First Equity Group

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First Equity Group

First Equity Group

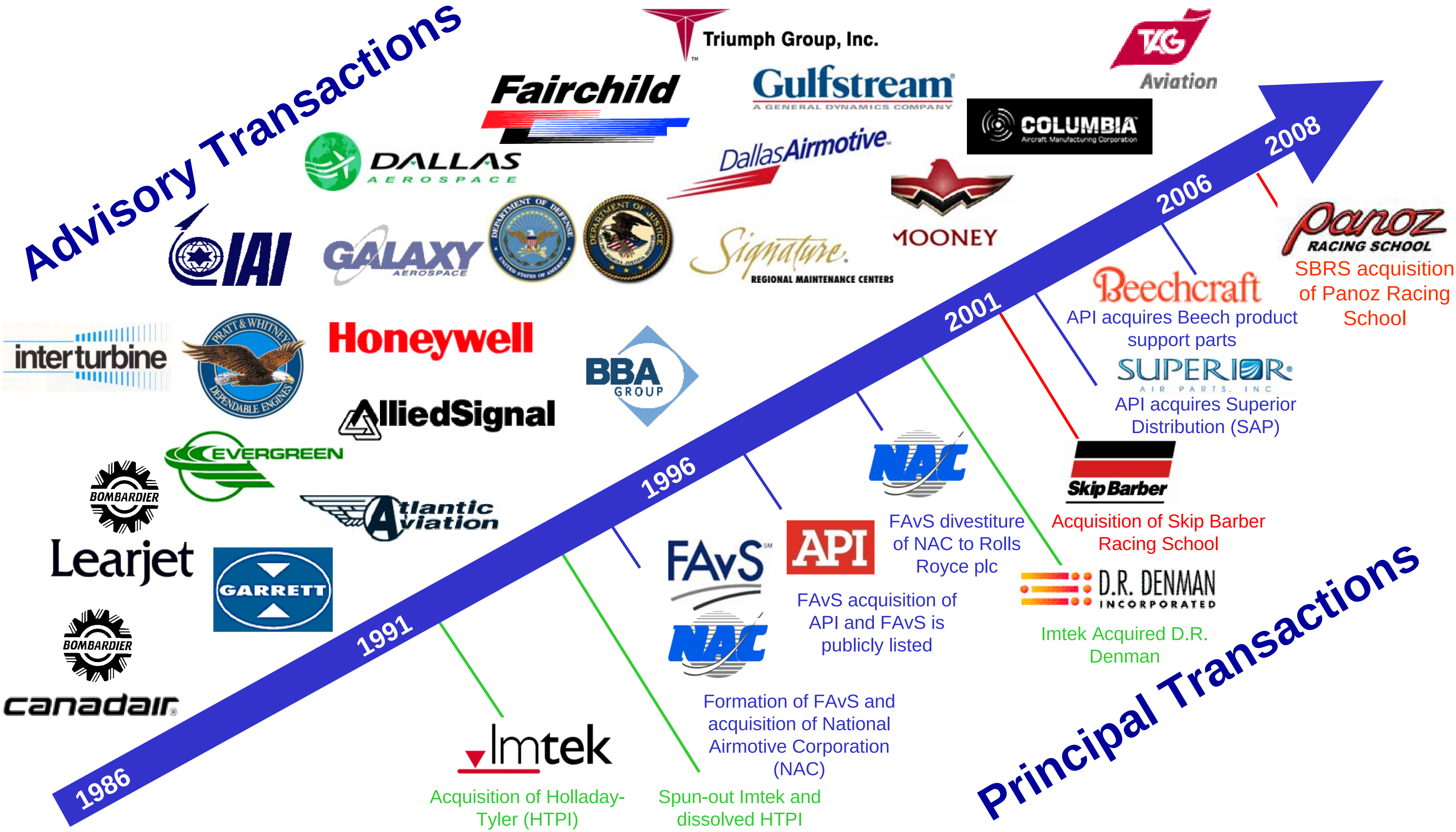
- First Equity Group (FEG) headquartered in Westport, CT, is a leading participant as both principal and advisor in a number of transportation related industries
  - Aerospace and Defense
  - Transportation
  - Automotive
  - Service
- FEG was founded in 1985 as First Equity Development, Inc. (FED), the leading independent M&A advisory company focused on the aerospace and defense industry
  - FEG has consummated as advisor over $4 billion in transactions
- First Equity Group is the parent organization for a number of current principal investments:
  - First Aviation Services, Inc. and principal subsidiary Aerospace Products International (API), is the leading independent supply chain management and distribution company serving the aerospace industry
  - Skip Barber Racing School LLC, the leader in automotive education and entertainment
  - Imtek, the leading independent fulfillment company serving the Motor Club industry

Founded in 1985, First Equity Development is the Aerospace and Defense Industry's leading specialized investment bank

- Completed some of the industries most important transactions
  - Experience in every segment of aerospace and defense from space launch vehicles to the service and support sector
  - Approximately half of the assignments have been international
- Only investment bank serving the Department of Defense
  - Reviewed for DoD major acquisitions
  - Significant contributor to the analysis of the defense industrial base
- The vast majority of transactions completed by First Equity were originated by the firm
  - Often they were special situations and turn-arounds
  - Ability to foresee potential mistakes and pitfalls
  - Capability to structure, negotiate, and close complicated transactions
  - Ability to create value for our clients
- Extensive network
  - Unequaled network in the aerospace and defense industry with access to key leaders
  - Participant in numerous industry associations: Farnborough, Paris, Singapore and Dubai air shows, and RAA, GAMA, NBAA, HAI, AIAA, AOPA, ISTAT and NATA

First Equity Group

First Equity has a long and extensive transaction track record



In 1992, First Equity began to make principal investments

- Have made six acquisitions to date, with two of these being add on acquisitions
- Primarily funded by First Equity principals, although we have had minority partners in a few transactions
- Focused on underperforming companies in mature industries which needed active involvement from First Equity
- Operated these companies under a holding company structure
  - Divested only one company and listed another one publicly

First Equity Today

- Solid track record both as financial advisor and principal
  - Excellent returns as principal
  - Ability to complete difficult transactions, both as principal and advisor
- Depth of Industry contacts unparalleled
  - Aerospace and Defense
  - Transportation
  - Automotive
  - Entertainment and Luxury goods
  - Investment Community
- Proven track record of turning around and operating companies through profitable growth
- Ability to raise capital both public and private

What makes First Equity different?

- Willingness to do complex transactions and special situations
- Proven track record of investing in and operating businesses
- Financial expertise to insure value, common goals with management, and provide downside protection
- More importantly, the operational expertise to create long-term value, and
- Respect by industry/management

What others say about First Equity

- Passionate about their businesses
- Highest integrity, lead by example
- Respect culture and history of company but able to effect change
- Attract, develop and recognize great people
- Competitive

AARON P. HOLLANDER

Aaron Hollander is co-founder and CEO of First Equity Group. Mr. Hollander is Chairman and Chief Executive of First Aviation Services Inc., Chairman of Imtek, Inc., Past CEO of the Skip Barber Racing School, and President of First Equity Development.

Prior to co-founding First Equity in 1985 with Michael Culver, Mr. Hollander was a consultant to at the Boston Consulting Group, and worked as a CPA and CMA with Arthur Young & Company (now Ernst & Young) and was the co-founder of InterConnect, an electronic banking network startup.

Mr. Hollander earned an MBA with distinction from Harvard Business School where he received the Copeland Award for marketing. He received his B.S. in Economics from the Wharton School of the University of Pennsylvania.

Mr. Hollander holds an Airline Transport Pilot (ATP) license with instrument, multi-engine, helicopter, seaplane and Type ratings for Learjet 35/55 and Lear 40/45. He has been a speaker at various aerospace industry conferences, including the National Business Aircraft Association, AIAA and the Federal Aviation Administration. Mr. Hollander holds Series 7, 24, 27, and 63.

Principal Investments

Imtek / Holladay-Tyler Printing Inc

Imtek / Holladay-Tyler



Description

– Holladay-Tyler Printing Inc was an old line established printer of high quality magazines, catalogues and specialty products primarily for blue chip customers in the D.C. and Maryland area. Holladay-Tyler was the largest printer in the region after the government printing office

Background

– Holladay-Tyler was purchased from Southam Corp. after the Canadian publisher divested a number of non-core graphic businesses acquired as part of a failed diversification strategy. Holladay-Tyler was saddled with unproductive and antiquated union contracts from four locals. The printing industry was going through rapid consolidation and migrating to operations primarily in non-union facilities in right-to-work states causing a continuous erosion in pricing. The company lacked the flexibility to negotiate work rules with its unions. Southam was motivated to exit the business since it was losing nearly $1.0 million per month

Transaction Summary

– In August of 1992 First Equity acquired Holladay-Tyler with a balance sheet enhanced by the seller to insure continuous operation and the capital to execute on a new strategy. The seller took back a secured note that was eventually repurchased by FEG

Investment Thesis

– First Equity acquired Holladay-Tyler knowing that it would be very challenging to turn around in its current form since the industry had moved to a national vs. regional model, there was inflexibility in the unions' scope clauses and the Company had a very high cost structure

– First Equity had two alternative strategies when the company was acquired

  - Get the unions to work with the Company to become more efficient and cost competitive
  - Rebuild the company around a single product and customer in a new facility outside of the scope of the existing union contracts

Value Creation

– First Equity identified the challenges to Holladay-Tyler very quickly and attempted to work with the four different unions to turn the company around. Failing the cooperation of the unions, the company was quickly reengineered to be a smaller, nimble and profitable company (Imtek). The predecessor company, Holladay-Tyler was dissolved

– Imtek went on to purchase D.R. Denman a similar but high tech digital printer of maps, and has carved out a niche as the leading specialty technology and printing company serving the motor club industry

– First Equity created value through structuring a very complicated transaction with Southam which protected First Equity's downside and offered significant upside potential. When union cooperation failed, First Equity took quick steps to streamline the organization and protect against excess losses and preserve capital

Result

– Today, Imtek is one of the leading companies servicing over 140 motor clubs with mapping products and providing proprietary products for the catalogue and financial services industries

– Imtek provided the capital to fund First Aviation, which acquired National Airmotive Corporation in 1995

First Aviation Services Inc. (FAvS)

Description

- First Aviation Services ("FAvS") is a holding company that has owned two subsidiaries during its 13 year history, National Airmotive Corporation ("NAC") and Aircraft Parts International ("API")
  - First Aviation was formed in June 1995 to acquire NAC, an engine repair and overhaul operation, from Triton Group, Ltd. which was emerging from bankruptcy
  - First Equity provided all of the equity in the transaction and Canyon Capital Partners provided mezzanine financing
- In 1997, First Aviation acquired Aircraft Parts International ("API"), an aviation parts distributor, from AMR, the parent organization of American Airlines
- In November of 1999, First Aviation sold NAC to Rolls-Royce plc, leaving API as the sole entity within First Aviation

National Airmotive Corporation ("NAC")





Description

– National Airmotive Corporation was a world leader in servicing Rolls-Royce/Allison gas turbine engines and components used in aviation, marine and industrial power generation applications. NAC had been in operation for 35 years and had a broad customer base of more than 300 operators in over 45 countries

Background

– Triton Group, the owner of NAC, emerged from bankruptcy with a plan to liquidate its holdings. First Equity had been a financial advisor to Triton and affiliated companies and was familiar with the potential of NAC despite its severe government compliance, operational and financial problems

– NAC was a neglected asset and had poor financial performance, with losses of $10 million dollars in the three years prior to the acquisition by FAvS

Transaction Summary

– In June 1995, First Equity acquired NAC for a total enterprise value of $29.2 million. First Equity invested $2.2 million in equity and Canyon Partners provided $3.0 million of mezzanine financing with warrants for the transaction. The remaining financing was provided by an asset based senior lender

– First Equity negotiated a “claw-back” of equity with the mezzanine investor if NAC hit certain financially goals in the first year, which it accomplished

Investment Thesis

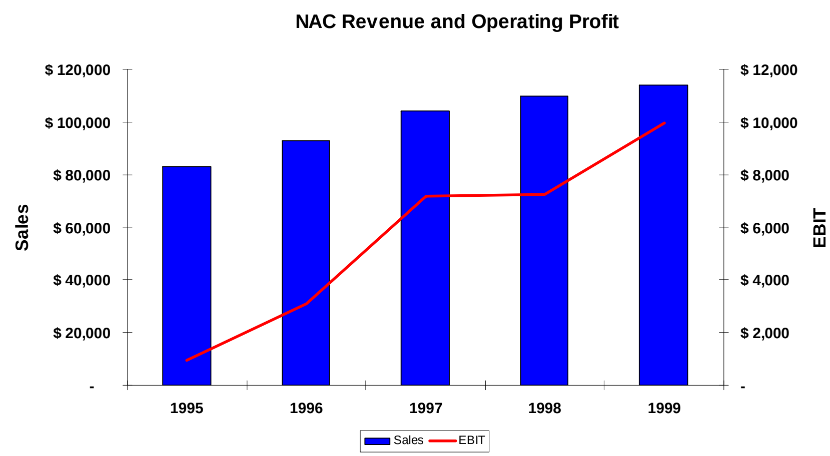
- Leading market position in the aircraft gas turbine engine repair and overhaul market despite severe financial, operational and government compliance issues
  - 30+ years of experience in gas turbine engine overhaul
  - Superior technical expertise
  - Highly focused on two engine types with large worldwide installed base
  - Diversified international customer base, civil and military, industrial
  - Extensive experience in repair development and remanufactured components
  - Proprietary shop floor control systems

Value Creation

- First Equity installed a new management team and increased performance visibility
- Expanded foreign and domestic direct sales efforts
- Implemented the most comprehensive shop floor control systems in the gas turbine engine industry
- Leveled production schedules and drove efficiency
- Remained highly focused on engine types that NAC could dominate

Result

- Increased revenue and profitability significantly over the 4 years of ownership
  - ➢ Revenue CAGR of 8.1%, EBIT CAGR of 81%
  - ➢ NAC was the main driver in taking First Aviation Services public which provided financing for the acquisition of API
- Sold to Rolls-Royce plc for $73 million in November 1999
  - ➢ Price was 2.5x the original purchase price



First Aviation Services (FAvS) – Aerospace Products International (API)

PROPRIETARY

Aerospace Products International ("API")

Description

– Aerospace Products International is a leading aircraft parts distributor based in Memphis, TN. API primarily focuses on consumable inventory and sells to a diverse aviation customer base, including FBOs, repair stations, engine and component MRO, fleet operators, government agencies, air cargo operators, regional air carriers and major airlines

– API revenues were approximately $22 million at the time of the acquisition making it the eighth largest player. The company had never turned a profit

Background

– API was started by a subsidiary of American Airlines, AMR Combs, a leading FBO chain, as the the industry's first centralized distribution company for consumable aircraft parts. AMR Combs chose Memphis for its proximity to FedEx's infrastructure. First Equity had strong relationships with the senior management of American Airlines and AMR Combs who approached First Equity to acquire the company in a negotiated transaction

Transaction Summary

– First Aviation acquired 90% of API for a total enterprise value of $9.8 million from funds raised in the initial public offering

– AMR Combs/American Airlines retained a convertible preferred for 10% of API which was subsequently repurchased

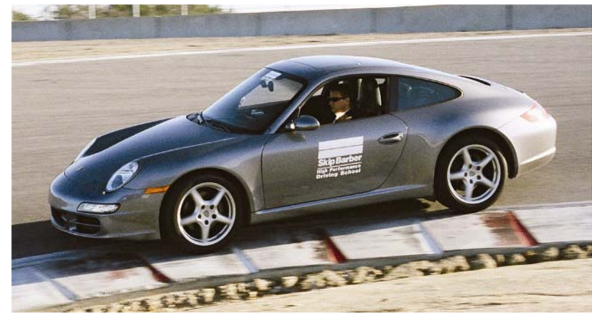
Investment Thesis

- An efficient centralized parts distribution system
- Competition was focused on having a traditional branch network that closed at 5:00pm with a distributed inventory model
- API's strategy was a central distribution system utilizing FedEx's extensive infrastructure, enabling API to take orders until past midnight for delivery by 8:00AM the next morning
- First Equity believed that long-term the industry needed to move to a centralized model for both parts and services
- The centralized model provides economies of scale in important areas: working capital management, quality, training, IT and management
- API was well positioned to provide logistics services to OEMs and large end users as the industry moved to outsourcing

Value Creation

- First Equity invested heavily in the company to drive growth including the industries most advanced software based logistics products
- Implemented new information systems
- Expanded to Canada, Europe and Asia
- Rebuilt the entire senior management team

Skip Barber Racing School LLC



Description

– Skip Barber is the recognized leader in the automotive education and entertainment industry. The Company has been in business for 30 years and trained some of the industries most celebrated race car drivers including Michael and Marco Andretti. The company conducts in excess of 1,000 events a year for a diverse customer base including automotive OEMs, Fortune 100 companies and high net worth individuals

Background

- First Equity and its principals have been customers of Skip Barber since 1990, having conducted numerous corporate as well as individual racing programs. In mid 2001, after a highly leveraged recap in 1999, a bad acquisition in 2000, and poor management decisions, First Equity became aware of the financial distress facing the company. 45 days after 9/11, First Equity signed an LOI to acquire the company from the senior secured debt holders

Transaction Summary

- In December 2001, First Equity invested $2.75 million in SBRS alongside a small group of individual SBRS customers, who invested $5.75 million. Additionally, the selling senior lenders' of the prior company retained certain subordinated notes and both preferred and common equity
- In 2003, First Equity provided $2.0 million of subordinated debt to SBRS in two tranches to provide additional funds to effect the turnaround and capitalize the company for future growth until the company could procure bank financing
- First Equity purchased, and subsequently sold back to Skip Barber, the subdebt, preferred equity and common equity held by the original senior lenders

Investment Thesis

- Excellent brand recognition in the motor sports and automotive world
- Market leader, 50% market share in core market
- Leader in both price and product offerings
- Only national player in the market with diversified product offering
- High barriers to entry with long term usage agreements with some of the best tracks
- Capital intensive business with significant investments made in prior two years into race car fleet

Value Creation

- First Equity identified the leadership team as the biggest weakness of the company. Within 6 months, all of the senior management had been replaced with a new management team
- Focused the Company on its core business units and in the process closed down one business unit instantly and another one subsequently
  - Simplified business and built the Company around a customer driven organization
  - Introduced innovate new products
- Significant investment into IT and in developing strong middle management throughout the organization. Brought best practices and professional decision making to the Company

Appendix

FIRST EQUITY Development

Representative Advisory Assignments

Since First Equity Development Inc. was founded in 1985, it has initiated and completed some of the industries most important transactions, helping to shape the aerospace and defense industry over the past two decades

Investment Banking representing the Department of Defense

Major Private Sector Transactions

International and Domestic

DEMONSTRATED SUCCESS

Bombardier, Inc.

has acquired substantially all of the net assets and operations of

Learjet

The undersigned acted as financial advisor to Bombardier, Inc.

First Equity SM
First Equity Development, Inc.
Westport, CT
203-291-7700
www.firstequity.com

Bombardier, Inc.

has acquired

canadair
Canadair, Ltd.

from

Canada Development Investment Corporation

The undersigned acted as aerospace and financial advisor to Bombardier, Inc.

First Equity SM
First Equity Development, Inc.
Westport, CT
203-291-7700
www.firstequity.com

Gulfstream
A GENERAL DYNAMICS COMPANY

has acquired the Dallas, West Palm Beach, Minneapolis and Las Vegas Signature Regional Maintenance Centers

from

Signature FLIGHT SUPPORT

a subsidiary of BBA Group PLC

The undersigned acted as financial advisor to Gulfstream.

First Equity SM
First Equity Development, Inc.
Westport, CT
203- 291- 7700
www.firstequity.com

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has acquired substantially all of the assets of

DALLAS AEROSPACE

from

Fairchild

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Fairchild Corporation

First Equity SM
First Equity Development, Inc.
Westport, CT
203- 291- 7700
www.firstequity.com

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has acquired substantially all of the assets in Singapore and Dallas of

interturbine
flight repair group

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial adviser to nv interturbine

First Equity SM
First Equity Development, Inc.
Westport, CT
203-291-7700
www.firstequity.com

FAvS SM

First Aviation Services, Inc.

has sold

NAC

to

Rolls-Royce

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to First Aviation Services, Inc.

First Equity SM
First Equity Development, Inc.
Westport, CT
203- 291- 7700
www.firstequity.com

Gulfstream
A GENERAL DYNAMICS COMPANY

has sold its

Engine Overhaul and Repair Business

to

DallasAirmotive

a subsidiary of BBA Group PLC

The undersigned acted as financial advisor to Gulfstream.

First Equity SM
First Equity Development, Inc.
Westport, CT
203- 291- 7700
www.firstequity.com

BBA GROUP

has sold substantially all of the assets of

OZONE INDUSTRIES, INC.

to

Triumph Group, Inc.

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to BBA Group PLC.

First Equity SM
First Equity Development, Inc.
Westport, CT
203- 291- 7700
www.firstequity.com

M&A Advisory Assignment:
TAG Aviation

- TAG Group Holdings S.A. retained First Equity to sell TAG Aviation USA, the premier corporate aircraft management company in the United States
- Despite various FAA and DOT issues, First Equity was able to realize value for TAG Group by selling TAG Aviation USA to Sentient Flight Group, one of the world's bigger providers of business transportation services
- First Equity's understanding of the regulatory environment played a key role in completing this transaction
- TAG Group Holdings S.A. includes international business aviation activities, motorsports and technology


February 2008

TAG Aviation

TAG Group Holdings S.A.

has sold

TAG Aviation

TAG Aviation USA

to

sentient flight group

Sentient Flight Group

The undersigned assisted in the negotiations and acted as Exclusive Financial advisor to TAG Group Holdings S.A.

First Equity

First Equity Development, Inc.
Westport, CT
(203) 291-7700
www.firstequity.com

Investment Leadership

Advisory Assignment:
Bombardier

- Bombardier is a diversified manufacturing and service company and a world leading manufacturer of business jets, regional aircraft, rail transportation equipment and historically, motorized recreational products
- Principal lines of business include:
  - Bombardier Aerospace
  - Bombardier Transportation
  - Bombardier Capital
  - Bombardier International
- First Equity initiated Bombardier's entry into the aerospace business in 1986 with the purchase of Canadair from the Canadian government and subsequently advised the company during its purchase of Learjet and AMR Combs Service Centers
- First Equity has since worked with Bombardier on many other assignments
- Since the Canadair acquisition, Bombardier has grown in revenues from US$500 million in 1986 to over US$14 billion today

M&A Advisory Assignment:
Gulfstream

- Gulfstream is a leading manufacturer of business aircraft, and a subsidiary of General Dynamics; Gulfstream Aircraft Services is a rapidly growing segment, presenting significant growth potential
- Gulfstream looked to First Equity to divest its engine overhaul and repair business, which was highly integrated with Gulfstream's airframe repair and maintenance operations
- First Equity worked with senior management at Gulfstream in order to separate the engine business and create a stand alone entity for divestiture
- In seeking to maximize value for Gulfstream, First Equity successfully negotiated a sale of the engine business with Dallas Airmotive, a subsidiary of BBA Group plc, in conjunction with an acquisition of four airframe repair and maintenance locations from Signature, another BBA subsidiary
- While these transactions were extremely complex, the exchange of businesses and the synergistic marketing agreement greatly strengthened the aftermarket service businesses of both Gulfstream and BBA

M&A Advisory Assignment:
Ozone Industries

- BBA Group's wholly owned subsidiary, Ozone Industries, Inc., specializes in the design, development, testing, and manufacturing of aircraft hydraulic systems and components for defense and commercial markets
- Ozone's products fly on a variety of state-of-the-art platforms, including the Black Hawk, Super Stallion, Chinook, and Bell helicopters, the V-22 Osprey tilt rotor, and every F/A-18 Hornet and Super Hornet jet fighter
- In line with its core focus of aviation services and support, BBA determined that Ozone's manufacturing expertise would be better suited with a partner focused on similar activities
- BBA hired First Equity to quickly assess Ozone's options and prepare the company for a possible sale; during the difficult market conditions after September 11th, First Equity targeted a select few strategic acquirers who would be able to support and continue Ozone's fifty year legacy of premier manufacturing
- After a period of negotiations, substantially all of the assets of Ozone were sold to Triumph Group, Inc. and became part of the Triumph Control Systems Group's HTD Aerospace, Inc.

BBA GROUP

OZONE INDUSTRIES, INC.

Triumph Group, Inc.

Restructuring Assignment:
Columbia Aircraft Manufacturing

- Columbia Aircraft Manufacturing Corp., formerly Lancair was founded in 1995 to develop a fully FAA certified composite engine aircraft
- The Company was primarily funded by the Government of Malaysia
- The Company succeeded in certifying two models and in selling more than 600 units between 1999 and 2007
- Despite sales success the Company remained unprofitable and a consumer of cash
- Columbia's revenues were $90 million and investment was approximately $125 million
- In the autumn of 2006 a new Board of Directors assumed responsibility for the Company. They retained ING to analyze strategic alternatives. ING recommended the hiring crisis management consultancy. Bridge working with First Equity was one of three firms considered and hired in February 2007
- Bridge's/First Equity's mandate was to preserve cash and enhance value
- Bridge/First Equity were able to preserve $16+ million of cash against prior management's forecast
- Ultimately in December 2007 the Company was sold to Cessna

M&A Advisory Assignment:
Dallas Aerospace

- One of the leading redistribution companies in a highly fragmented industry, specializing in the Pratt & Whitney JT8D turbofan aircraft engine
- Leader and industry innovator offering engine management and engine leasing activities, as well as engine and parts sales
- First Equity recommended divesting Dallas Aerospace as its parent company, Banner Aerospace, was divesting certain assets and being wholly consolidated under its majority owner, Fairchild Corporation
- The resulting sale to Pratt & Whitney provided access to a different customer base in order to strengthen their aftermarket position and broaden their product offering in total engine support

Partial Privatization / Joint Venture Assignment:
Israel Aircraft - Galaxy Aerospace

- Israel Aircraft Industries Ltd., a Tel-Aviv-based state-owned company, looked to First Equity for advice when they wished to find a joint venture partner with whom to develop a super-midsize business jet
- In one of our most challenging assignments, First Equity successfully found that partner by bringing in the Pritzker organization
- The Galaxy Aerospace Corporation was formed
- This joint venture teamed IAI - one of the world's most sought-after producers of military and commercial aerospace technology - with the unparalleled financial resources, reputation, and business acumen of the Pritzker organization
- First Equity is proud to have brought together two such prestigious groups, laying the groundwork for new high-performance, low-cost business aircraft
- As a testament to the assignment, Galaxy was later acquired by General Dynamics to serve as a complement to its Gulfstream aircraft

Restructuring Assignment:
MD Helicopters

- MD Helicopters is a leading manufacturer of commercial and military helicopters
- The MDHI family of rotorcraft is world renowned for their value, versatility and performance and includes the twin-engine MD Explorer, and single engine versions of the MD 600N, MD 520N, MD 500E and MD 530F
- First Equity was brought in to assist the company in reviewing the operations and determining capital needs going forward
- First Equity worked with the Company and assessed future business prospects, specifically large military contracts
- Ultimately, the MD was recapitalized with Patriarch Partners becoming the new owner
- Since then, Patriarch has invested $150 million into completing the acquisition, paying off past debts, building a new logistics system and preparing the Light Utility Helicopter bid for the US Army

Restructuring Assignment:
Mooney Aircraft Corporation

- Mooney products are legendary in General Aviation for being performance leaders in the single engine aircraft market
- Heavily laden with debt in a slowing economy, Mooney filed for Chapter 11 bankruptcy protection in 2001
- Potential investors and acquirers lost much interest in Mooney following the September 11, 2001 terrorist attacks on the U.S.
- Mooney creditors brought in First Equity to quickly assess the market strengths of the company, prepare the company for sale, and find a worthwhile acquirer
- Within two months, First Equity's successful marketing of Mooney had generated serious interest from a number of parties, and resulted in nearly a dozen acquisition offers
- Advanced Aerodynamics & Structures, Inc. (AASI Aircraft) purchased Mooney's secured debt and lead the company out of bankruptcy with an extensive million funding package

MOONEY

Restructuring Assignment:
Evergreen International

- Evergreen International Aviation is a global provider of aviation services, including cargo and charter air service, and was using a fleet of 13 company-owned Boeing 747 aircraft, and a variety of other aircraft and helicopters
- Other activities also included aircraft maintenance, repair and overhaul services, aircraft parts brokerage, and agricultural spraying services
- First Equity became involved with Evergreen International Aviation when the company defaulted on $125 million in subordinated debt and $500 million in senior debt
- First Equity was hired to assess the financial position of the company, assist in the restructuring of the debt and negotiate with bank and subordinated debt holders
- First Equity successfully re-negotiated over $600 million in secured debt

Valuation Assignment: **TAG Aviation**	
• TAG Aviation is a leading aviation services provider • First Equity was retained in order to conduct a thorough analysis of TAG's operations and business plan • In addition to reviewing TAG USA's business plan and financials, First Equity also visited the Farnborough and San Francisco sites and met with management • First Equity completed our valuation and presented it to the Board of Directors for their use in implementing the business plan	TAG Aviation

Valuation Assignment:
Atlantic Aviation

- The owners of this Delaware-based corporate aviation pioneer, the duPont family, were seeking alternatives for their interest in the company
- Wishing to assure the long-term success and growth of Atlantic, the owners engaged First Equity to weigh the options
- First Equity proceeded to value Atlantic, then developed a strategic plan, generating proposals from a number of different prospective purchasers
- In due course, Atlantic was sold to Macquarie Bank Ltd. of Sydney, Australiaand is now the cornerstone in a strategy to create a consolidated aviation services enterprise

Valuation Assignment:
Garrett Aviation Services

- Following a successful management buyout, the owners of this Phoenix-based engine repair and overhaul company were looking to ensure the future success of their enterprise in an industry fraught with rapid change and consolidation
- They engaged First Equity to develop a comprehensive study of market trends and the competitive environment, along with recommendations on growth strategies
- Following First Equity's advice, Garrett decided to join forces with UNC, Inc., a larger engine repair and overhaul company.
- This consolidation trend continued: UNC was purchased by GE Aircraft Engines, who subsequently purchased UNC competitor Greenwich Aviation Services
- Thanks to First Equity's guidance, Garrett management and shareholders made a strong return on their investment while capitalizing on industry dynamics

Government Consulting Services:
• Since 1999, FED Consulting has been providing consulting services to the federal government on a variety of projects • We have worked for the Department of Defense and the Department of Justice in the U.S., and have worked under the approval of the European Commission • Consulting assignments have involving extensive travel, on site contractor effort, and interfacing with hundreds of companies on the government's behalf • FED Consulting has worked as a sole, lead, and partner contractor
• ***We have the confidence of the federal government***

U.S. Department of Justice

U.S. Department of Defense

European Commission

U.S. Department of Justice:
Trusteeship of the AlliedSignal-Honeywell Merger

- Appointed Trustee to the AlliedSignal-Honeywell merger for the United States Department of Justice with the approval of the United States Department of Defense, the European Commission, Honeywell and AlliedSignal (Sole Contractor– 1999)
  - FED Consulting was the first commercial organization to be retained for this type of service for the Department of Justice; the Honeywell merger was the largest aerospace transaction of 1999 and one of the largest aerospace transactions in history
  - FED monitored the process of divesting four business units to comply with U.S. antitrust regulations, and was directly involved in discussions with regulation agencies in both the U.S. and the European Union, as well as potential acquirers of the business

- ***We are trusted with large mandates and extensive responsibility***

U.S. Department of Defense:
Mergers and Acquisition related analysis:

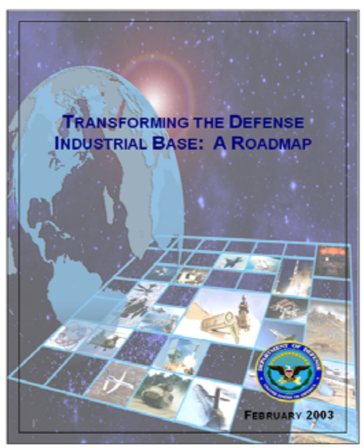
- FED has performed numerous M&A assignments for ODUSD (IP)
  - Northrop Grumman’s Acquisition of Litton Industries (2001)
  - Northrop Grumman’s Proposed Acquisition of TRW, Inc. (2002)
  - Flir Systems Inc.’s Proposed Acquisition of Indigo Systems Corporation (2003)
  - Lockheed Martin’s Proposed Acquisition of Titan Corporation (2003)
  - L-3 Communications' Acquisition of Cincinnati Electronics and Brashear LP (2004)
  - Alliant Techsystems’ Proposed Acquisition of Mission Research Corporation (2004)
  - General Dynamics’ Proposed Acquisition of Alvis plc (2004)
  - Numerous Other Confidential Companies’ Operational and Financial Health

- ***We can do as needed, extensive analyses of public and private transactions, with various work scopes***

U.S. Department of Defense:
Contractor Support or Authorship of Various Studies:

- Assessment of the Financial Health and Future Viability of Domestic and Foreign Helicopter Manufacturers (Sole Contractor – 2002)
  - Transforming the Defense Industrial Base: A Roadmap (Lead contract support – 2003)
  - JSF International Industrial Participation (Sole contract support – 2003)
  - The Vertical Lift Industrial Base: Outlook 2004-2014 (Contract support – 2004
  - Global Shipbuilding Industrial Base Benchmarking Study (Contract support – 2005)
  - DICBS Series (Contract support – 2004-2005)

- ***We can do large scale projects with output suitable for publication***



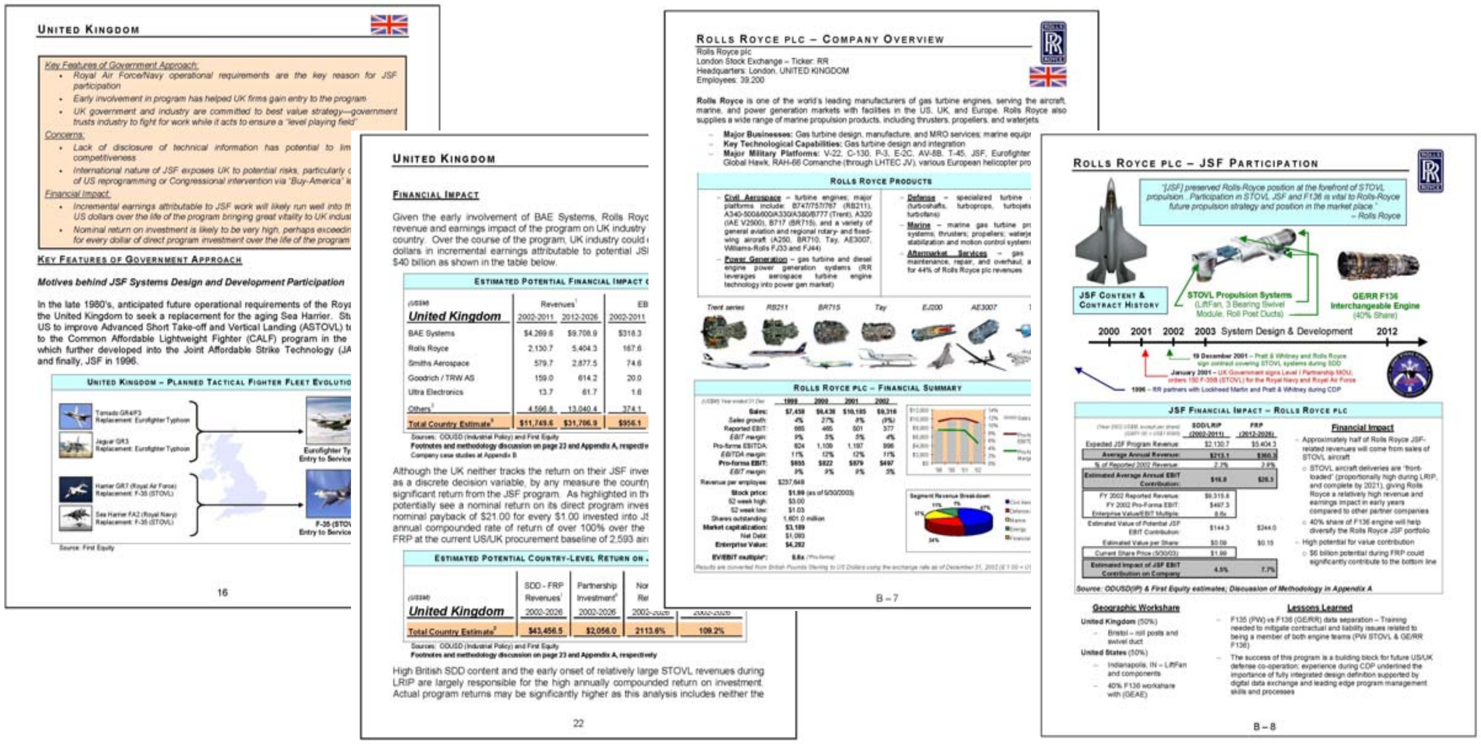
U.S. Department of Defense:
Helicopter Company Analysis (Sole contract support – 2003)

- First Equity completed a detailed study on the entire defense helicopter market, including specific financial analyses of individual aircraft platforms as they relate to the overall business unit and corporate parent, international joint ventures/programs, and industry wide consolidation
  - First Equity wrote an independent 100 page report on the financial strength of the major OEMs in the global military helicopter industry
  - Four domestic manufacturers, Boeing, Sikorsky, Bell, and Kaman, and two international manufacturers, Agusta-Westland and Eurocopter, were analyzed, taking into account the businesses' position within the respective parent corporations, if applicable, general market conditions, various joint ventures between the OEMs, and the state of various platform programs
  - First Equity's final report and assessment was then used by the Department of Defense in its evaluation of the industry and the various platforms in production and development
  - First Equity was contracted again to update the study in 2005 and this update was published as "The Vertical Lift Industrial Base: Outlook 2004-2014"

U.S. Department of Defense:
JSF International Industrial Participation (Sole contract support – 2003)

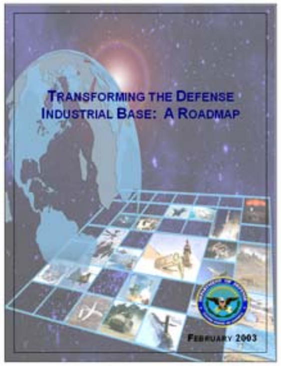
- FED participated as a contractor to assess Lockheed Martin's F-35 Joint Strike Fighter partner country strategies and the financial impact on their defense industries
- Comprehensive case studies of eight partner country governments and twenty five major industrial suppliers to JSF were written
- FED staff worked directly with and traveled with DoD personnel to Canada, Italy, the Netherlands, Norway, and Denmark
- In addition, a compendium of 250 companies from these countries that could become JSF suppliers was compiled
- FED was also responsible for the integration of the entire 180 page study, which included a bibliography and nine appendices as well as the final hard copy production and distribution of over 50 full color copies
- The study was published as "JSF INTERNATIONAL INDUSTRIAL PARTICIPATION: A STUDY OF COUNTRY APPROACHES AND FINANCIAL IMPACTS ON FOREIGN SUPPLIERS," and is available on the Internet at www.acq.osd.mil/ip

U.S. Department of Defense:
JSF International Industrial Participation (Sample Pages from the Study)

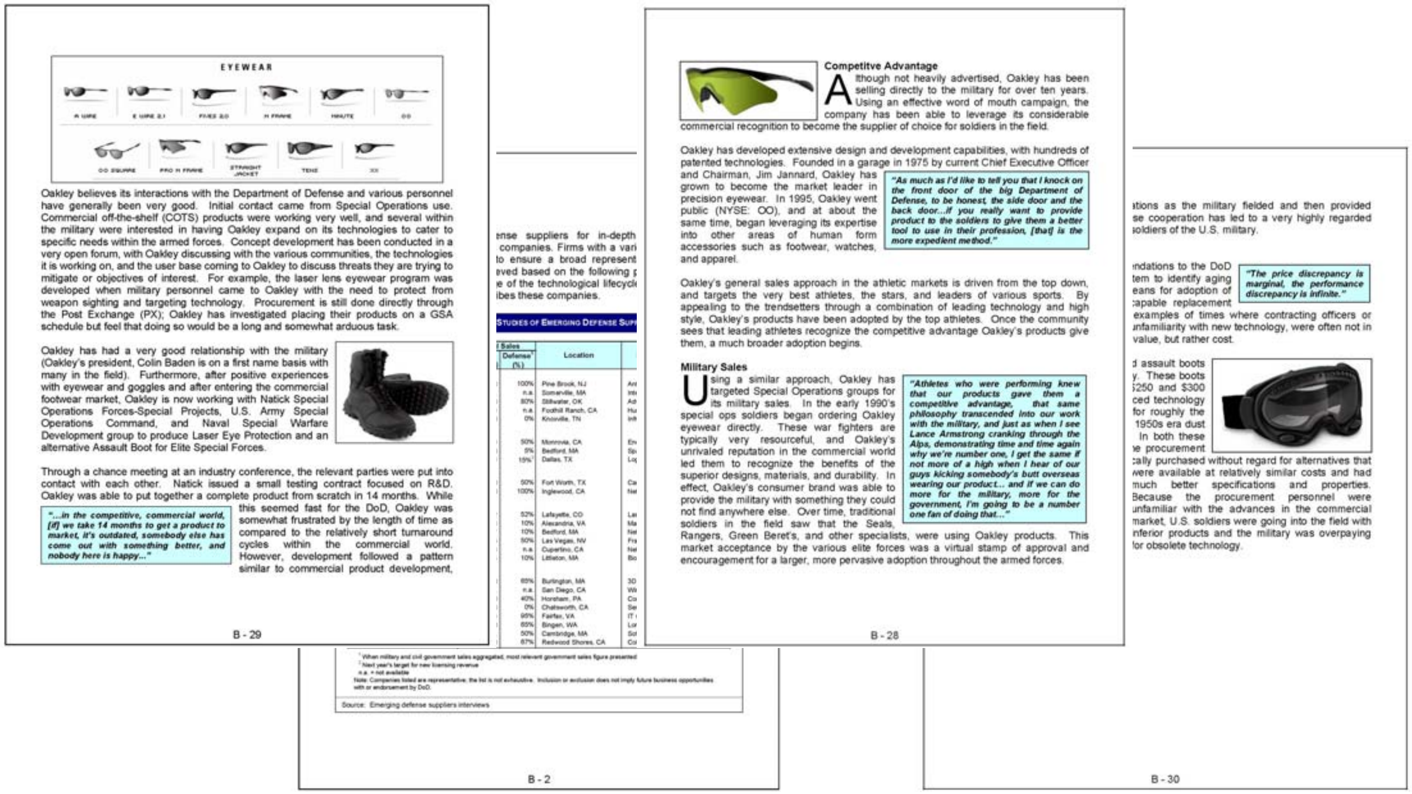


U.S. Department of Defense:
Transforming the Defense Industrial Base: A Roadmap (Lead contract support – 2003)

- FED was under contract to assist in the review of transformational warfare and the role of less traditional suppliers in the future military industrial supplier base
- We created a compendium of over 400 emerging suppliers that possess technologies relevant to the future needs of the DoD, examining the prime defense contractors, and investigating ways for less traditional suppliers to interact with the government
- FED was responsible for convening interviews with thirty companies and writing subsequent Case Studies on each firm
- FED was also responsible for the integration of the entire 300 page study, which included a bibliography and nine appendices as well as the final hard copy production and distribution of over 200 full color copies
- The study was published as “TRANSFORMING THE DEFENSE INDUSTRIAL BASE: A ROADMAP,” and is available on the Internet at www.acq.osd.mil/ip



U.S. Department of Defense:
Transforming the Defense Industrial Base: A Roadmap (Sample Pages of the Study)


EYEWEAR

Oakley believes its interactions with the Department of Defense and various personnel have generally been very good. Initial contact came from Special Operations use. Commercial off-the-shelf (COTS) products were working very well, and several within the military were interested in having Oakley expand on its technologies to cater to specific needs within the armed forces. Concept development has been conducted in a very open forum, with Oakley discussing with the various communities, the technologies it is working on, and the user base coming to Oakley to discuss threats they are trying to mitigate or objectives of interest. For example, the laser lens eyewear program was developed when military personnel came to Oakley with the need to protect from weapon sighting and targeting technology. Procurement is still done directly through the Post Exchange (PX); Oakley has investigated placing their products on a GSA schedule but feel that doing so would be a long and somewhat arduous task.

Oakley has had a very good relationship with the military (Oakley's president, Colin Baden is on a first name basis with many in the field). Furthermore, after positive experiences with eyewear and goggles and after entering the commercial footwear market, Oakley is now working with Natick Special Operations Forces-Special Projects, U.S. Army Special Operations Command, and Naval Special Warfare Development group to produce Laser Eye Protection and an alternative Assault Boot for Elite Special Forces.

Through a chance meeting at an industry conference, the relevant parties were put into contact with each other. Natick issued a small testing contract focused on R&D. Oakley was able to put together a complete product from scratch in 14 months. While this seemed fast for the DoD, Oakley was somewhat frustrated by the length of time as compared to the relatively short turnaround cycles within the commercial world. However, development followed a pattern similar to commercial product development,

"...in the competitive, commercial world, [if] we take 14 months to get a product to market, it's outdated, somebody else has come out with something better, and nobody here is happy..."

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Competitve Advantage

Although not heavily advertised, Oakley has been selling directly to the military for over ten years. Using an effective word of mouth campaign, the company has been able to leverage its considerable commercial recognition to become the supplier of choice for soldiers in the field.

Oakley has developed extensive design and development capabilities, with hundreds of patented technologies. Founded in a garage in 1975 by current Chief Executive Officer and Chairman, Jim Jannard, Oakley has grown to become the market leader in precision eyewear. In 1995, Oakley went public (NYSE: OO), and at about the same time, began leveraging its expertise into other areas of human form accessories such as footwear, watches, and apparel.

"As much as I'd like to tell you that I knock on the front door of the big Department of Defense, to be honest, the side door and the back door...If you really want to provide product to the soldiers to give them a better tool to use in their profession, [that] is the more expedient method."

Oakley's general sales approach in the athletic markets is driven from the top down, and targets the very best athletes, the stars, and leaders of various sports. By appealing to the trendsetters through a combination of leading technology and high style, Oakley's products have been adopted by the top athletes. Once the community sees that leading athletes recognize the competitive advantage Oakley's products give them, a much broader adoption begins.

Military Sales

Using a similar approach, Oakley has targeted Special Operations groups for its military sales. In the early 1990's special ops soldiers began ordering Oakley eyewear directly. These war fighters are typically very resourceful, and Oakley's unrivaled reputation in the commercial world led them to recognize the benefits of the superior designs, materials, and durability. In effect, Oakley's consumer brand was able to provide the military with something they could not find anywhere else. Over time, traditional soldiers in the field saw that the Seals, Rangers, Green Beret's, and other specialists, were using Oakley products. This market acceptance by the various elite forces was a virtual stamp of approval and encouragement for a larger, more pervasive adoption throughout the armed forces.

"Athletes who were performing knew that our products gave them a competitive advantage, that same philosophy transcended into our work with the military, and just as when I see Lance Armstrong cranking through the Alps, demonstrating time and time again why we're number one, I get the same if not more of a high when I hear of our guys kicking somebody's butt overseas wearing our product... and if we can do more for the military, more for the government, I'm going to be a number one fan of doing that..."

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"The price discrepancy is marginal, the performance discrepancy is infinite."

Source: Emerging defense suppliers interviews

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