Lycoming Turbine Engine Div. sold to AlliedSignal for \$375M. 8/95: merger of Bell Helicopter's military work with Boeing Helicopter strongly rumored. 4/96: to sell Paul Revere insurance unit for \$1.2 billion. 7/97: rumors of talks to sell Marine & Land Systems to Gen'l Dynamics. 12/98: nets \$2.9B from sale of Avco Financial Services, of which 60% will be used for acquisitions. 8/01: sells Automotive Trim business to Collins & Aikman Products for \$1B, \$125M/yr Turbine Engine Components Textron (TECT) to Utica Corp. 12/01: sells Automotive operation to Collins & Aikman for \$965M. 8/03: sells OmniQuip Int'l for \$100M. 5/04: sells Energy Manufacturing and Williams Machine and Tool (E&W) business to Eastport Operating Partners.

Thales S.A. [15.51%]
(France) **Listed Nov-04**
Update Nov-04

11/04: Press reports said Alcatel, Dassault are ready to sell their Thales stakes (9.7% and 5.81%, respectively), in part due to disagreement with the strategy being pursued by Thales management. Alcatel's Serge Tchuruk says: "Whether or not something happens with Thales, We want to develop [our defense] business."

Thales S.A. [IT&S assets]
(France) **Listed Apr-02**
Update Dec-04

In an interview with financial weekly <i>Le Journal des Finances</i>, Thales chairman Denis Ranque says that the company will sell non-strategic assets with combined turnover of some 500 million euros (\$440.3 million) during 2002. He says that "the company would hold onto businesses which "offered synergies with the rest of the group, that were geared to attractive markets, and where Thales had a chance of building critical mass." On April 11 Thales indicates that the business marked for sale or spin-off is Thales Information Systems (2001 revenues: 500M euros). 6/02: TIS sold to be sold to GFI Informatique S.A. for approx. 340 million euros (\$322 million). 9/02: GFI sale falls through; Thales cites difficult financial markets. 11/02: talks to sell some industrial services businesses to Assystem AS. 10/02: Thales to sell the aeronautical services arm of its Thales Avionics unit to SAS Flight Support. 11/02: Geodis to acquire 50% stake in Thales Freight & Logistics. 11/03: sell Thales GeoSolutions to Dutch engineering firm Fugro N.V. for 147.5M euros (\$175M). 12/04: Thales Electronic Solutions (mfg of PCBs) divested.

Titan Corp. [businesses]
(San Diego, CA) **Listed Jul-04**
Update Feb-05

7/04: Titan puts two businesses—Datron World Communications business and its Titan Scan Technologies service business—on the block. The former is the target of a Foreign Corrupt Practices Act (FCPA) investigation. Titan says that in connection with the decision it "expects to record after-tax charges in discontinued operations of approximately \$24-\$28 million in the second quarter of 2004 related to the disposal of these two businesses. The charges are comprised of approximately \$18 million of non-deductible impaired intangible assets, mostly goodwill, and fixed asset values not expected to be recovered in the disposal of these businesses." 2/05: Titan Scan Technologies service centers sold to BeamOne LLC.

TSI Telsys, Inc.
(Columbia, MD) **Listed Nov-01**
Update Oct-03

11/01: Board of directors directs management of Columbia, Md.-based TSI TelSys to find either a major strategic investor or a potential buyer, citing the decline in the U.S. economy and the events of September 11th. Seeks to counter declines in business by penetrating the growing "secure" U.S. Gov't market, but says that being Canadian-owned hinders that effort. Most critical issues said to be "maintaining operations, employee retention and cash management." TSI TelSys is a developer and manufacturer of multi-mission satellite data processing systems for ground station operations and satellite test and integration. 2/02: board agrees to sell its only operating subsidiary, TSI TelSys Inc., to LJT & Associates, an Alabama-based government contractor, for \$1.5 million. 5/02: shareholders block the LJT sale, fail in bid to force the Canadian firm to shift its HQ to the U.S., which would make it eligible for U.S. gov't secure satellite transmissions contracts. 10/03: shifts incorporation from Canada to Delaware.

Vector Aerospace Corp. [business]
(Canada) **Listed May-03**
Update Mar-04

Vector Aerospace (TSX: RNO) announces its intention to sell its fixed wing repair and overhaul business in order to focus on its leading position in the global helicopter market. Says it "has already received a number of expressions of interest and the process is ongoing." Move comes after retaining investment dealer First Equity as financial advisor in March 2003. 3/04: to sell investors C\$9.5M worth of shares, warrants.

Index: March Transactions

NOTE: The following transactions are presented in alphabetical order, sorted on the name of the Acquired/Targeted entity (which appears left of the bullet). You can locate a deal in the Monthly Summary following this Index by using the name of the Acquiring entity (which appears right of the bullet).

Aeroflex, Inc. [business]	- investors
Air Industries Corp. (AIC)	- Precision Castparts Corp.
AYESAS [60%] (Turkey)	- Vestel (Turkey)
Bea Maurer, Inc. (Base-X)	- Hunter Defense Technologies, Inc. (Behrman Capital)
CasaAero Training [equity] (Morocco)	- Alteon Training, LLC
Coast Engine and Equipment Co., Inc. (CEEEO, Inc.)	- Spectrum Sciences and Software Holdings Corp.
Diversified Optical Products, Inc. (DiOP)	- Axsys Technologies, Inc.
DRS Broadcast Technology, DRS Weather Systems	- Veritas Capital Fund II, L.P.
Eagle-D GmbH (Germany)	- MTC Technologies, Inc.
Edwards Systems Technology (EST)	- General Electric Co. [GE Infrastructure]
Especial Gear Transmissions S.A. (Spain)	- GAMESA Corporación Tecnológica S. A. (Spain)
Indal Technologies Inc. (Canada)	- Curtiss-Wright Corp.
Israel Military Industries Ltd. (IMI) [Aircraft Systems Div.] (Israel)	- Elbit Systems Ltd. (Israel)
John J. McMullen Associates (JJMA)	- Alion Science and Technology
Johnson Controls World Services Inc. (JCWS)	- IAP Worldwide Services, Inc.
Johnson Controls, Inc.	- Valeo S.A. (France)
Lenel	- United Technologies Corp.
London Machinery, Inc. (Canada)	- Oshkosh Truck Corp.
Medex, Inc.	- Smiths Group plc (U.K.)
Novar plc (U.K.)	- Honeywell International, Inc.
Optometrics, LLC	- Dynasil Corporation of America
Owen Mills Co.	- Defense Industries International, Inc. (Israel)
Pascall Electronics Ltd. (U.K.)	- EMRISE Corp. [XCEL Corp. Ltd.]
Phase Seven Laboratories, Inc.	- National Technical Systems, Inc.
Picotronix Inc. (Picometrix)	- Advanced Photonix, Inc.
QuaTech, Inc.	- DPAC Technologies Corp.
REMEC Wireless, Inc.	- Powerwave Technologies, Inc.
Resource Consultants, Inc. (RCI)	- Serco Group plc (U.K.)
Seagull Technology, Inc.	- Sensis Corp.
Systems Engineering Group, Inc. (SEG)	- Griffon Corp. [Telephonics]
SYTEX Group, Inc., The (TSGI)	- Lockheed Martin Corp.
Telcordia Technologies, Inc.	- Warburg Pincus, Providence Equity Partners
ThyssenKrupp AG [long steel business] (Germany)	- Swiss Steel AG (Switzerland)
TRW Automotive Holdings Corp. [9.7%]	- public
UCB Group [Surface Specialties] (Belgium)	- Cytec Industries, Inc.
United Defense Industries, Inc.	- BAE Systems plc (U.K.)
unnamed company	- TAT Technologies Ltd. (Israel)

MARCH M&A ACTIVITY

Advanced Photonix, Inc.
(Camarillo, CA)

To Acquire **Picotronix Inc. (Picometrix)**
(Ann Arbor, MI)

Advanced Photonix, Inc. (AMEX: API) signed a merger agreement to acquire Picotronix Inc., a privately held company doing business as Picometrix.

Ann Arbor, Mich.-based Picometrix is a developer and manufacturer of ultra high-speed photoreceivers used in telecommunication, data communication, and test & measurement markets and terahertz instrumentation for scientific, industrial, and defense/homeland security markets.

Richard (Rick) Kurtz, chairman and CEO, stated, "Picometrix will significantly expand API's position in the telecom and test & measurement markets. Picometrix brings design experience and processing expertise in III-V semiconductor materials, namely Gallium Arsenide (GaAs) and Indium Phosphide (InP). These materials give API additional optoelectronic sensing capabilities and solutions to offer our target markets. The added benefit of Picometrix's proprietary Terahertz sensor technology supports our goal of building on our manufacturing capabilities to provide complete, value-added, sensor-based product offerings."

Advanced Photonix, Inc. is engaged in the development and manufacture of custom optoelectronic solutions, serving a variety of global original equipment manufacturer (OEM) markets. While the company specializes in silicon-based custom photodiode assemblies, its product families range from custom light detection assemblies, including its Avalanche Photodiode technology, to light-emitting diode assemblies.

T E R M S

On March 9, 2005 Advanced Photonix, Inc. announced it had signed a merger agreement to acquire Picotronix Inc.

The purchase price is \$3.5 million in cash, four-year API promissory notes in the aggregate principal amount of \$2.9 million, and 2,575,000 shares of API Class A Common Stock. With API stock trading at \$1.66 per share on the day after the agreement was announced, the consideration has a total indicated value of \$10.7 million. Including the assumption of long-term debt of \$7 million, and giving effect to positive working capital of approximately \$2 million, the transaction has a total indicated value of \$15.7 million.

Upon the signing of the Agreement, API agreed to provide a loan to Picometrix in the amount of approximately \$4.2 million, the proceeds of which are to be used to prepay existing long-term indebtedness of Picometrix to a third party.

Picometrix's unaudited 2004 financial statements reflect revenues of \$7.5 million (as compared to \$3.5 million for the prior year), net income of \$500,000 (as compared to a loss of \$1.1 million in the prior year), and long-term liabilities of approximately \$7 million and positive working capital of approximately \$2 million as of December 31, 2004.

The transaction is anticipated to close in April subject to customary closing conditions, including American Stock Exchange listing of API shares to be issued in connection with the transaction.

Alion Science and Technology (McLean, VA)	<i>Acquired</i>	John J. McMullen Associates (JJMA) (Alexandria, VA)
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Alion Science and Technology completed its acquisition of employee owned John J. McMullen Associates (JJMA), a leader in naval architecture and marine engineering services. The proposed transaction is designed to strengthen Alion's support of U.S. Navy programs while opening up new civilian and commercial opportunities.

Alexandria, Va.-based John J. McMullen Associates (JJMA) is a provider of naval architecture, marine engineering and program management support, with a 48 year history of providing quality service and value to government, commercial and international customers. JJMA's over 600 employees cover all the major marine disciplines of engineering, design and program management. In addition to the traditional fields of ship design, the company developed capabilities in a number of specialty fields including ship signature management, electronic compatibility, advanced hydrodynamics and machinery control systems. JJMA's engineers and designers possess the knowledge and experience to cover all phases of ship design starting from early feasibility studies, followed by the various engineering phases, ending with detail design supporting the shipyard during construction. In addition to its Alexandria headquarters, the company operates out of 10 offices throughout the U.S.'

Alion has created a new business unit, the JJMA Maritime Sector, which will house the company's naval architecture, marine engineering and maritime program management functions.

Alion chairman and CEO, Dr. Bahman Atefi stated: "JJMA is one of the most respected companies in marine engineering and programmatic support to the U.S. Department of Defense. This acquisition will help us further our support of the U.S. Navy, U.S. Coast Guard and Marine Corps with practical, technically-advanced systems and solutions. It will also present new opportunities in the commercial world. The acquisition of JJMA will fit perfectly with our strategy of disciplined growth while enhancing our value to the defense community."

JJMA president P. Thomas Diamant said he sees this acquisition as the natural next step in the company's evolution. "Our high-level engineering and program management skills are an ideal addition to Alion's considerable resources in these areas. This acquisition will also bring Alion's design, simulation, industrial engineering and operational support expertise to JJMA's customer base."

T E R M S

On April 1, 2005 Alion Science and Technology on March 25, 2005 announced that it had agreed in principle to acquire John J. McMullen Associates (JJMA). Terms of the transaction were not disclosed.

The proposed transaction, plans for which were announced on March 25, 2005, was subject to the execution of a definitive agreement. The transaction closed as expected during April 2005.

JJMA has over 600 employees. With the addition of JJMA, Alion has approximately 2,600 employees

Alteon Training, LLC (Renton, WA)	<i>Joint Venture</i>	CasaAero Training [equity] (Morocco)
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Alteon Training, LLC announced the creation of a new training joint venture company, CasaAero Training, with Royal Air Maroc.

Based in Casablanca, Morocco, CasaAero Training will operate out of the airline's existing training center, which currently is equipped with a 737- 300/400/500 full flight simulator. Alteon will support the venture with the addition of a new 737 -600/700/800 full flight simulator scheduled to be in place in the first quarter of 2005.

Lou Mancini, vice president and general manager, Boeing Commercial Aviation Services, stated: "We've had outstanding success working together with Royal Air Maroc on joint ventures in Morocco. We view our relationship with RAM as a fantastic example of how Boeing teams directly with our customers to bring added value to airlines who fly our family of superior airplanes."

The CasaAero Training Centre is the first training center added to the Alteon global network in 2005, following three training centers opened in 2004 in Atlanta, Georgia; Brisbane, Australia; and London Gatwick, UK.

"We are proud to be partnered with Royal Air Maroc in launching CasaAero Training," said Alteon President Pat Gaines. "Alteon's participation will ensure that the airline can increase its training capability without a large capital outlay and we will actively help further enhance aviation safety in the North African region."

Royal Air Maroc chairman and CEO Mr. Mohamed Berrada stated: "Having Alteon Training as our partner is truly valuable as we look to expand our scope of business. We look forward to growing in our role as a top regional training center and furthering our own pilots' training as RAM continues to grow and prosper."

Royal Air Maroc serves 67 destinations throughout 40 countries in Europe, Africa, Middle East and North America.

T E R M S

On March 14, 2005 Alteon Training, LLC announced the formation of the CasaAero Training joint venture with Royal Air Maroc. Boeing's investment in the joint venture is the contribution of a new 737-600/700/800 full flight simulator scheduled to be in place in the first quarter of 2005.

The equity stakes each company would have were not disclosed.

Axsys Technologies, Inc.
(Rocky Hill, CT)

To Acquire **Diversified Optical Products, Inc. (DiOP)**
(Salem, NH)

Axsys Technologies, Inc. (NASDAQ: AXYS) announced that it has entered into a definitive agreement to acquire Diversified Optical Products, Inc. (DiOP), a privately held manufacturer of high-end thermal surveillance camera systems and lenses.

DiOP is a supplier of infrared surveillance solutions to the U.S. Border Patrol, Army, Navy, Air Force, Coast Guard, and various Port Authorities. In addition, DiOP manufactures an array of infrared cameras for law enforcement, firefighting, and commercial perimeter security applications. Finally, DiOP is a leading OEM supplier of military-grade thermal targeting and imaging lenses. DiOP's success in the thermal surveillance space is largely due to its expertise in infrared lens production, the most critical technology in an infrared surveillance camera.

Axsys Technologies chairman and CEO Stephen W. Bershad stated: "The purchase of DiOP is a fundamental step forward for Axsys. While we expect that this acquisition will be modestly accretive to earnings in 2005, more importantly it presents an array of strategic benefits. The addition of DiOP brings new, high value technologies to Axsys, leverages our existing technologies, and provides a new base of customers for the Company. We will immediately establish a strong position in the fast-growing homeland security surveillance market, bolster our existing infrared lens business, and create a new focus for our motion control business."

Acquisition Highlights:

This transaction dramatically enhances Axsys' position as a leading supplier of vertically integrated infrared surveillance systems.

The acquisition of DiOP is a significant step in Axsys' strategy to leverage its optical and motion control capabilities to address the fast growing homeland security market.

The combination of Axsys' existing motion control business and DiOP's camera business will enable the combined company to address new markets including aerial and shipboard surveillance that neither company can address independently.

The technical sophistication of DiOP's solutions directly supports Axsys' strategy to increase the value-added content of its product offerings.

The integration of DiOP's infrared lens design and manufacturing capabilities with Axsys' existing infrared systems business will enable the combined business to better satisfy demand for military grade thermal lenses than either can independently. These two businesses are geographically proximate.

DiOP chairman and co-founder Louis (Lou) Fantozzi stated: "The entire DiOP team is thrilled to be joining the Axsys organization. The technical, market, cultural and geographic fits could not be better. In addition, our customer bases are complementary, so together we have a great opportunity to both improve our market position and better capitalize on the substantial opportunities that exist in our markets."

T E R M S

On March 23, 2005 Axsys Technologies announced it had entered into a definitive agreement to acquire Diversified Optical Products for \$60 million in cash.

DiOP employs approximately 120 people at its Salem, N.H., headquarters. Total sales for the calendar year 2004 were \$22.3 million.

Axsys has obtained commitments from financial institutions for up to \$70 million to fund the transaction and provide working capital. Closing is anticipated in the second quarter of 2005 following the completion of customary closing conditions. Axsys will revise financial guidance subsequent to closing.

Axsys Technologies was advised by Bear Stearns & Co. Inc., DiOP was advised by Houlihan Lokey Howard & Zuckin.

BAE Systems plc
(U.K.)

To Acquire **United Defense Industries, Inc.**
(Arlington, VA)

BAE Systems North America, Inc., a wholly owned subsidiary of BAE Systems plc (LSE: BA.L), entered into a definitive merger agreement to acquire United Defense Industries, Inc. (NYSE: UDI).

UDI, headquartered in Arlington, Va., designs, develops and produces combat vehicles, artillery systems, naval guns, missile launchers and precision munitions, used by the U.S. Department of Defense and allies worldwide, and provides non nuclear ship repair, modernization and conversion to the U.S. Navy and other U.S. Government agencies. UDI employs approximately 8,000 people in 25 locations in the U.S. and Sweden.

BAE Systems said that the proposed acquisition represents "a significant step" in its strategy "to grow as the premier transatlantic aerospace and defense contractor." It noted that the deal expands and develops its North American business, its global land systems business, and its "worldwide through-life support and services capabilities."

BAE Systems said that its "newly created global land systems business... will be headquartered and led in the U.S., as part of BAE Systems North America, by the highly regarded and experienced UDI management team."

BAE Systems noted that operations in Iraq and Afghanistan have shifted the Pentagon's "priorities and budget towards land systems", and especially towards the "refurbishment and upgrade of existing systems until the next of generation of vehicles is deployed." Along these lines, the company notes that the "2005 U.S. defense budget and supplemental request include approximately \$1.3 billion for resets and upgrades" to the Army's fleet of more than 7,000 Bradley armored fighting vehicles.

The company also stated that "the enlarged land systems business will hold a significant position within the Future Combat Systems program, the U.S. Army's largest procurement program, and offers enhanced opportunities in relation to programs such as the UK's FRES and Sweden's SEP, and in the export market."

BAE Systems also stated that "UDI's weapons systems positions and leading technological capabilities complement BAE Systems North America's advanced electronic systems and subsystems in areas such as targeting, communications, protection and situational awareness, creating significant synergy potential."

T E R M S

On March 7, 2005 BAE Systems North America announced it had entered into a definitive merger agreement to acquire United Defense Industries for \$75 per share in cash, representing a total consideration for UDI's fully diluted share capital of approximately \$3,974 million (£2,092 million). Including the assumption of net debt of \$218 million (£115 million), the transaction values the enterprise at \$4,192 million (£2,207 million).

BAE said it will take out a new \$3 billion debt facility and also issue £375 million (\$715 million) in new shares to finance the deal.

UDI had sales of \$2,292 million and profit before interest or tax of \$293 million in 2004. The company employs approximately 8,000 people in 25 locations in the U.S. and Sweden.

The closing of the transaction is subject to certain terms and conditions customary for transactions of this type, including receipt of approvals from UDI and BAE Systems and necessary regulatory approvals and is expected to be completed in the second quarter of 2005. (CFIUS approval was received April 18, 2005).

BAE Systems said that it expects the deal will be immediately accretive to its earnings, "with a step up expected in the first full year (2006) as well as delivering returns in excess of BAE Systems' cost of capital in the second full year (2007) following the acquisition.

United Defense was advised by Lehman Brothers and JPMorgan, each of which rendered a fairness opinion to the United Defense Board of Directors, and its legal advisor was Gibson, Dunn & Crutcher LLP. Goldman Sachs International and Gleacher Shacklock LLP advised BAE Systems and Cravath, Swaine & Moore LLP was its legal advisor.

Curtiss-Wright Corp.
(Roseland, NJ)

Acquired

Indal Technologies Inc.
(Canada)

Curtiss-Wright Corp. (NYSE: CW; CW.B) acquired Indal Technologies Inc., a wholly owned subsidiary of Novar plc (London: NVR.L).

Indal is considered the market leader in shipboard helicopter handling systems for naval applications with a global installed base on over 200 ships, including more than 100 systems deployed in the U.S. Navy. Indal's highly engineered, proprietary products enable helicopters to land aboard naval vessels in rough sea conditions. Indal also designs and manufactures specialized telescopic hangars that provide protection for helicopters aboard ships and cable handling systems for naval sonar applications. Indal has also developed an Automated Passenger Bridge (APB) guidance system for boarding and de-boarding commercial aircraft. The APB provides increased gate utilization, reduces operating costs and shortens aircraft turnaround times.

North American sales represent approximately 42% of projected revenues, including key platforms such as DDG, DD(X), USCG Deepwater and LPD-17. In addition to the U.S. Navy and Coast Guard, Indal's current customers include the navies of Canada, Italy, Malaysia, Turkey, Japan, the U.K. and Australia.

Curtiss-Wright chairman and CEO Martin R. Benante stated: "The acquisition of Indal provides a new channel for a broader naval market penetration for Curtiss-Wright. We have a core navy business in nuclear propulsion systems, embedded computers and sensors, and this acquisition provides a strong strategic fit. Indal's superior technologies and long-term customer relationships with 24 navies worldwide will provide a substantial platform for our Motion Control segment's expansion into the naval market."

T E R M S

On March 3, 2005 Curtiss-Wright announced it had acquired the stock of Indal Technologies Inc., a wholly owned subsidiary of Novar plc, for C\$78 million (approximately \$63 million) in cash.

Indal will operate as a business unit of the Motion Control segment of Curtiss-Wright in its Engineered Systems group.

Revenues for Indal are expected to be approximately US\$45 million in 2005. Curtiss-Wright will report 10 months of ownership in 2005.

Indal employs 190 full-time employees at its 195,000 square foot facility in Mississauga, Ontario, Canada, all of which are expected to continue in their current positions. The facility, which the company owns, includes engineering and administration as well as a comprehensive testing facility which simulates naval vessels for full-scale flight test platforms.

Cytec Industries, Inc. (West Paterson, NJ)	<i>Acquired</i>	UCB Group [Surface Specialties] (Belgium)
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Cytec Industries, Inc. (NYSE: CYT) completed its acquisition of the Surface Specialties business of UCB Group, a leading Belgium biopharmaceutical and specialty chemical company.

Cytec chairman, president and CEO David Lilley commented, "The acquisition of UCB's Surface Specialties business will provide us critical mass and an excellent position to service the coatings markets with a broad range of resins and additives as well as technical resins serving a wide range of other target markets. The strong technology foundation positions us with a sustainable platform with above average growth rates in the coatings markets."

UCB chairman Georges Jacobs stated: "The management and employees of Surface Specialties, who have been significant contributors to the development of the UCB Group, will benefit from being part of a global specialty chemicals and materials company fully committed to the further development of its core businesses."

In conjunction with this transaction, Cytec anticipates divesting Surface Specialties' amino resin product line during 2005 and using the proceeds to reduce debt. Sales of Surface Specialties' amino crosslinkers in 2003 were approximately \$140 million.

T E R M S

On March 1, 2005 Cytec Industries announced it had completed its acquisition of the the Surface Specialties business of UCB Group for cash and stock valued at \$1,797 million.

The consideration consists of 1,140 million euros (\$1,505 million) paid in cash and 5,772,857 shares of Cytec common stock (\$292 million at \$50.55 per Cytec share). In addition, there is contingent consideration up to a maximum of 50 million euros, of which 20 million euros was paid up front with the balance payable in 2006. The contingent consideration is earned on a pro rata basis pending the achievement of certain operating results by Surface Specialties in 2005.

The acquisition, plans for which were first announced on Oct. 1, 2004, was subject to customary closing conditions including the approval of regulatory authorities. It was originally expected to close by December 31, 2004.

Upon closing, UCB will own approximately 12% of the outstanding shares of Cytec. UCB and Cytec have also agreed to enter into a stockholders agreement which will provide for UCB to reduce its stake within 5 years and contain other customary terms and provisions.

The addition of the global Surface Specialties business, with 2003 revenues of \$1.2 billion will create a combined Cytec entity of approximately \$2.7 billion based on 2003 revenues. The acquisition will complement Cytec's existing product lines in the Performance Products segment by significantly increasing Cytec's product offering to the coatings and additives industries including the general industrial, automotive, architectural, plastic, graphic arts and wood segments. Many of the Surface Specialties product lines such as UV Cure, Powder and waterborne systems have above average growth rates.

Cytec intends to operate the Surface Specialties business as a separate segment and will integrate its Coating and Specialty Additives and Performance Chemicals product lines into the new segment.

Defense Industries International, Inc. (Israel)	<i>To Acquire</i>	Owen Mills Co. (Los Angeles, CA)
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Defense Industries International, Inc. (OTCBB: DFNS.OB) signed a definitive agreement to acquire all of the outstanding shares of Owen Mills Co., a Los-Angeles based manufacturing and service company specializing in military and industrial sewing of marine and ballistic fabric products.

The Owen Mills Co. is a manufacturing and service company. For over 50 years, Owen Mills has worked as a subcontractor in fields such as: ballistics, marine products, military contracts and products.

Defense Industries CEO Joseph Postbinder stated: "This is a long-awaited strategic milestone for our company. We have been striving to obtain an American presence, with local US manufacturing facilities and US clients, as part of our long-term growth strategy. This acquisition provides us with a robust platform for future growth. It will enable us to advance our growth plans and to benefit, both immediately and in the long term, from increased and diversified manufacturing capabilities as well as a broader customer base."

Defense Industries International, Inc. (www.defense-industries.com) is a manufacturer of body armor, bomb disposal suits and bullet-resistant vests and jackets; ballistic wall covers, helmets, plates and one-way protective windows; personal military equipment, battle pouch units and combat harness units; dry storage units, liquid logistics, tents and vehicle covers; winter suits, sleeping bags and backpacks. Main customers include the Israel Defense Forces, NATO, the United Nations Peacekeeping Forces and other U.N. organizations. The Company has two main subsidiaries Export Erez Ltd. and Achidatex Nazareth Elite (1977) Ltd.

T E R M S

On March 2, 2005 Defense Industries International announced it had signed a definitive agreement to acquire all of the outstanding shares of Owen Mills Co.

Defense Industries will purchase all of Owen Mills Co.'s outstanding stock in consideration for \$200,000 in cash and shares of Defense's common stock having a value of \$200,000, based on the average closing price per share of Defense Stock for the ten trading days preceding the issuance of such shares.

DPAC Technologies Corp.
(Garden Grove, CA)

To Acquire **QuaTech, Inc.**
(Hudson, OH)

DPAC Technologies Corp. (NASDAQ: DPAC) entered into a non-binding letter of intent to acquire privately held QuaTech, Inc., a supplier of data connectivity products to financial institutions, serving five of the top 10 U.S. banks.

Founded in 1983, Hudson, Ohio-based QuaTech (www.quatech.com) designs, manufactures, and supports device networking and connectivity solutions. Customers include OEMs, VARs and System Integrators, as well as end-users in many industries, including banking, retail/POS, access control, building automation and security, and energy management.

Garden Grove, Calif.-based DPAC Technologies (www.dpactech.com) provides embedded wireless networking and connectivity products for machine-to-machine communication applications. DPAC's wireless products are used by major OEMs in the transportation, instrumentation and industrial control, homeland security, medical diagnostics and logistics markets to provide remote data collection and control.

T E R M S

On March 8, 2005 DPAC Technologies Corp. announced it had entered into a non-binding letter of intent to acquire QuaTech, Inc.

In the merger, DPAC will exchange newly issued shares of common stock of DPAC for privately-held QuaTech's shares. Under the letter of intent, QuaTech's shareholders and stakeholders would receive DPAC shares in an amount equal to 15% percent of the amount of DPAC's partially diluted shares (those shares currently outstanding plus those issued or issuable under outstanding options and warrants on a net exercise basis) on a record date and on terms to be determined. The merged company will have a new seven-member board with three inside directors and four independent members. The merged company management will be led by Kim Early, current DPAC CEO, as Chairman, and Steven Runkel, current QuaTech CEO, as Chief Executive Officer.

Based on its 2004 unaudited financial information, in its last full fiscal year, QuaTech revenues were approximately \$10.0 million, and QuaTech had a net after-tax profit.

The companies expect to enter into a definitive agreement and to secure the appropriate financing over the next six to eight weeks. The deal is subject to the approval of DPAC shareholders and QuaTech shareholders, as well as satisfaction of certain other requirements and the absence of material adverse changes. Following the transaction, QuaTech will be a wholly-owned subsidiary of DPAC.

Dynasil Corporation of America
(West Berlin, NJ)

Acquired **Optometrics, LLC**
(Ayer, MA)

Dynasil Corporation of America (OTCBB: DYSL) completed its acquisition of Optometrics LLC of Ayer, Massachusetts.

Optometrics LLC, which has been renamed Optometric Corp. (www.optometrics.com), is a supplier of optical components including diffraction gratings, lenses, thin film filters, laser optics, monochromators, and specialized optical systems and software. Dynasil has been a long-term supplier to Optometrics and glass is a key raw material for Optometrics products.

Dynasil president and CEO Craig Dunham stated: "I believe that Optometrics is an excellent addition to Dynasil with Optometrics' record of profitable growth, strong people, and optical customers/markets that fit well with Dynasil. The year is off to a good start with strong orders in both companies. The combination of the two companies is expected to lead to increased profitability for both companies. We look forward to acquiring similar strong companies with growth opportunities and synergy with our current businesses."

Founded in 1960, Dynasil Corporation of America is a fabricator of optical blanks from synthetic fused silica, fused quartz and other optical materials.

T E R M S

On March 8, 2005 Dynasil Corporation of America completed the acquisition of the operating assets and assume certain liabilities of Optometrics LLC. Terms of the transaction were not disclosed.

The companies had signed a letter of intent regarding the transaction on Oct. 19, 2004, saying they expected to close the deal by December 20, 2004. Under terms of a definitive purchase agreement which was signed subsequently, the transaction's expected completion date was pushed back to March 8, 2005

The previous owners of Optometrics LLC, Ms. Laura Lunardo and Mr. Frank Denton, signed two year, renewable employment contracts and will continue to actively lead the Optometrics business which will now be Optometrics Corporation. Additionally, Ms. Lunardo is now Dynasil's CFO.

The anticipated revenues for the combined companies are expected to exceed \$6 million, doubling Dynasil's former revenues. A total of \$700,000 of equity in the form of Dynasil convertible preferred stock was raised from existing and new shareholders to finance the acquisition in addition to bank financing.

Elbit Systems Ltd. (Israel)	<i>Acquired</i>	Israel Military Industries Ltd. (IMI) [Aircraft Systems (Israel)
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Cyclone Aviation Products Ltd., a Carmiel, Israel-based subsidiary of Elbit Systems, Ltd. (Tel Aviv: ESLT.TA; NasdaqNM: ESLT) completed its acquisition of the business activities of the Aircraft Systems Division of Israel Military Industries Ltd. (IMI).

The Aircraft Systems Division of state-owned IMI makes weapon pylons and external fuel tanks for fighter aircraft. Its customers include Israel's Defense Ministry, the U.S. Defense Department, U.S. aviation companies and others.

Cyclone, located in northern Israel, makes structural assemblies for civil and military aircraft and provides maintenance services for helicopters and aircraft. Cyclone employs approximately 350 employees.

Elbit Systems president and CEO Joseph Ackerman stated: "The acquisition of the activities of IMI's Aircraft Systems Division, constitutes an important step for Elbit Systems in the realization of our strategy to participate in the privatization process in Israel and a further milestone in the process of consolidation of the Israeli defense industries."

T E R M S

On March 27, 2005 Elbit announced that subsidiary Cyclone Aviation Products had completed its acquisition of IMI's Aircraft Systems Division for the price of approximately \$7 million, a portion of which will be paid in cash and the balance through assumption of obligations of the Aircraft Division. The final purchase price is subject to adjustments.

The transaction has been made through a wholly-owned subsidiary of Cyclone.

In addition to cash payments Elbit has committed to assume outstanding debts or obligations to suppliers and employee pension funds. Cash proceeds from the sales are going directly to IMI, and will not revert to the Israeli Treasury.

The division's revenues in 2004 were approximately \$8 million, down from the \$14 million recorded in 2003. Cyclon employs approximately 350 employees.

The acquisition, plans for which Elbit had announced on Jan. 3, 2004 (sic), was subject to concluding arrangements with workers' representatives and the Finance Ministry and receipt of all approvals required by law. At the time the deal was announced Elbit had said that the process could take another few months. The transaction was completed following the signature of an agreement among the Israel Treasury Ministry, representatives of the employees, IMI and Cyclone, relating to the severance conditions of the Aircraft Division's employees.

Pursuant to the acquisition, the business and operational activities of the Aircraft Systems Division are being integrated with Cyclone's activities.

EMRISE Corp. [XCEL Corp. Ltd.]

Acquired

**Pascall Electronics Ltd.
(U.K.)**

XCEL Corp. Ltd. (XCEL), the U.K. subsidiary of EMRISE Corp. (OTCBB: EMRI.OB), completed its acquisition of all of the outstanding capital stock of Pascall Electronics Ltd., a U.K.-based subsidiary of Intelek plc (LSE: ITK.L).

Operating in a 30,000-square-foot facility off the south coast of England, Pascall manufactures a range of proprietary power systems and radio frequency (RF) products. Over 75 percent of these products are exported, primarily to the U.S. market. Pascall specializes in power supplies for the civil aviation, defense, industrial, marine, space and transport markets. Pascall's RF and Microwave division, which accounts for approximately one-third of Pascall's total revenues, specializes in components for radar, EW (electronic warfare) receivers, navigation and location equipment, communication and marine safety systems.

EMRISE executive vice president and COO Graham Jefferies commented: "Pascall's strength that we perceive in its power systems business in the civil aerospace market is a market largely untapped by our current product offering. We believe their strength, particularly in the growing IFES (in flight entertainment systems) market, will help us to broaden our existing base power supply business still further."

Jefferies continued: "In addition to power supplies, Pascall's focus is on providing RF subsystem assemblies, which has expanded in the IFES civil aircraft market with subsystems for the distribution of WIFI and Bluetooth on commercial aircraft. With such a focus in the civil aerospace market and with key programs such as the new Boeing 787 and new Airbus 380 already established for both Pascall and other EMRISE units, we anticipate that this acquisition will position EMRISE as a key supplier both in cockpit signal distribution and the much larger seat back entertainment applications."

EMRISE president and CEO Carmine T. Oliva added: "Pascall brings us a giant step toward our strategic growth and net income goals. Pascall brings EMRISE's annualized revenue run rate to \$50 million. We are focused on building our two core businesses: communications equipment and electronic components. We believe Pascall provides us with an ideal entry into the U.S. civil aircraft market."

T E R M S

On March 18, 2005 EMRISE's U.K. subsidiary, XCEL Corp. Ltd., completed its acquisition of all of the outstanding capital stock of Pascall Electronics Ltd., a U.K.-based subsidiary of Intelek.

The initial purchase price for Pascall's capital stock will be £3.1 million (\$6.0 million). EMRISE has loaned to Pascall at the closing £1.6 million (\$3.1 million) to enable Pascall to immediately repay its intercompany debt to Intelek. This repayment of debt brings total consideration for the acquisition to \$9.05 million, subject to certain adjustments.

The transaction, which was announced on March 3, 2005, closed as expected on March 18, 2005.

Based on Pascall's current forecasts, Pascall expects to record \$13 million in revenues for its fiscal year ending March 31, 2005. EMRISE anticipates that "Pascall will contribute approximately \$15 million in revenue on a standalone annualized basis over a 12 month period beginning April 1, 2005." The company has 120 employees.

**GAMESA Corporación Tecnológica S.A.
(Spain)**

To Acquire

**Especial Gear Transmissions S.A.
(Spain)**

Spain's GAMESA Corporación Tecnológica S.A. (Madrid: GAM.MC) agreed to acquire Especial Gear Transmissions S.A., a Basque-based energy utility company, from Decaplus' Decatur subsidiary.

Gamesa Corporacion Tecnologica S.A. is a holding company whose interests encompass combat vehicles, aerostructures, and wind-derived energy.

T E R M S

On March 4, 2005 Gamesa Corporacion Tecnologica S.A. announced it had agreed to acquire Especial Gear Transmissions for 1.39 mil euros (\$1.84 million).

General Electric Co. [GE Infrastructure]
(Wilton, CT)

Acquired

Edwards Systems Technology (EST)
(Bradenton, FL)

GE Infrastructure, a unit of General Electric Co. (NYSE: GE), announced today that it has completed its acquisition of Edwards Systems Technology (EST), the fire detection systems business of SPX Corp. (NYSE: SPW).

GE Infrastructure president and CEO Bill Woodburn stated: "GE Infrastructure is rapidly becoming the premier security provider and acquiring Edwards positions us as a leader in the \$5 billion fire detection and life safety segment. By combining Edwards' technology and channel strength with the broader Security offering of GE, we can now offer an integrated facility management solution. We see significant revenue and cost synergies with this combination, and expect the acquisition to be accretive to GE's 2005 earnings."

Ken Boyda, president and CEO of GE Infrastructure's Security business, stated: "We're seeing a convergence of technologies in the security arena, and a strong fire & life safety business is key to presenting an integrated facility management solution. Since fire detection systems are the only universally mandated security technology, there is significant opportunity for us to grow sales in complementary areas like access control, video surveillance and related services for commercial and large scale infrastructure projects."

The business will become a part of GE Infrastructure, Security's Engineered Systems business.

T E R M S

On March 23, 2005 GE Infrastructure announced it had completed its acquisition of Edwards Systems Technology from SPX Corp. Terms of the transaction were not disclosed.

Griffon Corp. [Telephonics]
(Farmingdale, NY)

To Acquire

Systems Engineering Group, Inc. (SEG)
(Columbia, MD)

Telephonics Corp., a wholly owned subsidiary of the Griffon Corp. (NYSE: GFF), acquired The Systems Engineering Group (SEG).

Columbia, Md.-based SEG will be operated as a wholly owned subsidiary of Telephonics Corp. and will remain within its existing facilities in Columbia, Maryland, Dahlgren, Virginia and Moorestown, New Jersey.

SEG's capabilities include radar systems analysis, antenna systems engineering, sonar analysis and processing, high fidelity threat missile modeling, analysis and simulation, tactical missile defense analysis, and federal aviation administration support. SEG's customer base includes amongst others: The U.S. Navy, The FAA, Johns Hopkins University - APL, Missile Defense Agency and the Veterans Administration.

Telephonics president Joseph J. Battaglia stated: "This acquisition will enhance Telephonics' core business of providing electronic systems and sub-systems for critical defense applications by expanding the research and development and professional support services we offer our customers. We are very excited about combining SEG's systems analysis, simulation and modeling expertise with Telephonics' existing product lines."

Telephonics' (www.telephonics.com) broad based, high-tech engineering capabilities provide integrated information and communication systems solutions to both domestic and international markets. The company is organized into two operating divisions: Communications Systems, specializing in aircraft intercommunications, mass transit communications, wireless and audio products; and Command Systems, specializing in traffic management systems, maritime surveillance radar and aerospace electronics; and one wholly-owned subsidiary, TLSI. Operating under the Telephonics umbrella, TLSI (www.tlsi.com) manufactures application-specific integrated circuits (ASIC) for the telecommunications, automotive and industrial security markets.

T E R M S

On March 9, 2005 Telephonics announced it had acquired The Systems Engineering Group (SEG). Terms of the transaction were not disclosed.

SEG had sales in excess of \$8 million in 2004. The company will be operated as a wholly owned subsidiary of Telephonics Corp.

Honeywell International, Inc. (Morris Township, NJ)	<i>Acquired</i>	Novar plc (U.K.)
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Honeywell International, Inc. (NYSE: HON) completed its acquisition of U.K. industrial holding company Novar plc (LSE: NVR.L).

Novar plc is an international group whose core divisions are Intelligent Building Systems (IBS), Indalex Aluminum Solutions, and Security Printing Services. Novar's IBS unit will enhance Honeywell's offering of security, fire and building controls products and services, particularly in the U.K. and Germany and support its strategy of global growth of these businesses. Honeywell plans to divest IAS and SPS, which it called "very strong businesses in their respective industries," within a year.

The European Union required that Honeywell also divest Esser Italia, Novar's fire alarm business in Italy, as a condition of securing its approval of the transaction. The EU ruled that absent this step the merger would seriously affect competition in the Italian marketplace.

Honeywell chairman and CEO David M. Cote stated: "This acquisition is an excellent opportunity to further expand our Automation and Control Solutions business. Honeywell has a long heritage in providing premier integrated security, fire and building controls products and services. We see great opportunities in this business, and the integration of Novar's highly complementary products, services and expertise clearly enhance those prospects. Novar has a great heritage built on a competitive product offering, a talented workforce and a management team dedicated to delivering value to their customers. Adding these assets to Honeywell's already strong global technology platforms will deliver benefits for customers and expanded opportunities for employees of both companies. We look forward to working with Novar's management team to realize the benefits of this combination."

T E R M S

On March 31, 2005 Honeywell International completed its acquisition of Novar.

The purchase price was £1.2 billion (\$2.3 billion) fully diluted for the exercise of all outstanding options, including the assumption of approximately £300 million (\$580 million) of outstanding debt, net of cash. Honeywell is funding the acquisition with existing cash resources and credit facilities. The acquisition is expected to have an accretive impact on Honeywell's 2005 earnings per share.

Novar plc had reported 2003 revenue of £1.43 billion (\$2.7 billion).

Honeywell intends to integrate Novar's IBS unit, which had 2003 revenue of £603.9 million (\$1.2 billion) into its Automation and Control Solutions (ACS) division. Honeywell said that it believes it "can achieve more than \$100 million annually in synergies." Honeywell ACS is an approximately \$8.0 billion business with more than 40,000 employees worldwide. Honeywell expects that Novar's IBS assets, its technology, business presence, customers and employees will contribute to the growth of its ACS division going forward.

Honeywell had announced its intention to acquire Novar on Dec. 13, 2004. The transaction was completed was expected during the first quarter of 2005.

Hunter Defense Technologies, Inc. (Behrman Capital) (Solon, OH)	<i>Acquired</i>	Bea Maurer, Inc. (Base-X) (Fairfield, VA)
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Hunter Defense Technologies, Inc., a portfolio company of private equity investment firm Behrman Capital, acquired Bea Maurer, Inc., the privately held manufacturer of Base-X Expedition Shelters. Bea Maurer's senior management is also participating in the acquisition.

Founded in 1981 and based in Fairfield, Virginia, Bea Maurer is a manufacturer of rapid-deploying tactical shelters for medical, communications and homeland defense uses.

Based in Solon, Ohio, Hunter designs and manufactures niche defense and homeland security products. Its primary product lines include nuclear, biological and chemical collective protection air filters and air filtration systems for military and homeland security applications, as well as highly engineered heating equipment for military vehicles, tents and shelters.

Behrman Capital managing partner Grant G. Behrman stated: "We are very pleased to be able to participate with Bea Maurer's management in this add-on transaction, which will further enhance Hunter's strong performance and prospects. This acquisition transforms Hunter from a products company into a solutions provider, with an extremely high quality offering - the Base-X shelter system - as well as significant intellectual property, a strong management team and considerable growth opportunities."

Hunter CEO Vince Nardy stated: "When we first partnered with Behrman Capital more than a year ago, our principal objectives were to continue to expand our production capacity, develop new products to meet the needs of our military customers and accelerate our growth in the homeland security market. This transaction helps us meet all of those objectives and will play an important role in driving future growth."

T E R M S

On March 10, 2005 Hunter Defense Technologies, Inc. announced it had acquired Bea Maurer.

The transaction has an aggregate value of approximately \$80 million. Bea Maurer will operate as a subsidiary of Hunter under the name Base-X, Inc. It will continue to be based in Virginia under the leadership of its current management team.

Behrman Capital also announced the completion of a \$110 million recapitalization for Hunter. Under terms of the recapitalization, Hunter has obtained a \$15 million revolving credit facility and a \$95 million term loan. Proceeds from this recapitalization have been used to retire some of Hunter's existing debt and to help fund the acquisition of Bea Maurer.

Merrill Lynch Capital and Madison Capital Funding served as co-lead arrangers and joint book runners for the offering. The financing is being provided by a consortium of approximately 20 lenders. Goodwin Procter LLP acted as legal advisor to Behrman Capital and Hunter for the Bea Maurer acquisition and Hunter recapitalization. Williams Mullen, Washington, DC, represented Bea Maurer and its stockholders in the transaction.

IAP Worldwide Services, Inc. (Irmo, SC)	<i>Acquired</i>	Johnson Controls World Services Inc. (JCWS) (Cape Canaveral, FL)
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Johnson Controls, Inc. (NYSE: JCI) completed the sale of Johnson Controls World Services Inc. (JCWS) subsidiary to IAP Worldwide Services, Inc., a majority owned portfolio company of Cerberus Capital Management.

JCWS has been renamed IAP World Services. The Cape Canaveral, Fla.-based company provides the U.S. government with base operations and contingency support, logistics and workforce management and temporary personnel services.

IAP World Services It will operate as a subsidiary of Irmo, South Carolina-based IAP Worldwide Services, Inc., a provider of contingency support, turnkey procurement and disaster relief services for the U.S. Army, Army Corps of Engineers and the Federal Emergency Management Agency (FEMA).

Headquartered in New York, Cerberus Capital Management, L.P. is a private investment firm managing approximately \$15 billion in capital. IAP founder and vice chairman Doyle McBride stated: "We are excited about combining IAP and JCWS. Both companies have unmatched performance records and are highly responsive to client missions. IAP will remain committed to exceptional client service and growing the business."

While Johnson Controls is exiting the federal base operations, the company stated that its "contingency support and temporary personnel businesses... will continue to provide federal government customers with its full range of services, including integrated building automation systems, security solutions and energy management, including Energy Savings Performance Contracts, as well as maintenance and repair of building systems."

John Kennedy, president of the Controls Group of Johnson Controls, stated: "The federal government continues to be a key market for Johnson Controls. This transaction enables us to focus resources on our core strengths in systems integration and building services and solutions for both federal and commercial non-residential buildings where we have the greatest ability to create value for our customers."

T E R M S

On March 31, 2005 Johnson Controls announced it had completed the sale of Johnson Controls World Services Inc. (JCWS) to IAP Worldwide Services, Inc.

IAP paid approximately \$260 million in cash for JCWS, subject to normal adjustments. JCWS had sales of approximately \$770 million in fiscal 2004. The transaction was announced on Feb. 11, 2005; completion took somewhat longer than the "next few weeks" stated in the Feb. 11 announcement.

IAP said that it would continue to fully support JCWS' existing federal projects and accounts throughout the process. IAP had sales in excess of \$250 million in 2004. Upon closing, IAP will operate as IAP World Services and will have revenues in excess of \$1 billion and will employ approximately 7,000 people.

investors	<i>Acquired</i>	Aeroflex, Inc. [business] (Bloomingdale, NJ)
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Aeroflex, Inc. (NASDAQ: ARXX) sold its shock and vibration control device manufacturing business located in Bloomingdale, New Jersey to an investor/operating group.

Aeroflex vice chairman and CFO Michael Gorin stated: "We are pleased to have completed this transaction with this particular group. Certain members of the group have a current working relationship with this division and are in an excellent position to be able to serve the division's customers to the highest of standards. The transaction is expected to result in a gain to Aeroflex."

Aeroflex (www.aeroflex.com) designs, develops, manufactures and markets test, measurement and microelectronic products for the aerospace, defense and broadband communications markets.

T E R M S

On March 7, 2005 Aeroflex announced it had sold its shock and vibration control device manufacturing business for \$8.4 million in cash and a deferred payment of \$500,000.

Lockheed Martin Corp. (Bethesda, MD)	<i>Acquired</i>	SYTEX Group, Inc., The (TSGI) (Doylestown, PA)
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Lockheed Martin Corp. (NYSE: LMT) completed its acquisition of The SYTEX Group, Inc. (TSGI).

Doylestown, Pa.-based TSGI provides information technology (IT) solutions and technical support services to the DoD and other federal agencies.

TSGI, through its three operating divisions, is focused on technology engineering and systems integration; Command & Control, Communications, Computers and Intelligence (C4I); information operations/information warfare; network security solutions; security assistance and training; and integrated logistics and business management systems. The acquisition will strengthen Lockheed Martin's capabilities in IT and technical services and expand its range of federal information technology customers.

Approximately 85% of TSGI's current revenue is generated from DoD and intelligence community customers with the remainder predominately from other U.S. government agencies.

The original acquisition agreement was amended to exclude the smallest TSGI business, MacAulay Brown, Inc. The decision to amend the agreement was made in recognition of possible conflicts between some of the work MacAulay Brown is performing for its customers with that of Lockheed Martin. Lockheed Martin and TSGI concluded that the customers of MacAulay Brown would be best served if it remained as a complete business independent of Lockheed Martin. MacAulay Brown will continue to be owned by the previous owners of TSGI.

"The acquisition of TSGI is another step forward in value creation through our strategy of disciplined growth and strategic cash deployment," said Bob Stevens, Lockheed Martin's president and CEO. "TSGI's talented employees and expertise in the areas of information technology and technical services will enable Lockheed Martin to provide expanded core capabilities to a wider group of customers."

"This transaction represents a tremendous opportunity for the employees and customers of The Sytex Group," said Syd Martin, TSGI CEO and founder. "We are a great company, with exceptional employees. TSGI will become an essential part of an expanded Lockheed Martin IT services capability. Our clients will have access to dramatically expanded capabilities, while our employees will have greater professional opportunities. This is truly a win-win combination."

Founded in 1988, TSGI employs more than 3,000 people in the United States and overseas. Lockheed Martin Information Technology (LMIT) (Seabrook, MD) will manage the TSGI business.

T E R M S

On March 31, 2005 Lockheed Martin Corp. announced it had completed its acquisition of The SYTEX Group, Inc. (TSGI).

Lockheed Martin has agreed to pay net consideration of \$440 million after taking into consideration \$13 million of net cash being acquired. The amount was adjusted down from the originally-agreed-to \$462 million due to the decision to exclude MacAulay Brown, Inc. from the transaction. The transaction is expected to be immediately accretive to earnings per share.

TSGI revenue was approximately \$425 million in 2004, nearly 50% above its 2003 results. (Note: this figure includes revenues for MacAuley Brown. Lockheed Martin did not provide an amended figure for revenues when the decision to exclude MBI was announced.)

The transaction, plans for which were announced on Feb. 18, 2005, was subject to government approvals, including a review under the Hart-Scott-Rodino Antitrust Improvements Act and satisfaction of other closing conditions. The transaction closed as expected during early 2005.

Investment banking firm Jefferies Quarterdeck served as an adviser to Sytex. Wolf, Block, Schorr and Solis-Cohen LLP served as counsel. Lockheed Martin did not use a banker.

MTC Technologies, Inc.
(Dayton, OH)

Acquired

Eagle-D GmbH
(Germany)

MTC Technologies, Inc. and subsidiaries (NASDAQ: MTCT) purchased the assets of Eagle-D GmbH, a subsidiary of Eagle Support Services of Huntsville, Alabama. MTC will integrate this activity into its newly established branch office in Speyer, Germany.

The company said that the acquisition "will enhance MTC's reconstitution efforts for the U.S. Army. Late in 2004, the Army awarded MTC a \$35 million, prime contract to reconstitute the 1st Armored Division's Class VII equipment (major end items) upon its redeployment from Iraq. Eagle-D's assets, which include a skilled workforce and two ongoing contracts, are an effective fit with this effort. Additionally, this transaction further solidifies MTC's long-term objective to expand into the European market."

Under the prime contract with MTC, Eagle-D (also known as Eagle Deutschland) is one of the two subcontractors at which actual reconstitution activities are taking place (the other is Mainz-based MIP GmbH).

John Longhouser, MTC president and acting senior vice president of the Land Forces Group, stated: "This purchase enables MTC to continue expanding its role as a systems integrator of logistics in support of our Country's great soldiers. The operations tempo of the Army will continue at a high level during the remainder of this decade, and our ability to program manage complex maintenance and repair activities will allow our soldiers to focus on combat operations. Our employees and those of our team members are proud to be contributing to this vitally important activity."

MTC, through its wholly owned subsidiaries, provides systems engineering, information technology, intelligence, and program management services to the federal government.

T E R M S

On March 1, 2005 MTC Technologies, Inc. announced it had purchased the assets of Eagle-D GmbH.

MTC said that it would "not be adjusting its guidance for this acquisition as the majority of Eagle-D's revenues were from a subcontract with MTC and the transaction is not financially significant."

National Technical Systems, Inc.
(Calabasas, CA)

Acquired

Phase Seven Laboratories, Inc.
(Santa Rosa, CA)

National Technical Systems, Inc. (NASDAQ: NTSC) completed the acquisition of privately held Phase Seven Laboratories, Inc.

Santa Rosa, Calif.-based Phase Seven (www.phaseseven.net) is described by NTS as "a one-of-a-kind, state-of-the-art facility that provides carrier-class network interoperability, functionality and performance testing for new and emerging technologies and their integration to legacy systems."

National Technical Systems CEO Jack Lin stated: "Phase Seven Laboratories is a unique laboratory with capabilities in the Telecommunication Services industry which we feel completes our technology development strategy. We believe the integration of Phase Seven Laboratories into the NTS organization now positions NTS as a major leader in NEBS testing of central office equipment as well as passive fiber optical components."

NTS said that with the acquisition it "can now offer high quality service for carrier class products by simulating Interoperability testing for central office access equipment and Consumer Premise Equipment (CPE). This will include complete end-to-end functional compliance testing of wireline and fiber optics technologies for ADSL, ADSL2/2+ and fiber to the home networks with data, voice, and video."

Phase Seven Laboratories president Curt Wheeling stated: "This acquisition is truly one where one plus one equals three. With the addition of Phase Seven, NTS is the only third party independent laboratory that can offer all the services and testing that the telecommunications and broadband industries require."

T E R M S

On March 22, 2005 National Technical Systems announced it had acquired Phase Seven Laboratories, Inc. Terms of the transaction were not disclosed.

Oshkosh Truck Corp.
(Oshkosh, WI)

Acquired

London Machinery, Inc.
(Canada)

Oshkosh Truck Corp. (NYSE: OSK) acquired London Machinery, Inc., a leading, privately-owned manufacturer of concrete mixers based in London, Ontario.

Oshkosh chairman, president and CEO Robert G. Bohn stated: "This acquisition of London provides us with an opportunity to enhance our product offering and service coverage to the Canadian market, while increasing aftermarket service for customers. We're very pleased to have London and its employees join the corporation, as their reputation for quality and service are highly regarded in the concrete placement industry."

London Machinery (www.lmi.ca) will operate as a wholly-owned subsidiary of Oshkosh.

T E R M S

On March 10, 2005 Oshkosh Truck announced it had acquired London Machinery. Terms of the transaction were not disclosed.

Powerwave Technologies, Inc.
(Santa Ana, CA)

To Acquire **REMEC Wireless, Inc.**
(San Diego, CA)

REMEC, Inc. (NASDAQ: REMC) entered into a definitive agreement to sell its Wireless Systems business to Powerwave Technologies, Inc. (NASDAQ: PWAV) to sell selected assets and liabilities of REMEC's to Powerwave.

The transaction includes REMEC's RF conditioning products, filters, tower-mounted amplifiers and RF power amplifiers. The transaction also includes REMEC's manufacturing facilities in Costa Rica, China and the Philippines, as well as certain employee related costs, facility lease obligations and assets and liabilities related to the product lines being acquired.

REMEC president and CEO Thomas Waechter stated: "The board of directors and management believe that the divestiture of the assets of the Wireless Systems business will provide significant value to REMEC shareholders and that the combination of those assets with Powerwave will create a leading competitor in the commercial wireless market. It is the company's intention to distribute all of the stock of Powerwave and a portion of the cash directly to the shareholders shortly after the transaction is completed, subject to business, tax and legal requirements. We believe that receiving stock of Powerwave will allow our shareholders to directly participate in the success of the combined entity."

REMEC said that "the sale of the Wireless Systems business assets and the previously announced sale of REMEC's Defense & Space business are results of the Company's ongoing review of strategic alternatives to increase shareholder value. The completion of these transactions will result in REMEC divesting the majority of its operating assets and liabilities. Further details will be available when the Company files its proxy material relating to the Wireless Systems sale."

Santa Ana, Calif.-based Powerwave Technologies, Inc., is a supplier of end-to-end wireless solutions for wireless communications networks. Powerwave designs, manufactures and markets antennas, boosters, combiners, filters, repeaters, multi-carrier RF power amplifiers and tower-mounted amplifiers and advanced coverage solutions, all for use in cellular, PCS and 3G networks throughout the world.

T E R M S

On March 14, 2005 REMEC, Inc. announced it had entered into a definitive agreement to sell selected assets and liabilities of its Wireless Systems business to Powerwave Technologies for 10 million shares of Powerwave common stock and \$40 million in cash. Based on Powerwave's closing price on Friday, March 11, 2005, the transaction value is approximately \$118 million.

REMEC will retain certain assets of the Wireless Systems business that include the ODU/Transceiver product line and the manufacturing services business. For the trailing twelve months these retained businesses generated approximately \$20 million and \$55 million of revenues, respectively.

The board of directors of REMEC unanimously approved the transaction, which is subject to the approval of REMEC's shareholders, as well as customary closing conditions and certain regulatory approvals. REMEC and Powerwave expect the closing to occur toward the beginning of the third quarter of calendar 2005.

Needham & Company, Inc. served as financial advisor to REMEC and delivered a fairness opinion to the board of directors of REMEC in this transaction.

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Precision Castparts Corp.
(Portland, OR)

Acquired

Air Industries Corp. (AIC)
(Garden Grove, CA)

Precision Castparts Corp. (NYSE:PCP) completed its acquisition of privately held Air Industries Corp. (AIC) and the assets of Air Tuf Products, Inc.

Founded in 1951, Garden Grove, Calif.-based AIC is a manufacturer of airframe fasteners, which include bolts, pins, and screws made from titanium and nickel-based alloys. PCC expects the acquisition "will significantly enhance PCC's presence in the aerospace fastener market by expanding the Company's product portfolio."

PCC chairman and chief executive officer Mark Donegan stated: "Since our successful acquisition of SPS Technologies in December 2003, we have been actively pursuing aerospace fastener manufacturers that would 'tuck in' with our existing product line, and AIC fits squarely into that strategy. AIC's significant presence in structural airframe bolts and its expertise in titanium fastener products will greatly expand our manufacturing capabilities and the range of fastener product families we can offer to our customers. The founder and management of AIC have built a great company, which we are excited to add to the PCC and SPS family."

PCC also acquired AIC's production facilities and associated real property in Garden Grove, and through PCC Precisor Tool Group, the assets of Air Tuf Products, Inc., a manufacturer of header tooling and punch dies located in Phoenix, Arizona.

Precision Castparts Corp. is a worldwide, diversified manufacturer of complex metal components and products. It serves the aerospace, power generation, automotive, and general industrial and other markets. PCC is the market leader in manufacturing large, complex structural investment castings, airfoil castings, and forged components used in jet aircraft engines and industrial gas turbines.

T E R M S

On March 8, 2005 Precision Castparts announced it had completed its acquisition of the shares of Air Industries Corporation (AIC) and the assets of Air Tuf Products, Inc. for \$194.0 million in cash.

The transaction for AIC, treated as an acquisition of assets for tax purposes, and the acquisition of Air Tuf assets should generate approximately \$57 million in tax savings over the next 15 years, which are worth approximately 18 percent of the total acquisition price on a present value basis. The acquisitions will be immediately accretive to earnings.

The transaction, plans for which were first announced on Jan. 25, 2005, was subject to regulatory approvals, including Hart-Scott-Rodino. It closed as expected during the fourth quarter of fiscal 2005. PCC will fund the acquisition with cash on hand.

The financial results of AIC will be reported as part of PCC's Fastener Products segment, beginning with the Company's fourth-quarter/year-end earnings announcement scheduled for Tuesday, May 3, 2005.

AIC has 510 employees.

public

Equity

TRW Automotive Holdings Corp. [9.7%]
(Livonia, MI)

Northrop Grumman Corp. (NYSE: NOC) announced the sale of 7,256,500 shares of TRW Automotive Holdings Corp. (NYSE TRW).

The shares were sold in private transactions to TRW Automotive Holdings Corp. which will issue and sell the same amount of shares in private transactions with institutional accredited investors. Automotive Investors LLC (an affiliate of the Blackstone Group) granted its approval for Northrop Grumman's sale in lieu of the registration of three million priority shares required under the TRW Automotive stockholders agreement.

The sale reduces Northrop Grumman's ownership of TRW Automotive Holdings Corp. from 19.6 percent to 9.9 percent, or 9,743,500 shares. Northrop Grumman sold TRW Automotive to the Blackstone Group in February 2003 and obtained the equity stake under the terms of that sale.

T E R M S

On March 10, 2005 Northrop Grumman announced the sale of 7,256,500 shares of TRW Automotive Holdings Corp. (NYSE TRW) for approximately \$142.6 million, or \$19.65 per share.

The company says it will pay no cash taxes on the sale and will record a \$25 million reduction of goodwill attributable to the tax benefit.

The sale, which closed Friday, March 11, 2005, is expected by the company to result in a first quarter 2005 after-tax gain of approximately \$45 million, or \$0.12 per share (these figures are revised downward from the figures of "approximately \$70 million, or \$0.19 per share" announced by Northrop Grumman on March 10).

Sensis Corp.
(DeWitt, NY)

To Acquire **Seagull Technology, Inc.**
(Campbell, CA)

Privately held Sensis Corp. signed a definitive agreement to acquire the assets of Seagull Technology, an engineering firm specializing in transportation, information, and control system technology for the aerospace industry. Seagull will bring Sensis modeling and simulation experience, aviation operational concept development, advanced automation systems development, and expertise in navigation systems.

Sensis CEO Jud Gostin stated: "Seagull has a long history of modeling and simulation experience for the National Airspace System and is well respected in the aerospace industry. Their modeling and simulation ability combined with Sensis' hands-on experience in deploying air traffic control systems domestically and abroad will enable us to provide even greater value to our customers. Additionally, Seagull's experience with navigation systems strategically expands Sensis' technology portfolio."

Sensis said that the acquisition would better enable it to meet the requirements of developing the nation's development of this next generation air transportation system, contemplated under the Vision 100 - Century of Aviation Reauthorization Act.

Seagull was formed in 1985 and is headquartered in Campbell, CA.

Seagull founder and CEO John Sorensen stated: "Over the last few years, Seagull has established a close working relationship with Sensis, partnering to examine emerging air traffic control needs. With the acquisition, Seagull can continue to build on the companies' synergies, integrating Seagull's technology with potential Sensis applications for new and innovative solutions for the Aerospace industry."

Seagull's primary customers are federal agencies such as NASA and FAA; the U.S. Joint Planning and Development Office; technology corporations; and university laboratories.

T E R M S

On March 29, 2005 Sensis Corp. announced it had signed a definitive agreement to acquire the assets of Seagull Technology. Terms of the transaction were not disclosed. Seagull has approximately 40 employees.

The acquisition is expected to close in the second quarter of 2005. When the deal is completed, Seagull will remain in Campbell, CA, and become Sensis Corporation Seagull Technology Center. The Technology Center will also retain its satellite office in Hampton, VA. Founder and CEO John Sorensen will become a Sensis Senior Fellow. Seagull President and COO Matt Blake will become Director, Sensis Corporation Seagull Technology Center.

Serco Group plc
(U.K.)

Acquired

Resource Consultants, Inc. (RCI)
(Vienna, VA)

Serco Group plc (LSE: SRP.L) completed its acquisition of RCI Holding Corp., parent company of Resource Consultants, Inc. (RCI) of Vienna, Va., from CM Equity Partners, the majority owner, and other shareholders.

RCI is a provider of systems engineering, IT services, supply chain management and business process management services to the U.S. Dept. of Defense and other federal agencies. The majority of its contracts are of a lower risk 'cost plus' or 'time and materials' nature.

RCI's services include HR focused business process management, IT services, systems engineering, supply chain management and strategic consulting. RCI's primary market - the Department of Defense - represents the largest portion of federal spending, accounting for more than 75% of total contract amounts.

The acquisition supports Serco's North American strategy in that it will:

- Expand its position in the world's largest service contracting market: the US Federal Government represents the largest global market for managed services. It is expanding rapidly as the US government seeks to improve services and gain better value for money in the face of an ageing Federal government workforce and increasing costs

- Broaden the customer base: RCI's Federal defense customer base complements Serco's largely civil agency and State customer base.

- Enhance capabilities: RCI's significant technological and IT services capabilities complement Serco's North American change management and service delivery skills RCI has a strong record of growth. The Boards of both RCI and Serco believe that there are good prospects for continued growth given the US government's intentions to further increase the purchase of contracted services.

Serco's North American business employs 2,000 people and operates at the federal, state and local level. Serco North America had 2003 revenues of \$127 million. Key activities include air traffic control for the FAA, fleet management and local government services. Serco CEO Christopher Hyman said: "North America is one of our chosen markets."

RCI, founded in 1979, is a professional services firm supporting the DoD, the US Postal Service, federal civilian agencies, state and local governments, and commercial customers.

RCI provides a wide range of service offerings, including strategic consulting, systems engineering, information technology, human strategies, enterprise outsourcing, and supply chain management. RCI's primary market - the Dept. of Defense - represents the largest portion of federal spending, accounting for more than 75% of its contracts.

CM Equity Partners is a private equity investment firm focused on middle market companies operating primarily in North America. CM Equity Partners has extensive experience in the federal and business services sectors. Since 1994, CM Equity Partners has acquired 29 companies, approximately half of which primarily serve the U.S. federal government. CM Equity Partners is affiliated with Carl Marks & Co, Inc., one of the oldest merchant banking firms in the United States.

T E R M S

On March 21, 2005 Serco Group plc announced it had completed its acquisition of RCI Holding Corp. Serco was acquired for \$215 million in cash, on a debt free basis, and is expected to be earnings accretive for Serco in 2005.

In 2003 RCI's revenues were \$270 million and profit before tax was \$9.1 million. Underlying revenues in 2003 were \$256 million and profit before tax was \$11.8 million, after adjusting for contracts which have been disposed of. Turnover and profit before tax grew by an average of 23% and 50% respectively between 1998 and 2003. The net assets of RCI a December 31, 2003 were \$15.4 million. The company is projecting revenues of \$294 million in 2004.

The company employs more than 3,000 personnel.

Serco will integrate RCI with its existing North America business and the enlarged business will be led by Steve Cuthill, Serco's current group chief operating officer.

Serco announced its intention to acquire RCI on Dec. 16, 2004. The transaction required clearances from the Committee on Foreign Investment in the United States (CFIUS) under Hart-Scott-Rodino regulations. The transaction closed less than a week past the 90-day period originally expected by Serco.

Legg Mason Wood Walker, Inc. initiated this transaction and served as a financial advisor to RCI and CM Equity Partners.

Smiths Group plc (U.K.)	<i>Acquired</i>	Medex, Inc. (Carlsbad, CA)
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Smiths Group plc (LSE: SMIN.L) completed its acquisition of the privately-held U.S. medical device company, Medex, Inc., an 83.2%-owned subsidiary of One Equity Partners, an affiliate of JP Morgan Chase & Co. (NYSE: JPM). The remainder of Medex shares were owned by management and employees.

Medex is a leading supplier of infusion equipment used in critical care, specializing in intravenous infusion catheters which prevent needle-stick injuries. Its products are highly complementary with the Smiths Medical range, selling to the same customer base in hospitals and other healthcare locations.

Smiths said the transaction "will greatly enhance the presence of Smiths Medical in the U.S. and international markets for devices used in critical care." The acquisition will increase Smiths Medical's sales by a third and profits by nearly a half, and will give Smiths a leading position in anaesthesia and safety devices.

Smiths CEO Keith Butler-Wheelhouse said: "Medex is a first rate company, is an excellent strategic fit and we have secured it at a good price. This transaction is a significant step in the continuing evolution of Smiths, and moves us into the medical devices big league."

Medex was formed through an MBO by its current management team in February 2001 from Saint Gobain Performance Plastics Corp. It subsequently acquired Inhalation Plastics, Inc in May 2002 and the vascular access business of Ethicon Endo-Surgery ("Jelco") from Johnson & Johnson in May 2003.

Headquartered in Carlsbad, California, Medex employs some 2,000 people, including 1,100 in the U.S. The U.S. operations are located in Ohio, Illinois, Connecticut and Georgia, with additional plants in Mexico, Germany, Italy and the UK. The senior management team, led by Dominick Arena, president & chief executive officer, have initially agreed to remain in place for at least one year following completion. Integration teams will deliver sales, operational and administration synergies quickly, once Medex becomes part of Smiths Group.

T E R M S

On March 21, 2005 Smiths Group announced it had completed its acquisition of Medex, Inc.

The consideration comprised \$655 million for the shares, satisfied in cash, and the assumption of net debt of \$270 million. The acquisition is being funded from a combination of Smiths' existing cash resources and additional U.S. dollar borrowings.

Completion of the transaction, plans for which were announced in Dec. 6, 2004, was subject to regulatory approval.

Smiths said the acquisition will be immediately earnings enhancing, will exceed WACC in the second full year. Smiths said that the deal will create significant opportunities for revenue and cost synergies.

For the 12 months to December 31, 2004, Medex was expected to achieve sales of \$330 million, underlying operating profit of \$75 million and EBITDA of \$100 million. For the nine months to September, Medex reported underlying operating profit of \$59 million and pre-tax profit of \$39 million.

The reported audited loss before tax for the year ended December 2003 was \$7 million and net assets at that date were \$91 million. Smiths does not believe this reflected the underlying performance of Medex, as it included only a 7 month contribution from Jelco and it was also depressed by a number of non-recurring charges, including \$18 million relating to one-off acquisition costs. The businesses have, on a pro forma basis, delivered strong underlying sales growth and cash generation over the past three years.

Smiths Group was advised by Morgan Stanley. Banc of America Securities LLC acted as lead financial advisor to Medex and One Equity Partners, and Credit Suisse First Boston LLC and Lehman Brothers, Inc were co-advisors in this transaction.

Spectrum Sciences and Software Holdings Corp. (Fort Walton Beach, FL)	<i>Acquired</i>	Coast Engine and Equipment Co., Inc. (CEEEO, Inc.) (Port Canaveral, FL)
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Spectrum Sciences and Software Holdings Corp. (OTCBB: SPSC.OB) completed its acquisition of Coast Engine and Equipment Co., Inc. (CEEEO, Inc.), a Florida based company.

CEEEO, with a 15,000 sq. ft. facility located in Port Canaveral, Florida, provides ship repair, metal fabrication, and design services to both commercial and governmental clients. CEEEO provides specialized fabrication and boat repair services and safety inspections and repairs to lifeboats. Customers include the U.S. Navy, Coast Guard, Military Sealift Command, Rinker Cement Plant and Disney Cruise Lines. CEEEO has been in business and operated by its current owners since March 1, 1991.

Dwight Howard, Spectrum Sciences' Vice President, Manufacturing stated, "Strategically the acquisition of CEEEO will generate a natural expansion of Spectrum's products and services, as well as tactical geographic positioning into both commercial and government markets. The new location should enable Spectrum to greatly expand our relationship with the US Navy."

Spectrum Sciences president and CEO Bill Ham added, "This acquisition is a positive step for Spectrum, as we continue to execute our stated business objectives. Our focus is on growing our unique product lines and services, capitalizing on opportunities, expanding our clientele and delivering unparalleled quality, service and value."

Spectrum Sciences & Software Holdings Corp. (www.specsci.com) is highly focused on homeland security through the provision of full service, quality solutions to complex and diverse government initiatives. Spectrum is dedicated to providing innovative, dependable and cost-effective products and services to a broad range of government customers and is headquartered in Fort Walton Beach, Florida. Founded in 1982, the company currently has over 50 employees.

T E R M S

On March 3, 2005 Spectrum Sciences and Software Holdings Corp. announced it had completed its acquisition of Coast Engine and Equipment Co.

Spectrum Sciences paid \$300,000 at the closing of the transaction, and terms of the deal include incentive payments of up to \$600,000 in cash and restricted Spectrum common stock over a three year period.

The transaction, plans for which were announced on Dec. 15, 2004, was subject to the signing of definitive agreements and customary closing conditions. The transaction closed as expected during "early 2005."

Swiss Steel AG (Switzerland)	<i>To Acquire</i>	ThyssenKrupp AG [long steel business] (Germany)
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ThyssenKrupp AG (Berlin: TKAG.BE) on Thursday, March 24, agreed to sell its long-steel division Edelstahl Witten-Krefeld GmbH (EWK) to Swiss Steel AG.

The sale focuses ThyssenKrupp's steel division on flat steel, which is used in the production of cars and consumer goods. Long steel is used in construction and infrastructure.

The divestiture brings ThyssenKrupp close to the end of a divestitures program, launched in May 2003, which was designed to restore its balance sheet and raise the junk level ratings of its bonds. The company said in a statement that "Since the merger of Thyssen and Krupp in 1999, ThyssenKrupp AG has to date divested companies with sales of 6.2 billion and acquired businesses with sales of 7 billion."

T E R M S

On March 24, 2005 ThyssenKrupp announced it had agreed to sell its long-steel division Edelstahl Witten-Krefeld GmbH to Swiss Steel AG.

Terms of the transaction were not disclosed.

EWK has annual sales of 643 million euros (\$834 million) and 2,600 employees.

The sale of the long-steel division is expected to close in May and will be retroactive to Oct. 1, 2004. Swiss Steel parent Schmolz + Bickenbach KG said it planned a capital increase and rights issue at the Swiss group later this year to help pay for the buy.

Representing ThyssenKrupp in its divestitures activity has been Lazard.

TAT Technologies Ltd. *To Acquire* **unnamed company**
(Israel)

TAT Technologies Ltd. (NASDAQ/NMS: TATTF) signed a Letter of Intent to acquire in cash 100% of an U.S. company which repair and overhaul various aircraft accessories.

TAT Technologies provided no other description of the target company, save that its revenues in 2004 were \$27.5 million. This would nearly double the size of TAT, whose own 2004 revenues were \$33.2 million.

TAT, together with its subsidiaries, is principally engaged in the manufacture, repair and overhaul of heat transfer equipment, such as heat exchangers, precoolers and oil/fuel hydraulic coolers used in aircraft, defense systems, electronic equipment and other applications. In addition the company manufactures and overhauls aircraft accessories and systems such as pumps, valves, power systems, turbines, etc.

T E R M S

On March 30, 2005 TAT Technologies Ltd. announced it had signed a Letter of Intent to acquire in cash 100% of an unnamed U.S. company.

While declining to state the planned purchase price, TAT said that the "revenue of the acquired company for the year 2004 was around \$27.5M."

United Technologies Corp. *To Acquire* **Lenel**
(Hartford, CT) (Rochester, NY)

United Technologies Corp. (NYSE: UTX) agreed to acquire privately held Lenel Systems International Inc., a security systems and software developer.

Rochester, N.Y.-based Lenel develops and delivers scalable, integrated security software systems and business solutions targeted at the commercial and government security market. The company employs approximately 150 people and has customers in 75 countries. It will report as an independent entity to Olivier Robert, president of UTC's fire and security business, Chubb.

Robert said the acquisition of Lenel will provide access to innovative technology and market development capability in the Homeland Security and other high-end integrated segments: "Lenel has a large end-user customer base and a strong distribution network of Value-Added Resellers (VARs) to deliver state of the art integrated solutions. This is a highly effective market channel that will continue to serve Lenel well."

Lenel's flagship product is its OnGuard(TM) suite of security software products, which includes access control, smart cards, alarm monitoring, digital video, biometrics, intrusion detection, and employee and visitor management capabilities.

Lenel president Elena Prokupets stated: "We are impressed with the vision and strategy demonstrated by UTC, and we believe that as part of this organization, Lenel will continue to deliver even greater value to our employees, customers and partners."

Lenel was founded in 1991 by Elena and Rudy Prokupets. More than 8,000 Lenel security systems have been installed for clients that include more than half the Fortune 100.

T E R M S

On March 21, 2005 United Technologies Corp. announced its intention to acquire Lenel Systems International Inc.

The purchase price is approximately \$400 million. The transaction is expected to close in the second quarter, and will not have a significant impact on UTC's 2005 revenues or earnings. The purchase is subject to regulatory clearance.

Lenel employs approximately 150 people.

Valeo S.A. (France)	<i>Acquired</i>	Johnson Controls, Inc. (Milwaukee, WI)
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Valeo S.A. (Paris: VLOF.PA) completed its acquisition of the automotive engine electronics division of Johnson Controls, Inc. (NYSE: JCI).

The division manufactures engine management systems, engine control units, electric motor drives and engine components, including injectors, ignition and emission control components and sensors.

The business has its headquarters and an R&D center in Pontoise, France and operates plants in Sainte Florine and Sable sur Sarthe, France. The business was a part of the Sagem automotive electronics business that Johnson Controls acquired in 2001 to expand and strengthen its electronic capabilities for automotive interiors.

T E R M S

On March 1, 2005 Johnson Controls announced it had completed the sale of its engine electronics business to Valeo for its enterprise value of approximately 330 million euros (\$431 million).

The division is based north of Paris and has two plants in France, with a total workforce of about 2,000 people. For the fiscal year ending Sept. 30, 2004 the division had revenues of 426 million euros (\$556 million). Excluding intra-company sales, the revenues figure was 350 million euros (\$457 million).

The transaction, plans for which were announced on Jan. 10, 2005, was subject to regulatory approvals. It was completed as expected during the first quarter of 2005.

Johnson Controls was advised by Societe Generale.

Veritas Capital Fund II, L.P. (New York, NY)	<i>Acquired</i>	DRS Broadcast Technology, DRS Weather Systems (Parsippany, NJ)
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The Veritas Capital Fund II, L.P., a New York-based investment company, acquired DRS Broadcast Technology, Inc. and DRS Weather Systems, Inc., two subsidiaries of DRS Technologies, Inc. (NYSE: DRS).

DRS noted it had previously disclosed its intent to sell these operating units, both of which were subsidiaries of Integrated Defense Technologies, Inc. (IDT), acquired by DRS Technologies from Veritas Capital in November 2003.

DRS Technologies chairman, president and CEO Mark S. Newman stated: "The sale of these units was a strategic decision to concentrate our resources and integration efforts on our core defense technology businesses. We believe their established customer bases will continue to be well served in the transfer of these operations to a buyer that is focused on their success and very familiar with them, having been a former owner."

DRS Broadcast Technology develops and manufactures radio frequency broadcast transmitters, systems and power amplifiers primarily for commercial U.S. and international government broadcast stations worldwide, as well as university laboratories. DRS Broadcast Technology will continue to operate at its current location in Dallas, Texas.

DRS Weather Systems develops and manufactures Doppler weather surveillance radar systems, receivers, components and software primarily for U.S. and international governments, meteorology, and aviation and research institutions. DRS Weather Systems will continue to operate at its current location in Enterprise, Alabama.

T E R M S

On March 11, 2005 DRS Technologies announced it had completed the sale of its DRS Broadcast Technology, Inc. and DRS Weather Systems, Inc. subsidiaries to The Veritas Capital Fund II, L.P. Terms of the transaction were not disclosed.

Jefferies Quarterdeck, a division of Jefferies & Company, Inc., served as financial advisor to DRS on the sale of DRS Broadcast Technology. Houlihan Lokey Howard & Zukin served as financial advisor to DRS on the sale of DRS Weather Systems.

Vestel (Turkey)	<i>Acquired</i>	AYESAS [60%] (Turkey)
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L-3 Communications (NYSE: LLL) sold a 60 percent stake in the Turkish military software company Aydin Yazillim Ve Elektronik San A.S. (AYESAS), to Turkey's top exporter, Istanbul-based Vestel Elektronik Sanayi Ve Ticaret AS.

Vestel, one of Turkey's top business conglomerates, has interests ranging from home appliances and hardware production to banking.

Ankrara-based AYESAS is a high technology software and electronics company, with its most distinctive expertise in the field of real time software engineering and hardware/software systems integration. AYESAS also has major business in custom manufacturing involving electronic assembly, metalwork fabrication, ruggedizing equipment, communications hardware, shelterization, radar data integration, real time C3 systems, data fusion, and command center design and installation.

During Sept. 2004 L-3 acquired the Ayesas stake from Turkish construction company Metis. An Ayesas source said that L-3 bought the stake with the intention of selling it to another Turkish company. L-3 Communications will continue to own the remaining 40 percent shares in Ayesas, which it acquired during the mid-1990s.

Ayesas general manager Turgut Senol told DefenseNews.com on March 31 that: "L-3 Communications is a fast-growing defense company that possesses remarkable [defense] capabilities. Similarly, its Turkish subsidiary Ayesas has been expanding over the past three years while boosting its exports. The new partnership will create synergy."

Ayesas is Turkey's top ranked exporter of software. Sales are primarily to U.S. defense companies, including Boeing, Rockwell Collins, L-3 Communications and Lockheed Martin. France's Thales is another leading customer.

Senol told DefenseNews.com that Vestal and Ayesas share the goal of achieving "sustainable growth, with particular emphasis on software and hardware exports."

T E R M S

Ayesas company officials said that L-3 Communications signed an agreement on March 16 to sell a 60% stake in Ayesas to Vestel. Terms of the transaction were not disclosed.

Warburg Pincus, Providence Equity Partners (New York, NY)	<i>Acquired</i>	Telcordia Technologies, Inc. (Piscataway, NJ)
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Science Applications International Corporation (SAIC) completed the sale of its subsidiary Telcordia Technologies, Inc., a leading provider of telecommunications software and services, to Providence Equity Partners and Warburg Pincus.

Telcordia, based in Piscataway, N.J., is the leading provider of enabling software for communications networks. The company's solutions handle the complex tasks required to develop, maintain, monitor and fix today's carrier networks carrying over 80 percent of U.S. telephony traffic.

Originally known as Bellcore, the company was established in 1984 by the breakup of AT&T Corp. Bellcore was then acquired by SAIC from the Regional Bell Operating Companies (RBOCs) in 1997 for about \$700 million.

SAIC chairman and CEO Kenneth C. Dahlberg stated: "Telcordia consistently has proven itself a leader in the telecommunications industry and a solid contributor to SAIC. SAIC recognized that a new owner could provide Telcordia with opportunities to expand its global footprint to benefit its customers and the industry as a whole. We look forward to continuing our work with Telcordia as a business partner on both government and commercial opportunities."

Telcordia CEO Matt Desch stated: "For the past two years, Telcordia has been transforming itself to help its customers automate their business and improve their bottom line. Providence and Warburg, both long-term growth investors in technology, media and telecom companies, have domain expertise and excellent track records in the communications industry. Providence and Warburg have the resources available to enable us to reach our full potential, capitalize on our market-leading intellectual capital and secure a global leadership position."

T E R M S

On March 15, 2005 SAIC announced it had completed the sale of Telcordia Technologies to Providence Equity Partners and Warburg Pincus for \$1.35 billion in cash, subject to certain adjustments. Providence and Warburg are equal equity investors in the transaction.

The transaction was announced on Nov. 18, 2004. Completion of the sale was subject to customary closing conditions including regulatory approval.

Telcordia says it has annual revenue of about \$1 billion and 3,500 employees worldwide.

JP Morgan acted as SAIC's exclusive financial advisor in connection with this transaction and delivered a fairness opinion to its Board of Directors.