



MAXIMIZING THE VALUE OF YOUR BUSINESS

*Consulting Services for the Owners of Closely Held
Aerospace and Defense Companies*

Alderman & Company Consulting

CONSULTANTS TO THE AEROSPACE & DEFENSE INDUSTRY

About the Firm

William Alderman is the President of Alderman & Company Consulting, LLC. The firm is exclusively dedicated to the aerospace and defense industry.

Mr. Alderman is a graduate of the J. L. Kellogg Graduate School of Management and Kenyon College, where he was an Academic All Conference Soccer Player. Mr. Alderman worked for General Electric Capital from 1990 to 1995, rising to the level of Vice President and receiving GE Capital's prestigious Circle of Excellence Award. Mr. Alderman serves on the boards of two defense contractors (AMEX: BZC and NASDAQ: TSTF). Mr. Alderman is also a member of the advisory board of the Supplier Excellence Alliance, the aerospace industry's leading trade organization for Lean practices. Until its assets were sold in 2001, Mr. Alderman served on the board of the HM Bullard Company, a fourth-generation business founded by Mr. Alderman's great-grandfather. Mr. Alderman has served as a keynote speaker at industry conferences across the United States, Canada, and Europe, and has often been quoted in such leading media outlets as Bloomberg and CNN. He is a pilot and competes in sprint triathlons.



WILLIAM H. ALDERMAN



Maximizing the Value of Your Business

As specialists in the sale of closely held aerospace and defense companies, Alderman & Company Consulting is uniquely qualified to deliver specific actionable recommendations to owners that will generate substantial increases in the value of their holdings.

As shown below, we have worked with dozens of clients to identify and create value and realize that value through mergers and acquisitions. Our actions speak louder than our words. We have sold many companies for prices far in excess of the value initially thought possible by the owners.

Clients

The following is a partial list of clients of Alderman & Company Consulting, LLC, and its affiliates (through common ownership).

Aero Maintenance Group	HBV Capital Management	Radomes
Aerotron AirPower	Hoffman Engineering	Ritchie Capital
AGC Incorporated	Jetpower, Inc.	Safire Aircraft
Alken Industries	John Hassall, Inc.	Shaw Aero Devices
Angelo Gordon	Kahn Industries	SoundAir
Apex Manufacturing	Kinetic Systems	Strategic Value Partners
Arcadia Aviation	Kratz Wilde Machine	Tecometrix
Birken Manufacturing	Loeb Partners	Texas Pneumatic
College Airway	Mason Capital	TIMCO
Dyna-Empire	Metalcraft Technologies	Turbine Controls
Electrol Mfg. Company	Monitor Aerospace	UFC Aerospace
ESCO Corporation	Montara	Universal Aerospace
General Mechatronics	Nasco Aircraft Brake	Wynnefield Capital
Goodrich Corporation	Orn Capital	Zygo Corporation
Harlow Industries	Precision Machine Works	

The Process

Our value creation consulting work is managed through a rigorous three-step process to study the client's business, identify areas for shareholder value creation, and make specific recommendations, as summarized below.

STEP 1: BUSINESS STUDY

We start our work with a detailed analysis and review of all aspects of the client's business that drive value. The analysis is accomplished by means of on-site interviews with members of the organization, reviews of available financial statements and reports, and participation in day-to-day activities to gain an in-depth knowledge of the "as-is" condition of the company and develop a keen understanding of the company's critical value drivers.

Our on-site analyses typically cover the following areas:

- Management
- Financial reporting, planning and controls
- Strategic planning
- Marketing strategy and plans
- Plant, facilities and environmental status
- Organizational design and governance
- Human resources management
- Operations
- Quality
- Contracts and backlog
- Information systems
- Regulatory compliance

The Process

STEP 2: REVIEW, ANALYSIS & FINANCIAL MODELING

During the second phase of our work, we analyze the information obtained during our on-site visits. A majority of the time spent on most engagements is done in our offices analyzing and reviewing the data that we collected during our on-site visits. We then build complex financial models, similar to the ones utilized in our mergers and acquisitions engagements, to evaluate the past performance of the business, develop a comprehensive assessment, and most important, evaluate the company's projected future cash flows. Through the construction of these models and the study of numerous scenarios for potential future cash flows, we can identify the most significant drivers of value for your business.

It is important to note that the vast majority of strategic buyers in the aerospace and defense industry utilize the Income Method for valuing acquisition opportunities. The Income Valuation Method is a valuation process by which a buyer determines the price they are willing to pay for a company, based on their expectation of the future free cash flow that it will generate for them. This method of valuation is highly sensitive to the buyer's assessment of the future performance of your business and to the risk-adjusted rate at which they will discount your cash flows. In most transactions, the buyer's perception of a company's future cash flows is the single most important factor in determining the price paid.

Through the construction of financial models similar to those used in mergers and acquisitions, we can clearly identify those business factors that have the most significant impact on value and develop specific actionable recommendations that will increase the value of your company.

STEP 3: RECOMMENDATIONS

Based on the work accomplished in the Review, Analysis & Financial Modeling phase, we then present to our client a specific set of recommendations to maximize shareholder value. We structure our recommendations to be specific, detailed, and achievable. We also will quantify the potential benefits of our recommendations, with specific estimates of the value these recommendations could create. Depending on the client's timeframe, we can tailor our recommendations to be immediate, interim or long-term in nature. If requested by the client, we can also include specific implementation plans, and aid in the design of follow-through metrics and accountability programs to foster your successful implementation of our recommendations.

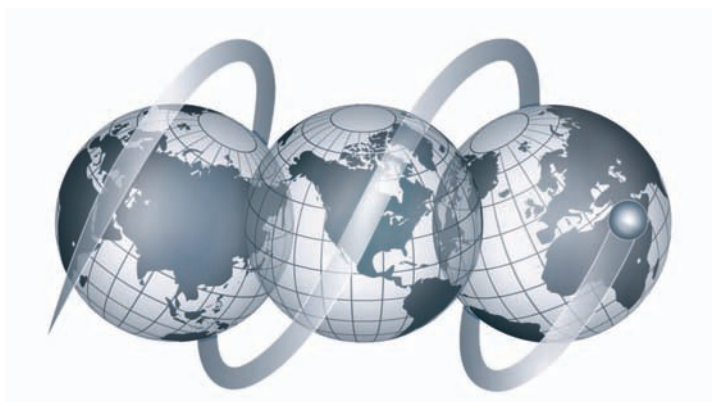


Fees and Fee Credit

We charge a per diem rate of \$1,750 plus expenses. Engagement duration is dependent upon a number of factors, including but not limited to: i) depth of analysis required by the client; ii) availability and depth of information; and iii) complexity of the business. In all cases, we provide the client with an estimate of cost before we start work. A modest engagement for a small client with simplified business information and non-complex business models can be achieved in as few as five billable days. A comprehensive engagement for a large client with extensive business information and complex business models might require more than 20 billable days.

In the event Alderman & Company Consulting or its affiliate, Alderman & Company Capital, is retained by the client to sell their business within three years of the completion of an applicable consulting engagement, we provide a credit for all the consulting fees against the sales commission.





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