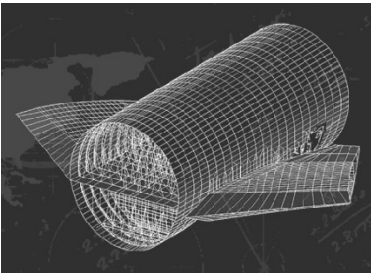


COMMERCIAL

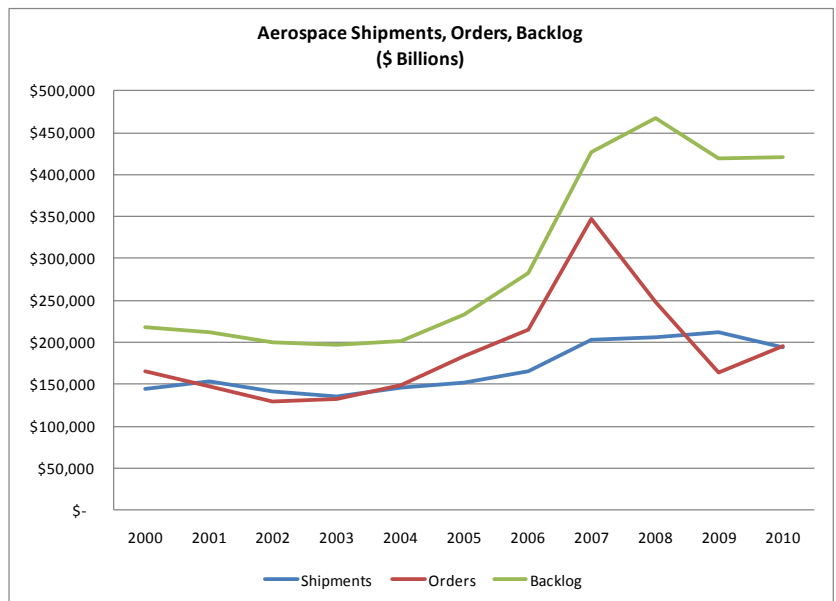


2011 is shaping up as a come-back year for the aerospace industry. Both major OEMs, Boeing and Airbus, have announced significant increases to production rates, as a result of increasing backlogs and enhanced ability to deliver new orders on a timely basis. The order backlog at the Boeing commercial aircraft segment has risen sharply over the last few years and now stands at over 3,400 aircraft valued at \$263 billion. The company is also ramping up production for its twin-aisle 777 and will step up its overall commercial aircraft production by about 40% over the next three years to

accommodate new jetliner models and keep up with demand for the 737.

EADS recently announced a projected revenue rise from EUR 45.8 billion last year due to increased deliveries of commercial Airbus aircraft. The

number of Airbus aircraft delivered should be in the range of 520 – 530, exceeding 2010’s record of 510. Overall, total commercial aircraft deliveries should exceed 1,000—the highest ever.



- Boeing and Airbus, have announced significant increases to production rates
- The drop in MRO spending can be primarily attributed to the introduction of newer, less maintenance-heavy aircraft alongside general decline in utilization
- 2011 appears to be a second consecutive year of strong M&A activity in the aerospace and defense industry

MRO

MRO spending overall fell 7.5% in 2010 to \$43 billion, with the average annual maintenance costs per plane declining to \$2.1 million (compared to \$2.4 million in 2008). The

drop in MRO spending can be primarily attributed to the introduction of newer, less maintenance-heavy aircraft alongside general decline in utilization. Industry experts expect

this trend to reverse with an annual rate increase of 3.5%, to reach \$58 billion by 2019.

GENERAL AVIATION

Worldwide shipments of general aviation fell for the third year in a row. In 2010 2,015 aircraft were delivered as compared with 2,274 units in 2009—a decrease of 11.4 percent. Many analysts expect economic recovery to strengthen in 2011, which will help accelerate the reduction of used private aircraft inventory and ultimately lead to higher production for OEMs. The strong growth in global corporate profits is a positive

indicator that in a year or two the industry will begin to experience these positive effects. In 2010 and 2011, many manufacturers turned their attention to the international marketplace, most notably to the Asia Pacific, Latin America, Eastern Europe, and the Middle East. These key markets are accounting for an increased proportion of sales and are assisting the industry in the recovery.



“Consolidation within component manufacturing continues, and founders still account for more than half of the sellers.”

M&A UPDATE

Looking to the future—2011 and beyond—transaction activity should continue to increase, driven by both strategic considerations and financial availability:

- Prime defense contractors are proactively seeking out acquisition targets in growth areas of the defense budget and cutting-edge defense technology. Strategic buyers have near record cash on hand and are ideally seeking acquisitions large enough to positively impact their group’s overall financial results.
- Large component manufacturers maintain their consolidation ambitions of building primary suppliers of integrated systems to OEM airframe and engine manufacturers. Commercial business is improving

with requests for commercial parts to be released and orders picking up. Larger public component companies can be expected to capitalize on their favorable capital market valuations.

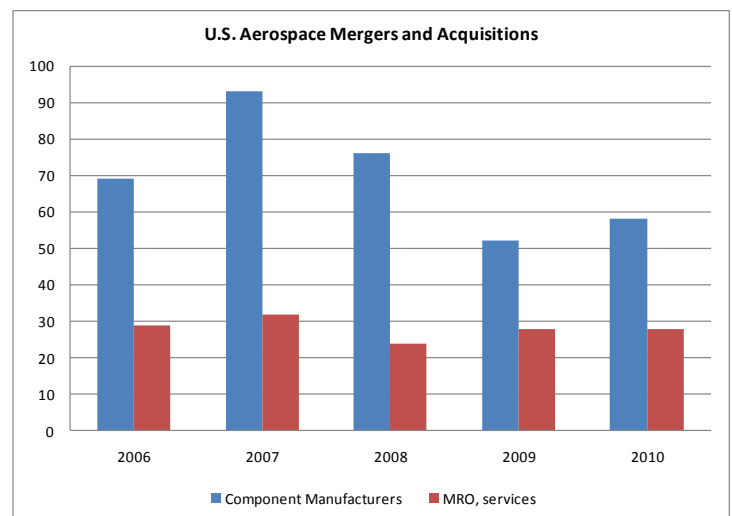
- Private equity groups are actively seeking to deploy capital. The backlog of private equity capital seeking investment is at an all-time high of over \$400 billion, particularly among larger funds. Debt capital, which has traditionally accounted for two-thirds of private equity acquisition capital, is also becoming increasingly available. Loan terms have eased and banks are again demonstrating competitive behavior for attractive credits. A variety of flexi-

ble private equity transaction structures are finalizing deals on middle-market transactions.

- Consolidation within component manufacturing continues, and founders still account for more than half of the sellers. Sales by private equity owners created a new trend—

nearly doubling as sponsors seek to harvest their investments in a time of improving valuations.

- 2011 appears to be a second consecutive year of strong M&A activity in the aerospace and defense industry.



ABOUT EXVERE

Exvere’s Aerospace focus combines deep industry knowledge and key strategic relationships with world-class Merger and Acquisition advisory services. Exvere’s understanding of the Pacific Northwest aerospace and defense market,

combined with its breadth of transactional, operational, and technical expertise enables us to effectively create strategies that result in highly successful outcomes. Exvere has broad experience in a variety of aerospace market sub-sectors as

well as a thorough understanding of the distinct dynamics and trends that create strategic value. We are committed to the relentless pursuit of best-in-class service by creatively applying our expertise to produce superior results.

Aerospace Sectors

- Aerostructures
- Composite structures and components
- Aircraft & engine components
- Aircraft interiors
- Foundry & Castings
- Engineering services
- Avionics and electronics
- Maintenance, repair & overhaul
- Supply chain management and distribution
- Aviation services and support



Located in Seattle, Washington

THE EXVERE EDGE

Founded in Seattle in 1991, Exvere has advised on well over 100 capital transactions. In 2006, Exvere established Exvere Securities, LLC, as a FINRA broker-dealer to expand its service offerings. The firm has established a significant reputation by representing Northwest business owners on mergers and acquisitions, recapitalizations, valuations, and financing.

Strategic Assessments -

Many owners have not yet developed comprehensive, long-range plans for their businesses. Exvere assists with producing near- and long-term strategies to maximize exit values utilizing our extensive research and analytical capabilities. We also help owners assess appro-

priate timing considerations and see the business through the eyes of a potential acquirer; addressing those strengths and weaknesses – in order to provide valuable insight and direction resulting in a higher valuation at the chosen time of exit.

Valuation Expertise -

Exvere’s staff includes an Accredited Valuation Analyst (AVA), ensuring quality and accuracy in valuations and fairness opinions.

FINRA Member -

Exvere, through its wholly owned subsidiary, Exvere Securities, LLC, is a FINRA broker-dealer. As such, we are subject to rigorous

regulatory and financial standards, setting us apart from most regional M&A firms. Importantly, this qualification allows us to provide a greater array of options to our clients, such as partnering with international and domestic investment banks, sharing extensive research resources, and providing fairness opinions.

Exvere advises privately-held businesses on capital transactions including mergers, acquisitions, divestitures, and recapitalizations.



AEROSPACE / DEFENSE EXPERIENCE

Substantial assets of Amtech Corporation
Wapato, WA



Have been acquired by Blackford Capital, LLC



The undersigned acted as exclusive advisor to Amtech Corporation in this transaction



The Membership Interests of Global Aerosystems, LLC
Everett, Washington



Have been acquired by Kaman Corporation (NASDAQ: KAMN)



The undersigned acted as exclusive advisor to Global Aerosystems, LLC in this transaction



Substantial assets of LaFarge & Egge, Inc.
Lynnwood, WA



Have been acquired by Graham Capital Group, LLC



The undersigned acted as exclusive advisor to the shareholders of LaFarge & Egge in this transaction




Bellevue, Wa
Has obtained financing from

 **Key Principal Partners**

\$15,000,000
Subordinated debt

The undersigned acted as an advisor to QPM Aerospace, Inc. in this transaction.




Has divested its Swaged Tubes division to



SKF Aerospace France (Formerly SARMA)

The undersigned acted as an advisor to QPM Aerospace, Inc. in this transaction.



CURRENT ENGAGEMENTS


International Aerospace Engineering Services

Retained for Buy-side Engagement




Metal finishing services company specializing in commercial and military platforms

Valuation and sale of minority interest



Manufacturer of cabin management systems

Sale of partial interests



AFFILIATIONS

