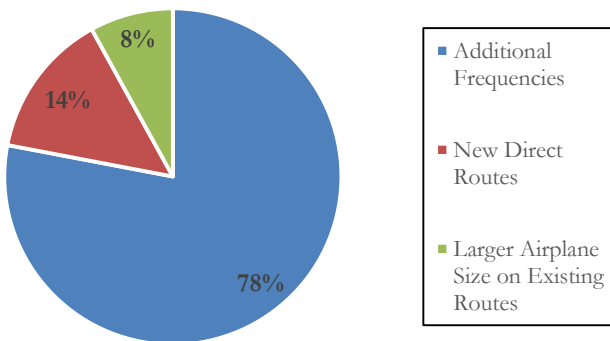


Aerospace and Defense Industry Overview

The global aerospace and defense industry is expected to grow at approximately 3% in 2015, driven primarily by strong growth in the commercial aviation sector. Revenue and earnings growth is expected to continue as fleets are upgraded to more fuel efficient aircraft and the global demand for commercial travel continues to rise.

Conversely, the global defense sector is expected to see shrinking revenues in concurrence with reduced defense budgets. The withdrawal of the U.S. from Iraq and Afghanistan has lessened revenues of companies previously buoyed by the demand created by these two conflicts. Defense departments, becoming more budget-conscious, are forcing entrenched market players to rethink and refine their strategy. Alcoa, for example, recently purchased both titanium production capabilities and a company that produces titanium airframes and components, further integrating their supply chain.

Capacity Growth Accommodation 2013-2014



Source: Boeing CMO 2015

Commercial Aviation

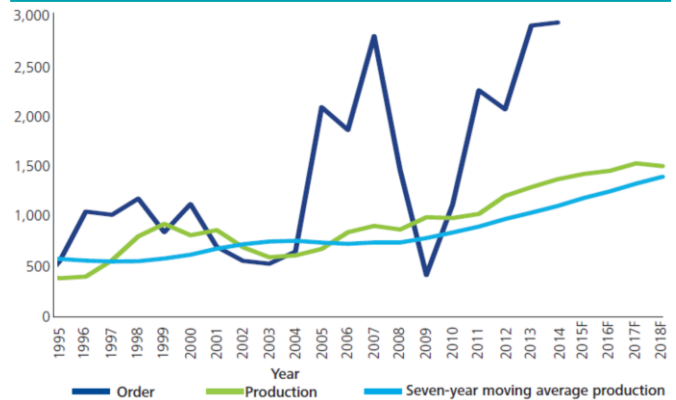
An increase in global passenger demand, primarily in emerging economies, along with the upgrade and retirement of existing fleets are the two major factors driving growth in the commercial aviation market. The two largest contributors to the growth in commercial aviation are the Middle East and Southeast Asia regions.

As seen in the figure above, according to Boeing, “between 2013 and 2014, nearly all capacity growth was accommodated by [increased] frequencies and direct flights”. Elevated frequencies of flights for existing aircraft are the preferred method for airlines to meet excess demand and one of the main drivers in the projected commercial aerospace growth. Higher utilization reduces time between overhauls and maintenance for aircraft in addition to shortening their lifespan.

When an aircraft increases in age and flight-hours, so too does the cost to maintain that aircraft. At a certain inflection point it becomes more cost-effective for the airlines to replace rather than maintain older aircraft. Recent improvements in aerospace technology have shifted the inflection point to an earlier age in the aircraft lifespan as advances in engine, material, and structural technology have reduced the payback period of investments.

Sources: Boeing CMO 2015; Airbus 2015 Global Market Forecast; Eikon

Large Commercial Aircraft Orders and Production



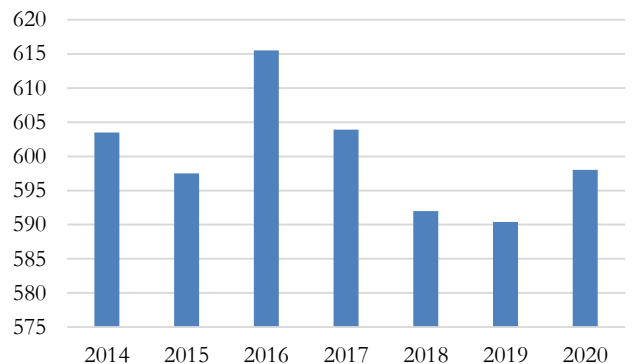
Source: Deloitte 2015 Global A&D outlook

The demand for new aircraft is having a ripple effect across the commercial aviation supply chain. Increasing production rates and lower aircraft retirement age is expected to be a boon for OEMs; however, the opposite can be said for those manufacturers who supply aftermarket parts used to repair and refurbish older aircraft. On top of global passenger demand growth and technological advances, the recent drop in oil prices acts as a catalyst as airlines reinvest revenues at a greater rate than previously expected.

Defense Budget

As government defense spending shifts to focus on cost-effective options, opportunity is created for non-traditional players. Pressure is mounting on all defense market participants to cut costs, speed up timelines and improve efficiency while ultimately still ensuring delivery on-time and on-spec. In reaction, many defense companies are selling the lower margin segments of their businesses, particularly those involved in non-proprietary manufacturing. Some traditional manufacturing companies are recognizing the synergies presented by these acquisition opportunities, the result being transactions such as the acquisition by RBC Bearings of Dover Corporation’s Sargent Aerospace and Defense unit in the second quarter of 2015.

U.S. Defense budget 2014-2020 (\$bn)



Source: United States Comptroller of Defense

Select Aerospace and Defense Mergers and Acquisitions Activity

USD in millions

Date	Target	Acquirer	Enterprise			EV /		Target Description
			Value	Revenue	EBITDA	Revenue	EBITDA	
Aug 15	Pneudraulics Inc	TransDigm Group	\$325	-	-	-	-	precision hydraulic components manufacturer
Aug 15	Precision Castparts	Berkshire Hathaway	\$35,824	\$9,633	\$2,751	3.7 x	13.0 x	metal components and products manufacturer
Jul 15	RTI International Metals Inc	Aloa Inc	\$1,260	\$722	\$105	1.7 x	12.0 x	titanium mill and metal products manufacturer
Jul 15	Sikorsky	Lockheed Martin	\$9,000	\$6,500	\$690	1.4 x	13.0 x	aircraft manufacturer
Jul 15	Norano	Precision Castparts	\$560	-	\$56	-	10.0 x	commercial and military aerospace manufacturer
Jul 15	Fokker Technologies	GKN PLC	\$778	\$973	\$85	0.8 x	9.2 x	advanced aircraft systems and components
Jun 15	JPS Industries	Handy Haman Group	\$111	\$77	-	0.7 x	-	composite and urethane materials manufacturer
May 15	Euravia Engineering & Supply Co Ltd	Magellan Aerospace	\$57	\$26	-	2.2 x	-	aviation maintenance, repair, and overhaul services
May 15	Pexo LLC-Aerospace Business	TransDigm Group	\$336	\$153	\$34	2.2 x	10.0 x	custom and specialty plastics fabrication
May 15	Global Tubes	AMETEK Inc	\$200	\$120	-	1.7 x	-	small diameter metal tubing products manufacturer
May 15	StandardAero Business Aviation Services	Veritas Capital	\$2,275	\$1,750	\$190	1.3 x	11.9 x	corporate jet services
Apr 15	Sargent Aerospace & Defense LLC	RBC Bearings Inc	\$500	-	-	-	-	precision-engineered components manufacturer
Apr 15	Michell Bearings Ltd	British Engines Ltd	\$19	\$21	-	1.1 x	-	designer, manufacturer of hydrodynamic bearings
Apr 15	Hartzell Aerospace	ITT Corp	\$53	\$33	-	1.6 x	-	engineered components manufacturer
Apr 15	Franke Aquarotter GmbH	TransDigm Group	\$75	\$44	\$9	1.7 x	8.3 x	enameled metal sanitary ware manufacturer
Mar 15	Telair International GmbH	TransDigm Group	\$725	-	-	-	-	cargo loading systems manufacturer

Mean	1.7 x	10.9 x
Median	1.6 x	11.0 x

Merger Musings

BERKSHIRE HATHAWAY INC.



Berkshire Hathaway Acquires Precision Castparts

On August 10, 2015, Berkshire Hathaway announced it would acquire Precision Castparts Corporation (Precision) for \$37.2 billion, a 20% premium to the company's latest closing value.

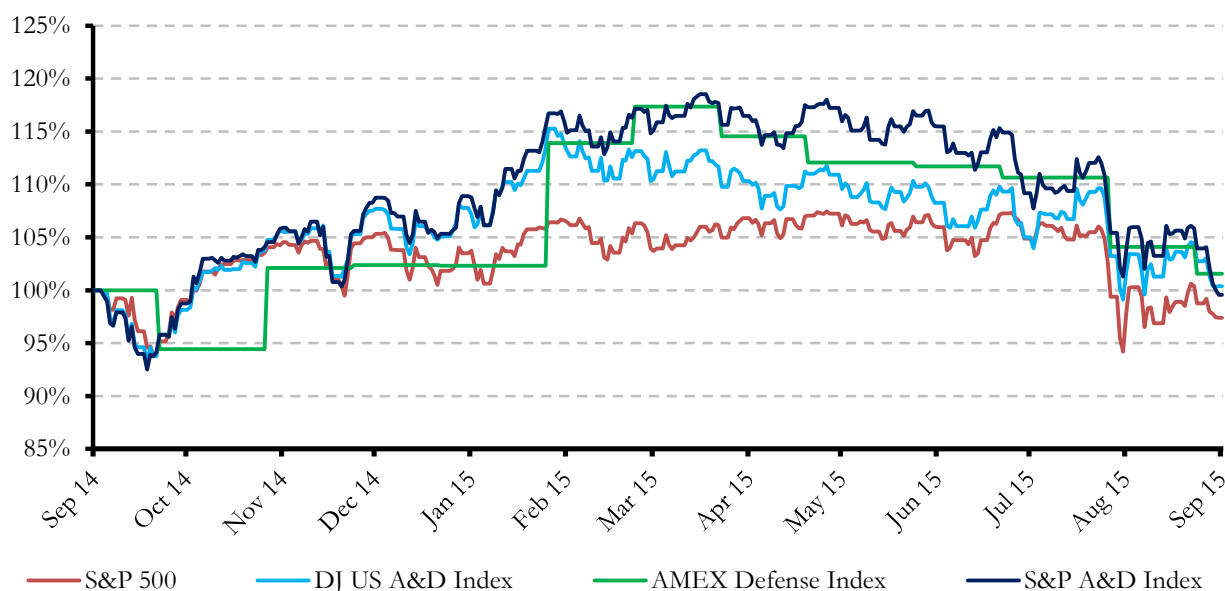
Led by CEO Todd Combs, Precision will continue to operate from its current headquarters in Portland, Oregon following the transaction. Precision is an industrial goods and metal fabrication company primarily serving the aerospace and oil and gas industries.

Despite recent underperformance, especially from its segment serving the oil and gas industry, Precision is a high-technology industrial manufacturer poised to capture growth in the aerospace industry. Recently, Precision has made over \$7 billion in acquisitions within the aerospace industry, from which it also derives just under three-quarters of its revenue.

Berkshire Hathaway's acquisition of Precision reflects market expectations that the aerospace industry will continue to grow, buoyed by demand for new aircraft from commercial airline operators.

Sources: Capital IQ; Eikon; Wall Street Journal.

Aerospace and Defense Public Market Trading Performance



Source: Eikon, daily values as of market close 9/25/2015

Public Company Valuation and Performance

USD in millions except per share

Aerostructures and Airframes

Company	Ticker	Last Close	Market Cap	Enterprise Value	EV/Revenue			EV/EBITDA			P/E		
					LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E
Boeing Co	BA	\$131.01	\$89,021	\$88,455	0.9 x	0.9 x	0.9 x	9.3 x	8.8 x	8.0 x	17.8 x	17.2 x	14.0 x
Airbus Group SE	AIR.PA	60.63	47,905	57,025	0.8	0.8	0.8	9.9	8.4	7.8	15.1	15.4	15.1
Textron Inc	TXT	38.27	10,579	16,222	1.2	1.1	1.1	10.1	10.2	9.1	16.0	15.2	12.8
Spirit AeroSystems Holdings Inc	SPR	49.81	7,038	7,233	1.1	1.1	1.0	6.8	7.1	6.5	17.5	13.4	11.9
GKN PLC	GKN.L	4.00	6,875	8,007	0.7	0.7	0.6	5.9	6.0	5.3	28.1	9.6	9.0
Embraer SA	EMBR3.SA	6.35	4,719	5,334	1.0	0.9	0.9	8.2	6.1	5.9	31.4	19.3	12.7
Hexcel Corp	HXL	45.05	4,343	4,816	2.6	2.5	2.3	12.0	11.1	10.3	18.5	19.0	16.8
Bombardier Inc	BBDb.TO	1.19	2,695	8,460	0.4	0.4	0.4	6.4	7.6	6.6	NM	7.9	9.9
Triumph Group Inc	TGI	43.12	2,126	3,635	0.9	0.9	0.9	7.7	5.8	5.8	12.5	7.6	7.5
Kaman Corp	KAMN.K	36.13	982	1,244	0.7	0.7	0.7	8.2	8.0	7.5	13.9	15.1	13.4
Magellan Aerospace Corp	MAL.TO	11.84	691	866	1.2	1.2	1.1	8.1	7.6	6.6	12.5	12.1	10.4
Ducommun Inc	DCO	19.68	218	456	0.6	0.6	0.6	7.4	6.2	5.6	29.2	13.7	7.9
CPI Aerostructures Inc	CVU	8.66	74	98	1.2	1.0	0.9	10.6	7.3	5.4	13.9	9.6	7.0

Mean					1.0 x	1.0 x	1.0 x	8.4 x	7.9 x	7.2 x	18.3 x	13.8 x	12.1 x
Median					0.9	0.9	0.9	8.2	7.6	6.6	16.8	15.1	12.7

Components, Controls and Systems

Company	Ticker	Last Close	Market Cap	Enterprise Value	EV/Revenue			EV/EBITDA			P/E		
					LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E
Honeywell International Inc	HON	\$93.52	\$73,110	\$73,391	1.9 x	1.9 x	1.8 x	9.6 x	9.7 x	8.6 x	16.7 x	15.4 x	13.8 x
Eaton Corporation PLC	ETN	51.92	24,273	32,644	1.5	1.5	1.5	9.1	9.4	8.9	11.2	11.9	10.5
Parker-Hannifin Corp	PH	96.72	13,388	14,424	1.1	1.2	1.2	7.6	7.6	7.7	13.9	14.1	13.0
Ametek Inc	AME	52.02	12,597	13,937	3.4	3.4	3.3	13.3	12.4	11.6	21.6	20.1	18.1
TransDigm Group Inc	TDG	223.91	11,987	19,521	7.7	6.7	6.1	17.3	15.5	13.9	30.9	24.5	20.8
Rockwell Collins Inc	COL	80.55	10,614	12,738	2.4	2.4	2.3	10.1	10.1	9.7	15.9	15.8	14.1
Zodiac Aerospace SA	ZODC.PA	22.12	6,394	6,394	1.2	1.4	1.3	NM	12.7	8.8	NM	19.0	11.9
Meggitt PLC	MGGT.L	7.22	5,608	6,725	2.6	2.6	2.5	10.2	9.9	9.1	19.1	13.6	12.5
B/E Aerospace Inc	BEAV.O	44.80	4,759	6,589	2.1	2.3	2.2	0.2	11.0	10.6	21.1	14.7	13.4
Cobham PLC	COB.L	4.29	4,900	6,844	2.1	1.9	2.0	12.0	9.8	9.5	NM	13.1	12.9
Teledyne Technologies Inc	TDY	91.88	3,252	3,956	1.7	1.6	1.6	10.3	9.9	9.4	16.3	16.4	15.3
Curtiss-Wright Corp	CW	63.15	2,963	3,668	1.6	1.6	1.6	9.3	8.5	7.6	17.7	16.9	14.7
Crane Co	CR	46.87	2,721	3,277	1.2	1.2	1.1	6.0	6.9	6.5	14.5	11.0	9.9
Woodward Inc	WWD.O	40.36	2,566	3,357	1.6	1.6	1.5	9.8	9.2	8.4	14.7	14.7	12.5
Timken Co	TKR	27.10	2,291	2,709	0.9	0.9	0.9	5.7	6.0	5.8	NM	12.1	10.8
Moog Inc	MOG.a	56.35	2,105	2,903	1.1	1.1	1.1	8.3	8.3	8.0	16.0	15.1	13.0
Astronics Corp	ATRO.O	42.50	944	1,151	1.7	1.6	1.5	9.1	8.1	7.7	15.1	13.4	12.8
CIRCOR International Inc	CIR	40.76	671	730	1.0	1.1	1.1	8.4	9.3	7.8	19.0	17.6	13.5

Mean					2.4 x	2.4 x	2.3 x	9.9 x	10.5 x	9.6 x	18.4 x	16.3 x	14.2 x
Median					2.0	1.9	1.9	10.1	9.9	9.3	17.2	15.6	13.6

Parts Manufacturers

Company	Ticker	Last Close	Market Cap	Enterprise Value	EV/Revenue			EV/EBITDA			P/E		
					LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E
Precision Castparts Corp	PCP	\$229.03	\$31,491	\$35,749	3.6 x	3.6 x	3.4 x	12.7 x	12.3 x	10.9 x	22.3 x	18.9 x	16.5 x
Aleo Inc	AA	9.07	11,880	21,740	0.9	0.9	0.9	5.3	6.0	5.4	18.3	11.8	12.5
Barnes Group Inc	B	36.40	1,991	2,406	1.9	1.9	1.8	8.8	8.3	7.8	15.5	14.7	13.5
Allegheny Technologies Inc	ATI	15.18	1,658	3,056	0.7	0.7	0.7	10.1	8.3	5.9	NM	NM	13.9
Senior PLC	SNRL	3.87	1,630	1,858	1.4	1.4	1.3	8.6	8.5	8.0	16.6	12.9	12.1
Lisi SA	GFILF	28.05	1,529	1,722	1.0	1.0	1.0	7.2	7.1	6.5	14.7	14.4	12.5
LMI Aerospace Inc	LMIA.O	10.21	135	407	1.1	1.1	1.0	9.4	9.1	7.5	NM	NM	24.9
SIFCO Industries Inc	SIF	11.62	63	79	0.7	-	-	14.0	-	-	NM	NM	NM

Mean					1.4 x	1.5 x	1.4 x	9.5 x	8.5 x	7.4 x	17.5 x	14.6 x	15.1 x
Median					1.1	1.1	1.0	9.1	8.3	7.5	16.6	14.4	13.5

Engine Manufacturers

Company	Ticker	Last Close	Market Cap	Enterprise Value	EV/Revenue			EV/EBITDA			P/E		
					LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E
General Electric Co	GE	\$24.92	\$251,603	\$484,676	3.5 x	3.7 x	3.7 x	20.4 x	19.0 x	21.3 x	67.1 x	18.1 x	16.5 x
United Technologies Corp	UTX	87.30	77,749	95,954	1.5	1.6	1.6	7.7	8.4	8.4	12.5	13.9	13.1
Safran SA	SAF.PA	76.10	31,834	34,054	1.7	1.8	1.6	8.8	10.2	9.6	NM	20.8	17.5
Rolls-Royce Holdings PLC	RRL	10.07	18,592	19,570	0.9	0.9	0.9	6.1	7.1	6.7	NM	11.8	14.3

Mean					1.9 x	2.0 x	2.0 x	10.8 x	11.2 x	11.5 x	39.8 x	16.2 x	15.3 x
Median					1.6	1.7	1.6	8.3	9.3	9.0	39.8	16.0	15.4

Source: Eikon, daily values as of market close 9/25/2015

Regional Manufacturing Focus

Northeast United States

Of the states in the Northeast, Connecticut has the largest proportion of manufacturing considered “high-tech”. Despite this, according to Manufacturers’ News Inc., the manufacturing industry in Connecticut lost 917 jobs from June 2014 to June 2015, an approximate 0.5% loss. Although the region is home to some larger companies, there remains a high concentration of independently owned operations.

Acquisitions of these relatively smaller operations are appealing because they enable acquirers to round out and add focus to their platform of offerings. Acquisitions are also a means through which companies keep up with changing technologies, buying knowledge and experience that cannot be as efficiently developed in-house.

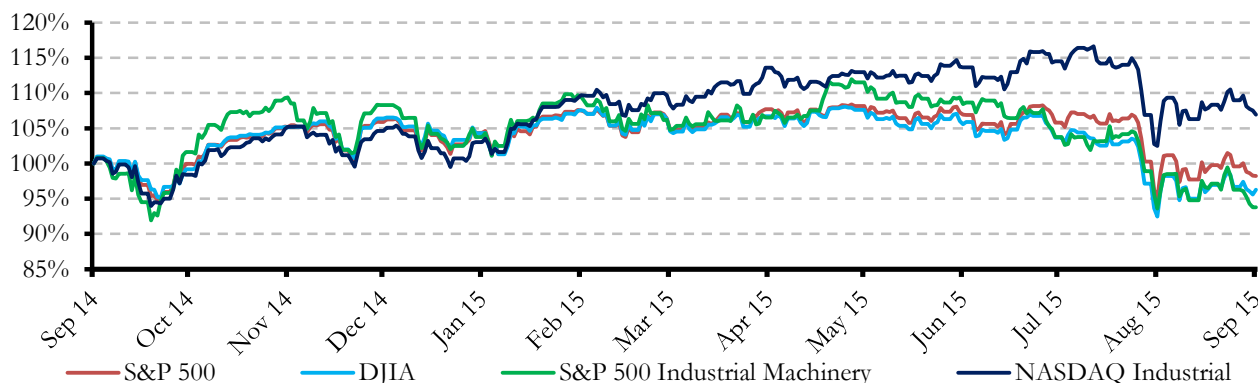
Beyond acquisitions, larger companies are also starting to insource the production of parts and components they previously had requisitioned from third party suppliers, reminding the industry of the critical importance of innovation and efficiency. A recent example of insourcing is Boeing’s decision to insource the assembly of fuselage panels following completion of upgrades to its facilities in Macon, GA. Until recently the job had been contracted to Triumph Group Inc., a California-based operation.

“Unit cost is one of the biggest focus areas for all of us across the enterprise... We have very aggressive productivity targets, not only inside but outside throughout the supply chain.”

-Greg Smith, CFO, Boeing

Source: Advanced to Advantageous: The Case for New England’s Manufacturing Revolution

Industrial Manufacturing Public Market Trading Performance



Select Industrial Manufacturing Mergers and Acquisitions Activity

USD in millions

Date	Target	Acquirer	Enterprise			EV /	EV /	Target Description
			Value	Revenue	EBITDA	Revenue	EBITDA	
Aug 15	Teamseh Products Co	MA Industrial JV LLC	\$120	\$77,416	\$1,263	0.2 x	10.9 x	hermetic compressor manufacturer
Aug 15	Terex Corp	Koncranes Abp	\$4,330	\$1,632	\$126	0.6 x	8.1 x	construction equipment manufacturer
Jul 15	Remy International Inc	BorgWarner Inc	\$1,201	\$1,158	\$112	1.0 x	10.8 x	automobile component manufacturer
Jun 15	OM Group Inc	Apollo Global Management	\$1,020	\$124	\$10	1.0 x	12.5 x	industrial equipment manufacturer
May 15	PMFG Inc	CECO Environmental Corp	\$141	\$4,932	NM	0.9 x	NM	custom-engineered energy delivery systems
May 15	Pall Corp	Danaher Corp	\$13,780	\$0	NM	4.8 x	NM	filters and separation equipment
Feb 15	Globe Specialty Metals Inc	Grupo Ferroatlantica SA	\$1,348	\$0	\$0	1.7 x	11.8 x	silicon metal and silicon-based specialty alloys

Mean	1.5 x	10.8 x
Median	1.0 x	10.9 x

Industrial Manufacturing Public Company Valuation and Performance

USD in millions except per share

Company	Ticker	Last Close	Market Cap	Enterprise Value	EV/Revenue			EV/EBITDA			P/E		
					LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E
Roper Technologies Inc	ROP	\$154.21	\$15,524	\$17,370	4.8 x	4.8 x	4.5 x	14.2 x	13.8 x	12.7 x	23.4 x	23.4 x	21.0 x
W W Grainger Inc	GW	213.77	14,104	14,768	1.5	1.5	1.4	9.3	9.3	8.7	18.2	18.0	16.3
Fastenal Co	FAST.O	36.71	10,652	10,861	2.8	2.8	2.6	12.0	12.0	11.1	20.9	20.6	18.7
IDEX Corp	IEX	69.54	5,382	5,946	2.9	2.8	2.7	11.7	11.6	10.5	20.5	19.7	17.6
Graco Inc	GGG	66.46	3,837	4,103	3.3	3.2	3.1	12.2	11.8	11.2	11.4	20.3	18.4
Timken Co	TKR	27.10	2,291	2,709	0.9	0.9	0.9	5.7	6.0	5.8	NM	12.1	10.8
Kennametal Inc	KMT	24.81	1,974	2,650	1.0	1.1	1.1	7.9	8.0	7.1	NM	16.9	11.8
Badger Meter Inc	BMI	58.89	855	915	2.5	2.4	2.3	14.8	14.4	13.1	30.1	26.1	24.1
Gorman-Rupp Co	GRC	23.34	613	593	1.4	1.4	1.5	9.8	10.2	9.7	19.6	17.5	20.8

Mean	2.3 x	2.3 x	2.2 x	10.8 x	10.8 x	10.0 x	20.6 x	19.4 x	17.7 x
Median	2.5	2.4	2.3	11.7	11.6	10.5	20.5	19.7	18.4

Sources: Eikon, daily values as of market close 9/25/2015

Advising on mergers, acquisitions, divestitures, sales, and private placement financings, Cronus is an independent investment banking firm that provides financial advisory and other investment banking services. Winner of the New York Association for Corporate Growth's Boutique Investment Bank of the Year Award, the firm has significant experience in advising both public and private companies that can benefit from middle-market transactions. Cronus serves the aerospace and defense industry and other industrial-based sectors including environmental services, specialty manufacturing, and business-to-business services.

Cronus Partners can work with you to structure financings and help evaluate strategic alternatives. Through our process-driven framework, we help our clients understand the relevant financial consequences of different strategic paths on their business.

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- Valuation



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