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FAIRCHILD CONTROLS — A CLOSER LOOK

AIRBUS DEFENSE AND SPACE PLANS TO DIVEST ITS U.S.
MILITARY AND COMMERCIAL AIRCRAFT PRODUCTS AND
SERVICES BUSINESS UNIT

MARCH 2015



On September 16, 2014, Airbus Group announced plans to implement a leaner and more focused strategy for their recently renamed Airbus Defense and Space division. This new focus on space launchers, satellites, military aircraft and missiles includes the planned divestiture of non-core businesses including Fairchild Controls in Frederick, Maryland, USA.

Fairchild Controls traces its lineage back to Fairchild Industries as one of the many companies founded by aeronautical pioneer Sherman Fairchild. In 1989, Fairchild Controls was acquired by the Matra Lagardère Group, and became part of EADS with the merger of DaimlerChrysler Aerospace AG, Aérospatiale-Matra, and CASA of Spain in 2000. With the recent reorganization of EADS into Airbus Group, Fairchild Controls is now a wholly owned subsidiary of Airbus Defense and Space Holdings, Inc.

Today Fairchild Controls operates across four segments providing components and services that are integral to military and commercial aircraft and helicopters, unmanned vehicles and military ground vehicles:

Thermal Management Systems offering light weight solutions, tightly packed designs; tested, proven and highly reliable

- Applications include ISR cooling systems, NBC filtration Systems, electronics cooling, aircraft pod cooling, Environmental Control Systems (ECS), air and ground vehicle cooling, cabin cooling & temperature control,

Auxiliary Drive Units used to provide essential supplementary hydraulic power for aircraft hydraulic systems when engine driven hydraulic pumps are unable to meet full system demand

- Applications include alternators, generators, hydraulic pumps, jet engine starters, air compressors, mechanical actuators and fuel transfer pumps

Electronics and Avionics focused on high and low power electronics for AC & DC motor control

- Include Built-In-Test (BIT), health monitoring, prognostic, fault isolation, and reporting capabilities, allowing for reduced power consumption and increased reliability

Repairs, Spares and Services addressing the lifecycle maintenance, repair and overhaul (MRO) for Fairchild Controls products

- Also includes engineering and design; metrology; inspection; testing; and sale of aftermarket OEM parts.

Fairchild Controls customers include Boeing, Airbus, Raytheon, General Dynamics Land Systems, Lockheed Martin, numerous major airlines and foreign military services. The U.S. Department of Defense is also a direct customer of Fairchild Controls products, and the Air Force Research Laboratory has entered into a joint research and development agreement with Fairchild for advanced cooling system technology for military aircraft.

Fairchild's environmental control system for Boeing's AH-64D/E Apache attack helicopter provides cooling for both avionics and the cockpit and is flight-proven for operation in hot, dusty and harsh environments. Raytheon uses the Fairchild pod cooling system to provide laser cooling for the multi-sensor electro-optical Advanced Targeting Forward Infrared (ATFLIR) pod on the Navy's F/A-18 Hornet and Super Hornet. The company also provides a pod cooling system for the F-16 multi-role fighter jet.

Fairchild's supplemental cooling system for the Airbus A380 includes two centralized refrigeration units and a pump system that distributes cooling to the galleys and their food service trolleys throughout the airplane. The company has also produced cooling systems for military ground vehicles.

Fairchild's auxiliary drive unit products employ air turbine drives that use high-speed bleed air to provide power for supplemental generators and hydraulic pumps for aircraft functions such as landing gear extension and retraction, and

wing control surface deployment. Fairchild's TP-85 air turbine unit has been incorporated into every model of the Boeing 747 since the late 1960s. Fairchild has since provided air drive units for the Boeing 767-400 and the Lockheed Martin C-130.

Fairchild's electronics and avionics product lines include AC and DC motor control systems to control Fairchild vapor cycle environmental control systems; the SferiSense helicopter terrain obstacle avoidance system; controllers for ground vehicles; and sonobuoy launchers for the Navy's P-3 Orion.

Fairchild's maintenance, repair and overhaul (MRO) services provide life-cycle services for their auxiliary drive units, air turbine motors, sonobuoy launchers, compressors and other components. Customer support includes sales of over 260 different legacy hardware parts. Fairchild Controls has recently pursued a strategy to expand their MRO services to include repair of other manufacturers' hardware.

The company holds DOD, FAA and EASA repair station certifications.

Hardware and service competitors in the marketplace vary by product and service category, and include Parker Aerospace, TransDigm, Danaher, Moog, Merex and Meggitt.

Fairchild Controls has historically sought to differentiate their offerings through focus on unique, challenging requirements which demand absolute reliability within tight performance and cost constraints.

This is evidenced in part by the company's 2009 win of a competitively-awarded contract from the U.S. Air Force Research Laboratory to develop new concepts and system architectures for an Adaptive Power and Thermal Management System (APTMS). In this activity, Fairchild Controls led conceptual design of the system, prediction of the system's performance, and modeling simulation of the various system components integrated with other subsystems on the air vehicle.

The company's success has also been noted by key customers including Raytheon Space and Airborne Systems, who awarded Fairchild Controls the "3 Star Supplier Excellence Award".

In addition, Fairchild Controls was recognized as the 2013 Supplier of the Year by Boeing in the Electrical / Hydraulic / Mechanical category based on the company's outstanding performance in supplying the environmental control system for the AH-64D/E Apache Helicopter, and air drive units for 747-8, 767-400, and KC-46A Tanker aircraft.

KEY QUESTIONS

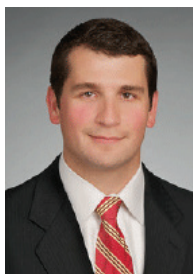
- What are the projected growth rates for the environmental control, air turbine, and power electronics markets that Fairchild Controls is currently pursuing?
- How do demand and competitive dynamics differ by market segment, and which competitors are offering compelling solutions in each segment?
- What technology changes are on the horizon that could influence demand for new products in each market segment?
- Can Fairchild Controls successfully expand its aftermarket maintenance, repair and overhaul services beyond Fairchild product lines to include other manufacturers' systems?
- How will any synergies recently developed with other Airbus divisions be maintained subsequent to the sale of the company?

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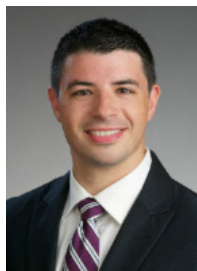
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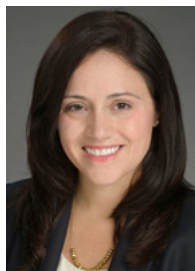
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