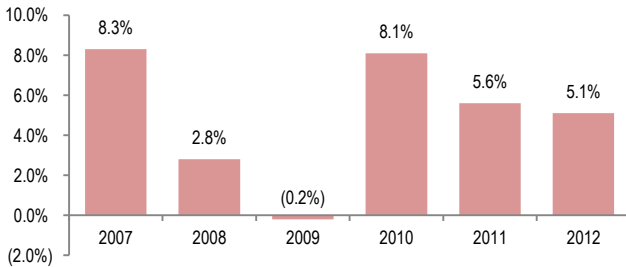


Aerospace and Defense Industry Compendium

Commercial Aviation

The global civil aircraft fleet could increase 3.9% over the next ten years to 32,500 aircraft, and the aftermarket supporting that fleet will likely grow at a 3.2% compound annual growth rate to nearly \$70 billion by 2022, according to *Aviation Week*. This activity underscores the civil aerospace sector's transition from years of troubled development into production, with the commercial installed base expected to double over the next two decades. As the standard of living improves in developing regions and as local economies around the world become more global, the demand for air travel will continue to grow. Airlines will not only grow their fleets to keep pace with increased demand, but will also update their fleets with more fuel efficient aircraft to remain competitive in the face of sustained high fuel prices.

Annual Growth in Global Air Traffic Passenger Demand



Sources: IATA, ICAO.

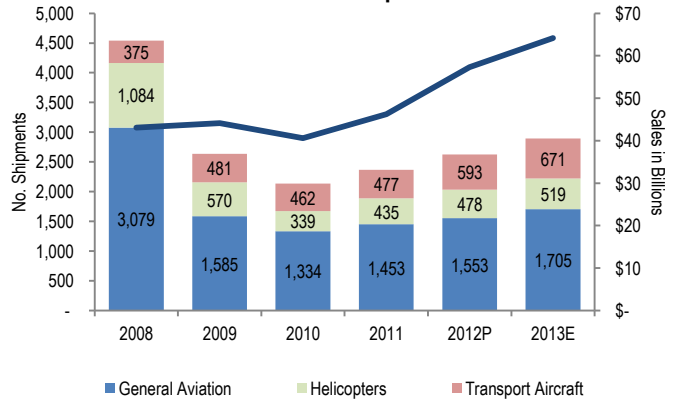
Airbus and Boeing have already seen the uptick in demand; the backlog of orders for large commercial fixed-wing aircraft such as Airbus' A320neo and A350 and Boeing's 737 MAX and 787 already exceeds 8,000 and continues to grow.

Boeing expects that the number of global passengers will increase at an average 5% annually over the next 20 years. The Middle East and Asia are expected to lead the demand for air travel as a gradual rise in per capita disposable income and maturing economies leads to more travelers. The company forecasts that China alone could run more than 4,600 large passenger jets by 2028. Boeing estimates that Chinese airlines will need approximately 3,770 new aircraft worth \$400 billion over the next 20 years. Those new aircraft would be part of the 29,000 passenger jets required by major airlines in the period from 2009 through 2028 to accommodate traffic growth and to satisfy the replacement market.

Boeing, in particular, is eager to leave recent economic and operational struggles behind and return to the skies. Last month, Ethiopian Airlines became the first carrier to resume commercial flights of the 787 Dreamliner with a service to neighboring Kenya after the FAA ordered all 50 of the aircraft operating worldwide to remain grounded after fire and smoke scares involving the 787's high-tech lithium-ion batteries. Boeing responded with a massive effort of 300 engineers to resolve the issue, logging over 200,000 engineering hours and working around the clock to

Sources: Boeing 2012 Market Outlook; Airbus 2012 Global Market Forecast; U.S. Department of Defense; Booz & Co. 2012 Aerospace & Industry Perspective; Time Magazine (Sept 2012); Reuters, IBISWorld.

Civil Aircraft Shipments

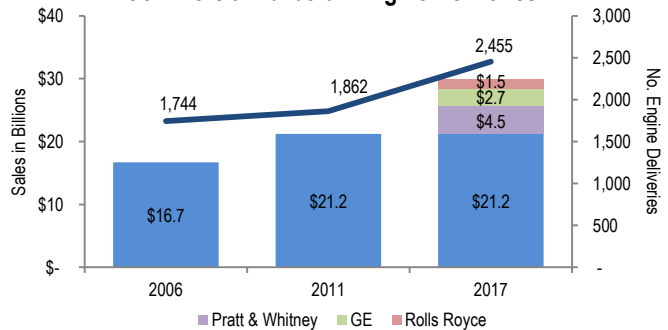


Source: AIA.

install new batteries with better ventilation systems. Despite the issue, the company's 1Q 2013 earnings still exceeded Wall Street expectations and Chief Financial Officer Greg Smith indicated that the financial impact was nonmaterial. Boeing resumed deliveries of its Dreamliner from its Seattle factory on May 15, 2013.

Rolls Royce, General Electric and Pratt & Whitney are expected to benefit from an uptick in global demand for commercial turbofan engines. Overall demand is expected to reach as much as \$30 billion, or approximately 2,500 engines in 2017, a compound annual growth rate (CAGR) exceeding 5% from 2011.

Commercial Turbofan Engine Deliveries



Source: Lucintel.

The commercial sector has become an attractive one for aerospace industry participants as sequestration has had a cooling effect on defense spending. According to the Aerospace Industries Association, the Department of Defense will account for approximately 41.7% of the industry's 2013 revenue, down from 48.3% in 2008. Coupled with the formal end of combat in Iraq and the upcoming formal end of the war in Afghanistan in 2014, defense-oriented aerospace companies will likely shift greater emphasis to commercial markets, both in the U.S. and internationally, for additional revenue.

Aerospace and Defense Industry Compendium (cont'd)

Defense

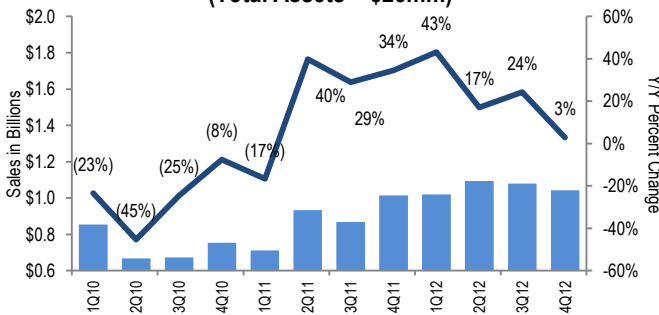
The Office of Management and Budget implemented technical adjustments called for by law that reduced the \$85 billion indiscriminate sequestered spending cuts to approximately \$80 billion in 2013. This \$4.9 billion decrease is the result of Congress enacting a full 2013 spending bill in April 2013. The F-35 Joint Strike Fighter had been in the crosshairs of advocates of defense spending cuts, but according to government officials familiar with President Obama's \$526.6 billion defense budget proposal, the Pentagon will be able to spend approximately \$8.4 billion on the program in fiscal 2014. Beginning on October 1, 2013, approximately \$6.4 billion will be used to build all 29 of the F-35s planned for 2014, with the remaining funds for continued development and spare parts. The Administration's budget plan calls for an increase in F-35 production by 2018. If approved, the plan would enable the military to add to the 29 F-35s currently deployed in operations and training squadrons as the program shifts from development to production and long-term sustainment.

Despite pressure on U.S. defense spending, Sikorsky Aircraft expects the long-term outlook for military helicopters to remain bright, given several new programs in the U.S. and strong overseas demand, especially from Asia, the Middle East and Africa, as the majority of helicopters currently in service are over 20 years old. U.S. Army officials indicated in early May 2013 that they do not expect to decide until later this year whether to develop a new armed scout helicopter or to extend the life of the current Vietnam-era OH-58 Kiowa Warrior. This may present an opportunity for Sikorsky and other helicopter makers, which are preparing for "Future Vertical Lift", a large-scale program to replace many of the Black Hawks and Apache helicopters currently in service. Sikorsky has self-funded the \$50 billion development of the new X2 helicopter, considered the fastest helicopter ever built. This is less than the company spent to develop the larger military prototype S-97 Raider, which it expects to fly in 4Q 2014.

Aerospace and Defense Sector Financial Trends

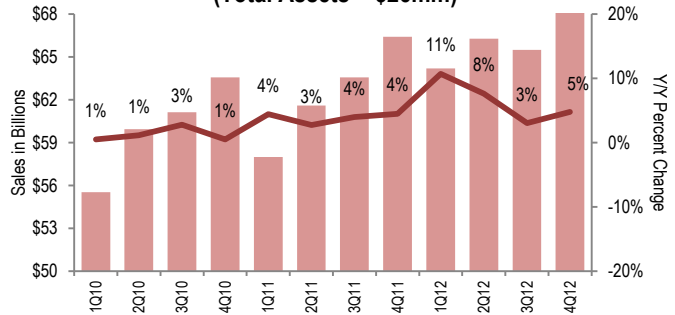
In 2013, according to the Small Business Administration, 23% of Department of Defense (DoD) prime contracts and 37% of DoD subcontracts expect to be awarded to small firms, along with 17% of NASA prime contracts and 36% of NASA subcontracts.

**A&D Manufacturers' Sales
(Total Assets < \$25mm)**



Source: U.S. Census Bureau.

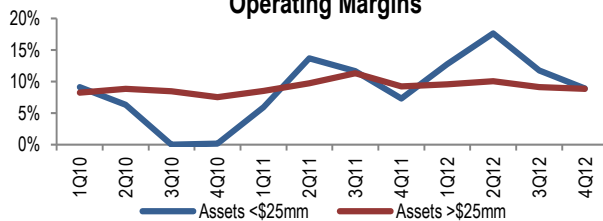
**A&D Manufacturers' Sales
(Total Assets > \$25mm)**



Source: U.S. Census Bureau.

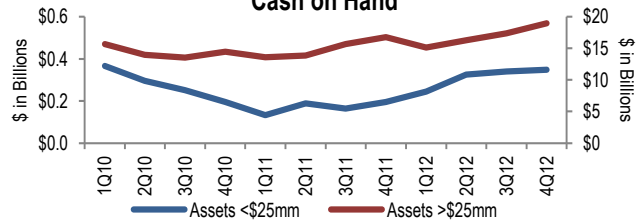
Small- and medium-sized corporations (with assets less than \$25 million) that manufacture aerospace and defense products and parts continued their robust recovery through the end of 2012, but broke their six consecutive quarter streak of double digit growth, posting a year-over-year increase of 3% in 4Q 2012. Aggregate sales increased 3% year-over-year to \$1 billion in 4Q 2012 and increased 9% year-over-year to \$2.1 billion in 2H 2012. Larger corporations (with assets greater than \$25 million) saw aggregate sales increase 5% year-over-year to \$66 billion in 4Q 2012 and 4% year-over-year to \$135 billion in 2H 2012. Industry revenue continues to be driven primarily by the commercial aviation boom.

Operating Margins



Source: U.S. Census Bureau.

Cash on Hand



Source: U.S. Census Bureau.

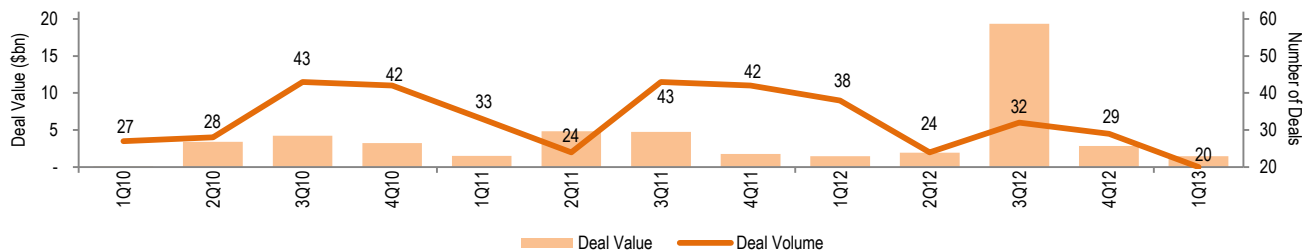
Operating margins for small- to medium-sized aerospace and defense manufacturers declined to 9% in 4Q 2012, after hitting a multi-year high in 2Q 2012 but still exceeded the five-year average of 8.2%. Large manufacturers declined to a 9% operating margin in 4Q 2012, slightly below the five-year average of 9.1%. These profit declines may continue as deep cuts in Pentagon spending go into effect, with rising commercial aircraft sales unable to compensate for the significant loss in defense revenue. Rising revenue and improved margins has resulted in a 14% year-over-year increase of cash on hand to \$19.3 billion at the end of 4Q 2012 for all aerospace and defense manufacturers.

Sources: U.S. Census Bureau Quarterly Financial Report for Manufacturing Industries; Aviation Week Magazine.

Aerospace and Defense Mergers and Acquisitions

Transaction volume in first quarter 2013 hit lows not seen since first quarter 2012, and the number of transactions reached multi-year lows, as a result of U.S. sequestration and related defense budget uncertainty.

U.S. A&D M&A Activity by Closed Deals



Source: Capital IQ.

The fourth quarter of 2012 saw a return to deal volume levels more consistent with the second half of 2011 and first half of 2012. The number of deals in the fourth quarter of 2012 decreased from the prior quarter, but was still higher than the number of deals in second quarter of 2012. In 2012, 123 reported deals in the U.S. aerospace and defense sector closed for an aggregate value of \$25.6 billion; however, excluding the \$18.6 billion United Technologies-Goodrich merger, aggregate deal value would have been below \$7 billion, compared to \$13 billion in 2011. Deal volume also declined 13% in 2012 from 142 deals in 2011.

While commercial M&A activity was solid in 2012, the defense sector failed to generate even a single mega deal. However, with defense spending cuts now taking effect, defense M&A is expected to become more dynamic and could lead to historic deals. According to PwC, defense M&A is facing pent-up demand, strong balance sheets, cash positions and the necessity to consolidate in response to a contracting market. Couple this with large manufacturers re-evaluating their supply chains and seeking to control their large program pipelines, and sector M&A activity will likely increase in the years to come.

Sources: Capital IQ, PwC Mission Control 2Q12, PwC U.S. A&D 2012 Year in Review and 2013 Forecast.

GREENBRIAR EQUITY GROUP LLC / EDAC TECHNOLOGIES Buyout Highlights

Greenbriar Equity Fund II, L.P. acquired EDAC Technologies Corp. in 2Q 2013. The firm purchased EDAC for approximately \$93 million through a tender offer of \$17.75 per share for the acquisition of the precision components maker. MidOcean Partners had pitched a rival bid of \$105 million, but pulled the offer for undisclosed reasons.

Greenbriar successfully completed the tender offer for 77% of EDAC's outstanding shares after extending the expiration date from April 30 to May 6, 2013. The firm planned to proceed with buying the remainder of EDAC's shares that it did not acquire through the tender offer.

EDAC has two business segments – the aerospace unit's sales include stationary components for Boeing's Dreamliner and GE's GE 90 aircraft engines, as well as rotating parts for gas turbines and development parts for geared turbofan engines from Pratt & Whitney. The company's industrial division includes its Apex Machine Tool and EDAC Machinery lines.

Sources: Wall Street Journal; Reuters.

PCC | TIMET Merger Musings

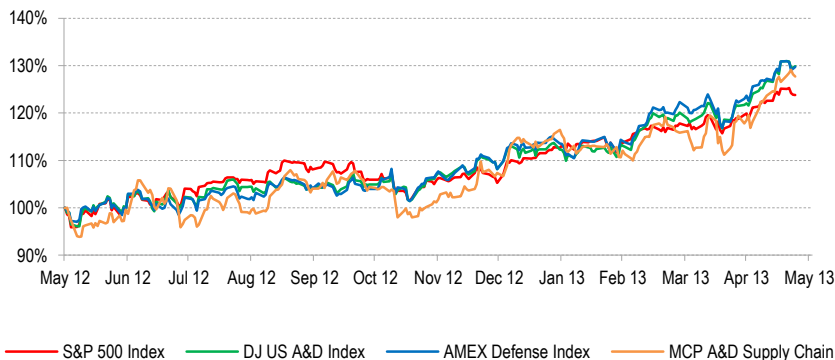
Precision Castparts Corp. (NYSE:PSP) acquired Titanium Metals Corporation (Timet) in 4Q 2012. Precision Castparts, which makes metal forgings for airplanes and gas turbines, purchased Timet, for approximately \$3 billion in a transaction that expands Precision Castparts' titanium capabilities. Under the terms of the agreement, Precision purchased Timet for \$16.50 per share in cash, a 43% premium to Timet's prior closing price.

According Precision Castparts Chairman and Chief Executive Officer Mark Donegan, the Timet acquisition will allow the company to streamline its supply chain and better manage input costs in its core operations. He also said Timet's melting expertise and Precision Castpart's forging and conversion assets are "a complementary strategic fit."

Shares of Precision Castparts jumped as much as 10% on May 9, 2013 after the company released 1Q 2013 earnings. In the company's first quarter since acquiring Timet, revenue jumped 25% to \$2.4 billion, but fell short of Wall Street's \$2.5 billion estimate. Net income increased 24% to \$414 million, or \$2.82 per share, beating the Street's \$2.76 per share estimate. The acquisition of Timet drove revenue growth, with sales up 31%.

Sources: Wall Street Journal; Reuters.

Public Market Trading Performance



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Contact:

Andrea Chase

Director, Marketing and Business Development
212.485.5876

andrea.chase@marcumcronus.com

Public Company Valuation and Performance – Select A&D Supply Chain Index

| Company Name | Ticker | Stock Price 05/24/13 | % of 52-Week | | Market Cap | Enterprise Value | Cash | EV / Revenue | | | EV / EBITDA | | | P/E | | |
|----------------------------|---------------|-------------------------|--------------|--------------|---------------|---------------------|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | | | High | Low | | | | LTM | 2013E | 2014E | LTM | 2013E | 2014E | LTM | 2013E | 2014E |
| Hexcel Corp. | NYSE:HXL | 34.29 | 98 | 155 | 3,438 | 3,693 | 18 | 2.3 | 2.2 | 2.0 | 12.6 | 10.8 | 9.5 | 20.8 | 19.0 | 16.7 |
| Moog Inc. | NYSE:MOG.A | 50.24 | 97 | 150 | 2,276 | 2,943 | 150 | 1.2 | 1.1 | 1.1 | 8.6 | 7.7 | 7.2 | 15.2 | 14.0 | 12.7 |
| AAR Corp. | NYSE:AIR | 20.13 | 98 | 201 | 779 | 1,394 | 109 | 0.6 | 0.7 | 0.6 | 6.4 | 6.1 | 5.6 | 12.1 | 11.2 | 10.5 |
| Ducommun Inc. | NYSE:DCO | 19.07 | 71 | 247 | 202 | 530 | 30 | 0.7 | 0.7 | 0.7 | 6.4 | 6.6 | 6.1 | 11.4 | 11.5 | 10.2 |
| LMI Aerospace Inc. | NasdaqGS:LMIA | 19.10 | 100 | 103 | 241 | 519 | 1 | 1.6 | 1.1 | 1.0 | 11.7 | 7.4 | 6.2 | 17.2 | 11.3 | 8.0 |
| Magellan Aerospace Corp. | TSX:MAL | 3.95 | 96 | 145 | 230 | 458 | 14 | 0.7 | 0.7 | 0.6 | 5.5 | 5.2 | 4.4 | 4.3 | 6.5 | 4.7 |
| API Technologies Corp. | NasdaqCM:ATNY | 2.71 | 72 | 117 | 149 | 350 | 10 | 1.3 | 1.3 | 1.2 | 12.2 | 9.9 | 8.3 | NM | NM | 38.7 |
| Heroux-Devtek Inc. | TSX:HRX | 7.48 | 55 | 107 | 236 | 199 | 98 | 0.8 | 0.8 | 0.8 | 6.2 | 6.2 | 5.6 | 17.6 | 16.2 | 12.6 |
| CPI Aerostructures Inc. | AMEX:CVU | 9.59 | 63 | 116 | 80 | 113 | 1 | 1.3 | NA | NA | 6.6 | NA | NA | 7.3 | 9.9 | 7.7 |
| SIFCO Industries Inc. | AMEX:SIF | 15.43 | 65 | 109 | 83 | 92 | 6 | 0.7 | NM | NM | 5.8 | NM | NM | 12.6 | NM | NM |
| Breeze-Eastern Corporation | AMEX:BZC | 8.50 | 93 | 147 | 81 | 71 | 10 | 0.8 | NA | NA | 5.4 | NA | NA | 20.7 | NM | NM |
| Sypris Solutions Inc. | NasdaqGM:SYPR | 3.28 | 43 | 105 | 66 | 65 | 18 | 0.2 | NA | NA | 3.9 | NA | NA | NM | 59.6 | 8.1 |
| Mean | | | 82 % | 145 % | | | | 1.0 x | 1.1 x | 1.0 x | 7.6 x | 7.5 x | 6.6 x | 13.9 x | 17.7 x | 13.0 x |
| Median | | | 93 | 145 | | | | 0.8 | 1.0 | 0.9 | 6.4 | 7.0 | 6.2 | 13.9 | 11.5 | 10.4 |

Source: Capital IQ as of May 24, 2013. Amounts in millions of U.S. dollars, except per share data.

Select M&A Activity in the A&D Supply Chain

| Date | Target | Acquirer | Enterprise | | | EV / Revenue | EV / EBITDA | Description |
|-------------------------|------------------------------------|------------------------------------|------------|-----------|---------|--------------|---------------|--|
| | | | Value | Revenue | EBITDA | | | |
| May 13 | EDAC Technologies Corp. | Greenbrier Equity Group LLC | \$141.7 | \$106.5 | \$14.3 | 1.3 x | 9.9 x | Tooling, jet engine components and fixtures |
| May 13 | Primus Composites | Triumph Group, Inc. | - | - | - | - | - | Composite components and assemblies |
| Apr 13 | Regional One, Inc. | Exchange Income Corporation | \$83.4 | - | - | - | - | Aircraft, engines and spares for regional / commuter aircraft |
| Mar 13 | Honeycomb Company of America, Inc. | Plexus Capital | - | - | - | - | - | Aircraft and airframe structural components |
| Mar 13 | Aspen Motion Technologies, Inc. | Moog Inc. | \$34.0 | \$36.0 | - | 0.9 x | - | Motors, impellers and motion control products |
| Mar 13 | The Bechdon Company, Inc. | Breidon Inc. | - | - | - | - | - | Precision machining products for aerospace and defense |
| Mar 13 | Dexmet Corporation | Sverica International | - | - | - | - | - | Precision manufacturing for industrial applications |
| Jan 13 | Paradigm Precision Holdings LLC | Dynamic Precision Group, Inc. | \$129.0 | - | - | - | - | Machined components for aerospace |
| Jan 13 | Martinic Engineering, Inc. | Monogram Aerospace Fasteners, Inc. | \$19.0 | \$13.0 | - | 1.5 x | - | Precision machined parts for commercial and military aerospace |
| Jan 13 | Aero Precision Industries, Inc. | Greenwich AeroGroup, Inc. | - | - | - | - | - | Original equipment manufacturer for aircraft |
| Jan 13 | CAD Cut, Inc. | Web Industries, Inc. | - | - | - | - | - | Specialty insulation products |
| Jan 13 | Astro Spar, Inc. | PRV Aerospace, LLC | - | - | - | - | - | Structural parts for aerospace |
| Dec 12 | Broad Reach Engineering Company | Moog Inc. | \$48.0 | \$27.0 | - | 1.8 x | - | Flight hardware for aerospace |
| Dec 12 | Brenner Aerostructures, LLC | The Atlas Group | - | - | - | - | - | Commercial and aerospace components |
| Dec 12 | Valent Aerostructures, LLC (1) | LMI Aerospace Inc. | \$246.7 | \$102.9 | \$16.7 | 2.4 x | 14.8 x | Sub-assemblies for air frame manufacturers |
| Dec 12 | Churchill Aerospace, LLC | Corridor Capital, LLC | \$50.0 | - | - | - | - | Cutting tools and fasteners for aerospace |
| Dec 12 | Titanium Metals Corporation | Precision Castparts Corp. | \$2,989.9 | \$1,074.8 | \$214.1 | 2.8 x | 14.0 x | Titanium melted and mill products |
| Nov 12 A | Synchronous Aerospace Group, Inc. | Precision Castparts Corp. | - | - | - | - | - | Manufacturing, assembly and kitting for aircraft |
| Mean for deals | | | | | | 1.8 x | 12.9 x | |
| Median for deals | | | | | | 1.6 | 14.0 | |

(1) Enterprise value calculated as \$237.0 million of equity consideration plus \$9.7 million of retained obligations.
Sources: Capital IQ as of May 24, 2013; LMI Aerospace Inc. 8-K. Amounts in millions of U.S. dollars.

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