

**Atlantic Engineering
Valuation Summary**

		Method Value	Weighting	Indicated Value
Enterprise Value To EBITDA Method	<i>Shown on Exhibit A-5</i>	15,367,817	20%	3,073,563
Capitalization Of Cash Flow	<i>Shown on Exhibit A-3</i>	12,543,547	40%	5,017,419
Discounted Future Cash Flows	<i>Shown on Exhibit A-4</i>	13,630,790	40%	<u>5,452,316</u>
Value Of Company				13,543,298
Value Of Company (rounded)				13,540,000
Total Shares Outstanding				<u>10,000</u>
Value Per Share (Control, Marketable Value)				1,354.00
Discount For Lack Of Control			19%	<u>(257.26)</u>
Value Per Share (Minority, Marketable Value)				1,096.74
Discount For Lack Of Marketability			25%	<u>(274.19)</u>
Value Per Share (Minority, Non-Marketable Value)				822.56

Atlantic Engineering
Discount Rate And Capitalization Rate

	Market Inputs		Target Capital Structure		Weighted Average Cost Of Capital
Cost Of Equity (Build Up)					
Risk Free Rate	4.6%				
Plus: Equity Risk Premium	4.4%				
Plus: Equity Size Premium	4.0%				
Plus: Company Specific Premium	6.0%				
Equals: Expected Market Cost Of Equity	19.0%	x	60.0%	=	11.4%
Cost Of Debt					
Assumed Tax Rate	39.5%				
1 Minus The Tax Rate	60.5%				
Times: Borrowing Rate (Prime Rate + 1%)	8.3%				
Equals: After Tax Market Cost Of Debt	5.0%	x	40.0%	=	2.0%
Weighted Average Cost Of Capital					13.4%


Risk-free rate of return is the return an investor could obtain from a low-risk, guaranteed investment, where such return is normally equivalent to the yield to maturity of long-term U.S. Treasury Bonds.

Equity risk premium is the additional return earned on stocks by an average equity investor in excess of the return on long-term Treasury Bonds.

Risk premium for size represents the additional risk associated with an investment in a smaller closely held company as compared to an investment in a larger company.

Company specific risk premium represents the additional risk associated with an investment in a smaller closely held company, and captures factors such as financial risk, diversifiable risk (products, customer base, geographic location, etc.), and additional operational risks (management depth and competence, customer dependence, etc.).

Target Capital Structure is based on an optimal capital structure (rather than actual capital structure) since the holder of a controlling interest of the Company has the ability to change the Company's capital structure.

Weighted Average Cost Of Capital		13.4%
Long-Term Growth Rate	<i>Based upon industry research</i> 	5.0%
WACC Less Long-Term Growth Rate		8.4%
Long-Term Growth Rate Plus 1%		105.0%
Capitalization Rate		8.0%

**Atlantic Engineering
Capitalization Of Debt-Free Cash Flow Computation**

Average Debt-Free Cash Flow

Year	Cash Flow
2004	1,486,887
2005	1,769,361
2006	1,139,149
2007	497,040
2008	1,041,783
Average	1,186,844

As shown on Exhibit A-9

Valuation Computation

Capitalization Of Debt-Free Cash Flow Formula	<u>Average Cash Flow</u> Capitalization Rate
Capitalization Of Debt-Free Cash Flow Computation <i>As shown on Exhibit A-2</i>	$\frac{1,186,844}{8.0\%}$
Preliminary Value Of Debt And Equity	14,835,547
Less: Debt At Valuation Date <i>As shown on Exhibit A-11</i>	<u>(2,292,000)</u>
Indicated Value Of Stockholder Equity	12,543,547

**Atlantic Engineering
Discounted Cash Flow Computation
Debt-Free Basis**

Assumptions:

Sales In Base Year		30,082,396
Long Term Growth Rate	<i>As shown on Exhibit A-2</i>	5.0%
Rate To Compute Present Worth	<i>As shown on Exhibit A-2</i>	13.4%
Rate To Compute Terminal Value	<i>As shown on Exhibit A-2</i>	8.4%

	2009	2010	2011	2012	2013
Sales	33,611,488	38,622,176	43,302,102	49,568,379	53,809,334
<i>% Growth</i>	<i>11.7%</i>	<i>14.9%</i>	<i>12.1%</i>	<i>14.5%</i>	<i>8.6%</i>
E B I T D A	1,847,817	2,305,422	2,380,931	3,194,447	3,598,988
<i>% Of Sales</i>	<i>5.5%</i>	<i>6.0%</i>	<i>5.5%</i>	<i>6.4%</i>	<i>6.7%</i>
Depreciation	226,786	181,400	162,493	89,744	105,065
Earnings Before Interest & Taxes (EBIT)	1,621,031	2,124,022	2,218,438	3,104,703	3,493,923
<i>% Of Sales</i>	<i>4.8%</i>	<i>5.5%</i>	<i>5.1%</i>	<i>6.3%</i>	<i>6.5%</i>
Income Taxes	641,039	843,594	881,615	1,238,514	1,395,253
Debt-Free Earnings	979,992	1,280,428	1,336,823	1,866,189	2,098,670
Less: Capital Expenditures	108,341	113,758	119,446	125,418	131,689
Working Capital	236,449	335,716	313,555	419,841	284,144
Debt-Free Cash Flow	635,202	830,954	903,822	1,320,930	1,682,837
Plus: Depreciation	226,786	181,400	162,493	89,744	105,065
Net Debt-Free Cash Flow	861,989	1,012,354	1,066,316	1,410,674	1,787,902
Present Value Factor	88%	78%	69%	60%	53%
Present Value Of Debt-Free Cash Flow	758,550	789,636	735,758	846,404	947,588
Cumulative Present Value					4,077,936
Present Value Of Terminal Value					<u>11,844,854</u>
Preliminary Value Of Debt And Equity					15,922,790
Less: Debt Outstanding At Valuation Date					<u>(2,292,000)</u>
Indicated Value Of Stockholder Equity					13,630,790

**Atlantic Engineering
Enterprise Value To EBITDA Multiple**

Adjusted Market Value Of Total Invested Capital (MVTIC)

	<u>Shares</u>	<u>x</u>	<u>Price</u>	<u>=</u>	<u>MVE</u>	<u>+</u>	<u>Debt</u>	<u>=</u>	<u>TIC</u>	<u>-</u>	<u>(Cash + CE)</u>	<u>=</u>	<u>Enterprise Value</u>
Ecology & Environme	4,060		5.74		23,304		442		23,746		12,399		11,347
Exponent, Inc.	16,461		17.67		290,866		0		290,866		6,243		284,623
Stantec Inc.	46,186		20.92		966,211		49,896		1,016,107		22,098		994,009
Versar, Inc.	8,473		4.25		36,010		0		36,010		3,125		32,885
Tetra Tech, Inc.	58,452		17.74		1,036,938		78,708		1,115,646		37,646		1,078,000

EBITDA	5-Yr. EBITDA	5-Yr. Multiple
Ecology & Environment, Inc.	7,423	1.5
Exponent, Inc.	32,468	8.8
Stantec Inc.	117,915	8.4
Versar, Inc.	4,106	8.0
Tetra Tech, Inc.	93,450	11.5

EV To EBITDA Multiples	Effective Discount	Adjusted Multiple
Ecology & Environment, Inc.	1.0%	1.5
Exponent, Inc.	19.7%	5.9
Stantec Inc.	25.3%	6.3
Versar, Inc.	0.1%	8.0
Tetra Tech, Inc.	31.5%	7.9
Selected Multiple		6.3

EV To EBITDA Computation

5-Year Average EBITDA	1,942,925
MVTIC To EBITDA Multiple	<u>6.3</u>
Enterprise Value	12,240,428
Plus: Cash	<u>5,419,389</u>
Preliminary Value Of Debt And Equity	17,659,817
Less: Debt Outstanding At Valuation Date	<u>(2,292,000)</u>
Indicated Value Of Stockholder Equity	15,367,817

**Atlantic Engineering
Public Company Data**

2003 2004 2005 2006 2007 2008

Sales (000)

Ecology & Environment, Inc.	73,408	87,771	89,501	74,461	98,055	98,216
Exponent, Inc.	126,055	139,676	151,509	155,196	168,496	184,325
Stantec Inc.	NA	NA	520,879	618,020	816,133	882,982
Versar, Inc.	38,189	34,747	33,656	35,638	60,888	90,377
Tetra Tech, Inc.	966,223	1,130,667	1,288,998	1,279,531	1,414,704	1,514,688
Atlantic Engineering	36,073	34,023	28,183	26,592	27,656	30,082

Sales Growth

Ecology & Environment, Inc.	Base	19.6%	2.0%	-16.8%	31.7%	0.2%
Exponent, Inc.	Base	10.8%	8.5%	2.4%	8.6%	9.4%
Stantec Inc.	Base	NA	NA	18.6%	32.1%	8.2%
Versar, Inc.	Base	-9.0%	-3.1%	5.9%	70.9%	48.4%
Tetra Tech, Inc.	Base	17.0%	14.0%	-0.7%	10.6%	7.1%
Atlantic Engineering	Base	-6%	-17%	-6%	4%	9%

Total Assets (000)

Ecology & Environment, Inc.	74,471	76,382	62,504	55,977	69,152	66,037
Exponent, Inc.	107,216	121,842	144,132	164,241	161,216	170,677
Stantec Inc.	NA	NA	362,100	628,779	630,477	679,130
Versar, Inc.	21,273	19,336	20,085	20,912	22,802	32,209
Tetra Tech, Inc.	671,980	703,232	808,507	648,135	701,679	787,217
Atlantic Engineering	10,488	9,841	10,623	11,969	11,898	13,584

**Atlantic Engineering
Public Company Data**

2003 2004 2005 2006 2007 2008

EBITDA To Sales

Ecology & Environment, Inc.	8.7%	10.8%	9.2%	2.7%	6.8%	7.6%
Exponent, Inc.	14.3%	15.1%	16.2%	17.5%	16.6%	17.6%
Stantec Inc.	NA	NA	11.6%	12.6%	13.9%	13.4%
Versar, Inc.	3.6%	6.1%	7.7%	6.1%	3.9%	4.5%
Tetra Tech, Inc.	9.1%	9.7%	5.9%	4.0%	6.0%	6.2%
Median	8.7%	9.7%	8.5%	5.3%	6.4%	6.9%
Atlantic Engineering	5.6%	7.5%	8.4%	6.2%	4.0%	7.4%

DFNI To Sales

Ecology & Environment, Inc.	4.7%	5.9%	4.7%	0.3%	3.3%	4.1%
Exponent, Inc.	6.3%	7.3%	7.9%	9.1%	8.4%	9.1%
Stantec Inc.	NA	NA	6.2%	6.6%	7.5%	7.4%
Versar, Inc.	0.6%		5.7%	4.0%	2.7%	3.7%
Tetra Tech, Inc.	3.9%	4.9%	2.6%	2.7%	2.9%	3.1%
Median	3.9%	5.4%	5.2%	3.4%	3.3%	3.9%
Atlantic Engineering	2.9%	3.9%	4.4%	3.2%	1.9%	4.0%

Current Ratio

Ecology & Environment, Inc.	2.4	1.8	2.3	2.6	1.9	2.6
Exponent, Inc.	3.1	3.4	4.2	4.5	3.6	3.5
Stantec Inc.	NA	NA	1.6	1.8	1.7	1.8
Versar, Inc.	1.4	1.5	1.9	1.9	2.0	2.0
Tetra Tech, Inc.	2.4	1.7	1.5	1.5	1.5	1.6
Median	2.4	1.7	1.8	1.8	1.9	2.1
Atlantic Engineering	1.7	1.9	2.1	2.1	2.1	2.0

**Atlantic Engineering
Public Company Data**

	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Working Capital To Sales						
Ecology & Environment, Inc.	41.2%	31.3%	30.7%	37.2%	28.0%	35.1%
Exponent, Inc.	35.5%	41.2%	52.1%	60.4%	48.2%	47.4%
Stantec Inc.	NA	NA	15.7%	19.8%	13.1%	15.4%
Versar, Inc.	12.4%	14.2%	22.3%	22.1%	15.0%	15.2%
Tetra Tech, Inc.	20.7%	14.2%	11.2%	9.5%	10.6%	11.6%
Median	20.7%	14.2%	19.0%	21.0%	14.1%	15.3%
Atlantic Engineering	9.9%	11.8%	18.1%	21.4%	21.0%	22.0%

Total Liabilities To Common Stock Equity						
Ecology & Environment, Inc.	0.8	1.0	0.6	0.5	0.8	0.6
Exponent, Inc.	0.3	0.3	0.2	0.2	0.3	0.3
Stantec Inc.	NA	NA	0.9	0.8	0.5	0.6
Versar, Inc.	1.6	1.6	1.0	1.0	0.8	0.9
Tetra Tech, Inc.	0.6	1.0	1.0	1.1	1.0	1.0
Median	0.7	1.0	1.0	0.9	0.8	0.7
Atlantic Engineering	1.1	1504.7	5.0	2.8	1.8	1.3

Atlantic Engineering
Debt-Free Earnings And Cash Flow
For The Year Ended December 31,

	2003	2004	2005	2006	2007	2008
Sales	36,073,434	34,022,931	28,182,616	26,592,498	27,655,605	30,082,396
Adjusted Pre-Tax Earnings	1,814,409	2,119,257	2,011,023	1,374,483	846,768	2,018,689
Addback: Depreciation	240,669	320,938	292,435	247,459	240,690	238,490
Conventional Interest Expense	1,377	3,892	502	0	0	0
Adjusted EBITDA	2,056,455	2,444,087	2,303,960	1,621,942	1,087,458	2,257,179
Less: Depreciation	240,669	320,938	292,435	247,459	240,690	238,490
Adjusted EBIT	1,815,786	2,123,149	2,011,525	1,374,483	846,768	2,018,689
Income Taxes On Debt-Free Basis	731,217	854,992	810,041	541,754	329,243	801,176
Adjusted Debt-Free Earnings	1,084,569	1,268,157	1,201,484	832,729	517,525	1,217,513
Addback: Depreciation	240,669	320,938	292,435	247,459	240,690	238,490
Less: Working Capital	207,422	(102,525)	(292,016)	(79,506)	122,257	279,081
Capital Expenditures	1,187,081	204,733	16,574	20,545	138,918	135,139
Adjusted Debt-Free Cash Flow	(69,265)	1,486,887	1,769,361	1,139,149	497,040	1,041,783

Percent Format

Sales	100.0	100.0	100.0	100.0	100.0	100.0
Adjusted Pre-Tax Earnings	5.0	6.2	7.1	5.2	3.1	6.7
Addback: Depreciation	0.7	0.9	1.0	0.9	0.9	0.8
Conventional Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	5.7	7.2	8.2	6.1	3.9	7.5
Less: Depreciation	0.7	0.9	1.0	0.9	0.9	0.8
Adjusted EBIT	5.0	6.2	7.1	5.2	3.1	6.7
Income Taxes on Debt-Free Basis	2.0	2.5	2.9	2.0	1.2	2.7
Adjusted Debt-Free Earnings	3.0	3.7	4.3	3.1	1.9	4.0
Addback: Depreciation	0.7	0.9	1.0	0.9	0.9	0.8
Less: Working Capital	0.6	-0.3	-1.0	-0.3	0.4	0.9
Capital Expenditures	3.3	0.6	0.1	0.1	0.5	0.4
Adjusted Debt-Free Cash Flow	-0.2	4.4	6.3	4.3	1.8	3.5

**Atlantic Engineering
Balance Sheet
At December 31,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Assets:						
Cash And Cash Equivalents	1,163,376	1,104,886	2,521,434	5,633,749	4,830,853	5,345,954
Investment In Available For Sale Securities	24,775	24,775	33,966	44,177	61,014	73,435
Accounts Receivable	4,309,594	3,860,402	2,925,685	2,129,263	2,397,136	3,696,326
Unbilled Services	3,307,000	2,756,000	3,655,956	3,098,675	3,280,204	3,537,846
Refundable Taxes On Income	0	0	0	0	432,000	150,000
Prepaid Expenses And Other Current Assets	281,526	187,555	144,130	183,916	168,422	164,975
Prepaid Income Taxes	0	585,814	271,778	0	0	0
Total Current Assets	9,086,271	8,519,432	9,552,949	11,089,780	11,169,629	12,968,536
Fixed Assets:						
Leasehold Improvements	854,449	951,146	957,046	957,046	982,430	987,800
Furniture And Fixtures	307,057	383,698	381,509	263,071	296,656	323,895
Computer Equipment	761,767	659,001	612,432	303,882	267,958	370,488
Total Fixed Assets	1,923,273	1,993,845	1,950,987	1,523,999	1,547,044	1,682,183
Less: Accumulated Depreciation	(661,957)	(848,734)	(1,081,737)	(881,663)	(1,006,671)	(1,245,160)
Net Fixed Assets	1,261,316	1,145,111	869,250	642,336	540,373	437,023
Other Assets:						
Deferred Income Tax Asset	102,649	83,605	108,710	92,034	82,000	0
Deposits And Other Assets	37,716	93,319	91,779	144,760	106,284	108,957
Other	0	0	0	0	0	69,000
Goodwill	67,333	0	0	0	0	0
Total Other Assets	207,698	176,924	200,489	236,794	188,284	177,957
Total Assets	10,555,285	9,841,467	10,622,688	11,968,910	11,898,286	13,583,516

**Atlantic Engineering
Balance Sheet
At December 31,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Liabilities:						
Accounts Payable And Accrued Expenses	3,312,513	1,741,691	1,340,765	3,000,814	3,123,517	3,889,093
Current Portion Of Long -Term Debt	0	720,000	912,000	1,084,000	1,152,000	1,063,000
Accrued Income Taxes	352,914	0	0	402,988	5,774	8,662
Deferred Income Taxes	1,835,922	2,041,682	2,195,766	905,630	1,079,331	1,393,299
Total Current Liabilities	5,501,349	4,503,373	4,448,531	5,393,432	5,360,622	6,354,054
Long-Term Liabilities:						
Long-Term Debt	0	5,280,000	4,368,000	3,360,000	2,292,000	1,229,000
Deferred Rent/Taxes	0	51,558	40,891	30,224	19,556	8,889
Total Long-Term Liabilities	0	5,331,558	4,408,891	3,390,224	2,311,556	1,237,889
Total Liabilities	5,501,349	9,834,931	8,857,422	8,783,656	7,672,178	7,591,943
Stockholders' Equity:						
Voting Common Stock	1	0	0	0	0	0
Non-Voting Common Stock	140	0	0	0	0	0
Common Stock - Class A	0	5,100	5,100	5,100	5,100	5,100
Common Stock - Class B	0	4,900	4,900	4,900	4,900	4,900
Retained Earnings	5,039,302	5,982,043	7,015,397	7,744,551	8,091,303	9,141,315
Unearned ESOP Shares	0	(6,000,000)	(5,280,000)	(4,596,000)	(3,912,000)	(3,204,000)
Accumulated Other Comprehensive Income	14,493	14,493	19,869	26,703	36,805	44,258
Total Stockholders' Equity	5,053,936	6,536	1,765,266	3,185,254	4,226,108	5,991,573
Total Liabilities And Stockholders' Equity	10,555,285	9,841,467	10,622,688	11,968,910	11,898,286	13,583,516

Atlantic Engineering
Balance Sheet - In Percent Format
At December 31,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Assets:						
Cash And Cash Equivalents	11.0	11.2	23.7	47.1	40.6	39.4
Investment In Available For Sale Securities	0.2	0.3	0.3	0.4	0.5	0.5
Accounts Receivable	40.8	39.2	27.5	17.8	20.1	27.2
Unbilled Services	31.3	28.0	34.4	25.9	27.6	26.0
Refundable Taxes On Income	0.0	0.0	0.0	0.0	3.6	1.1
Prepaid Expenses And Other Current Assets	2.7	1.9	1.4	1.5	1.4	1.2
Prepaid Income Taxes	0.0	6.0	2.6	0.0	0.0	0.0
Total Current Assets	86.1	86.6	89.9	92.7	93.9	95.5
Fixed Assets:						
Leasehold Improvements	8.1	9.7	9.0	8.0	8.3	7.3
Furniture And Fixtures	2.9	3.9	3.6	2.2	2.5	2.4
Computer Equipment	7.2	6.7	5.8	2.5	2.3	2.7
Total Fixed Assets	18.2	20.3	18.4	12.7	13.0	12.4
Less: Accumulated Depreciation	-6.3	-8.6	-10.2	-7.4	-8.5	-9.2
Net Fixed Assets	12.0	11.6	8.2	5.4	4.5	3.2
Other Assets:						
Deferred Income Tax Asset	1.0	0.9	1.0	0.8	0.7	0.0
Deposits And Other Assets	0.4	0.9	0.9	1.2	0.9	0.8
Other	0.0	0.0	0.0	0.0	0.0	0.5
Goodwill	0.6	0.0	0.0	0.0	0.0	0.0
Total Other Assets	2.0	1.8	1.9	2.0	1.6	1.3
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0

Note: Totals may not be additive due to rounding

Atlantic Engineering
Balance Sheet - In Percent Format
At December 31,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Liabilities:						
Accounts Payable And Accrued Expenses	31.4	17.7	12.6	25.1	26.3	28.6
Current Portion Of Long -Term Debt	0.0	7.3	8.6	9.1	9.7	7.8
Accrued Income Taxes	3.3	0.0	0.0	3.4	0.0	0.1
Deferred Income Taxes	17.4	20.7	20.7	7.6	9.1	10.3
Total Current Liabilities	52.1	45.8	41.9	45.1	45.1	46.8
Long-Term Liabilities:						
Long-Term Debt	0.0	53.7	41.1	28.1	19.3	9.0
Deferred Rent/Taxes	0.0	0.5	0.4	0.3	0.2	0.1
Total Long-Term Liabilities	0.0	54.2	41.5	28.3	19.4	9.1
Total Liabilities	52.1	99.9	83.4	73.4	64.5	55.9
Stockholders' Equity:						
Voting Common Stock	0.0	0.0	0.0	0.0	0.0	0.0
Non-Voting Common Stock	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock - Class A	0.0	0.1	0.0	0.0	0.0	0.0
Common Stock - Class B	0.0	0.1	0.0	0.0	0.0	0.0
Retained Earnings	47.7	60.8	66.0	64.7	68.0	67.3
Unearned ESOP Shares	0.0	-61.0	-49.7	-38.4	-32.9	-23.6
Accumulated Other Comprehensive Income	0.1	0.1	0.2	0.2	0.3	0.3
Total Stockholders' Equity	47.9	0.1	16.6	26.6	35.5	44.1
Total Liabilities And Stockholders' Equity	100.0	100.0	100.0	100.0	100.0	100.0

Note: Totals may not be additive due to rounding

**Atlantic Engineering
Income Statement
For The Year Ended December 31,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Operating Revenue	36,073,434	34,022,931	28,182,616	26,592,498	27,655,605	30,082,396
Operating Expenses:						
Salaries And Related Benefits (Sch. 1)	12,720,478	14,867,066	13,379,864	12,348,514	12,627,045	13,834,031
Subcontractors And Consulting (Sch. 2)	16,844,015	12,483,793	8,270,465	8,542,168	9,350,447	9,346,683
Other Operating Expenses (Sch. 3)	4,876,998	4,622,001	4,450,523	4,387,483	4,853,293	5,011,991
Total Operating Expenses	34,441,491	31,972,860	26,100,852	25,278,165	26,830,785	28,192,705
Income From Operations	1,631,943	2,050,071	2,081,764	1,314,333	824,820	1,889,691
Other Income (Expense):						
Interest Income	98,708	18,303	35,503	68,722	154,235	263,222
Interest Expense - ESOP	0	(31,902)	(194,000)	(158,452)	(193,831)	(197,474)
Interest Expense - Other	(1,377)	(3,892)	(502)	0	0	0
Total Other Income (Expense)	97,331	(17,491)	(158,999)	(89,730)	(39,596)	65,748
Income Before Income Taxes	1,729,274	2,032,580	1,922,765	1,224,603	785,224	1,955,439
Provision For Income Taxes	626,214	847,419	730,849	559,080	381,000	850,000
Net Income	1,103,060	1,185,161	1,191,916	665,523	404,224	1,105,439

**Atlantic Engineering
Income Statement
For The Year Ended December 31,**

	2003	2004	2005	2006	2007	2008
Schedule 1 - Salaries And Related Benefits						
Full Time Labor	6,950,108	8,163,798	7,402,691	6,680,897	6,590,869	7,071,773
Part Time Labor	471,519	429,874	283,045	300,653	123,363	350,611
Fringe Benefits	3,541,283	4,378,099	4,195,773	3,803,777	4,042,519	3,820,392
Full Time G & A, MH Labor	1,624,669	1,707,882	1,662,567	1,597,362	1,958,552	2,152,061
Part Time G & A Labor	3,816	737	6,028	1,786	891	1,999
Miscellaneous	129,083	186,676	(170,240)	(35,961)	(89,149)	437,195
Total Salaries And Related Benefits	12,720,478	14,867,066	13,379,864	12,348,514	12,627,045	13,834,031
Schedule 2 - Subcontracting And Consulting						
Consultant	414,722	766,406	240,105	275,585	293,148	258,087
Subcontractor	16,432,666	11,717,387	8,030,360	8,256,084	9,057,299	9,461,097
Miscellaneous	(3,373)	0	0	10,499	0	(372,501)
Total Subcontracting And Consulting	16,844,015	12,483,793	8,270,465	8,542,168	9,350,447	9,346,683
Schedule 3 - Other Operating Expenses						
Computer	497,536	585,148	513,889	458,844	451,816	558,144
Copying	138,515	141,650	87,931	55,565	81,504	58,099
Telephone	353,572	325,734	270,528	219,452	467,863	339,952
Travel	723,408	666,569	495,478	517,944	607,412	627,243
Other Direct	466,001	797,416	702,870	762,459	837,219	1,029,050
Non-Fringe Overhead	1,505,999	1,306,309	1,504,857	1,484,608	1,300,792	1,854,800
Other G & A Expenses	1,110,054	1,025,196	987,173	1,137,708	721,162	641,043
Miscellaneous	81,913	(226,021)	(112,203)	(249,097)	385,525	(96,340)
Total Other Operating Expenses	4,876,998	4,622,001	4,450,523	4,387,483	4,853,293	5,011,991

**Atlantic Engineering
Income Statement - In Percent Format
For The Year Ended December 31,**

	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Operating Revenue	100.0	100.0	100.0	100.0	100.0	100.0
Operating Expenses:						
Salaries And Related Benefits (Sch. 1)	35.3	43.7	47.5	46.4	45.7	46.0
Subcontractors And Consulting (Sch. 2)	46.7	36.7	29.3	32.1	33.8	31.1
Other Operating Expenses (Sch. 3)	13.5	13.6	15.8	16.5	17.5	16.7
Total Operating Expenses	95.5	94.0	92.6	95.1	97.0	93.7
Income From Operations	4.5	6.0	7.4	4.9	3.0	6.3
Other Income (Expense):						
Interest Income	0.3	0.1	0.1	0.3	0.6	0.9
Interest Expense - ESOP	0.0	(0.1)	(0.7)	(0.6)	(0.7)	(0.7)
Interest Expense - Other	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Total Other Income (Expense)	0.3	(0.1)	(0.6)	(0.3)	(0.1)	0.2
Income Before Income Taxes	4.8	6.0	6.8	4.6	2.8	6.5
Provision For Income Taxes	1.7	2.5	2.6	2.1	1.4	2.8
Net Income	3.1	3.5	4.2	2.5	1.5	3.7

Note: Totals may not be additive due to rounding

Atlantic Engineering
Income Statement - In Percent Format
For The Year Ended December 31,

	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Schedule 1 - Salaries And Related Benefits						
Full Time Labor	19.3	24.0	26.3	25.1	23.8	23.5
Part Time Labor	1.3	1.3	1.0	1.1	0.4	1.2
Fringe Benefits	9.8	12.9	14.9	14.3	14.6	12.7
Full Time G & A, MH Labor	4.5	5.0	5.9	6.0	7.1	7.2
Part Time G & A Labor	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.4	0.5	-0.6	-0.1	-0.3	1.5
Total Salaries And Related Benefits	35.3	43.7	47.5	46.4	45.7	46.0
Schedule 2 - Subcontracting And Consulting						
Consultant	1.2	2.3	0.9	1.0	1.1	0.9
Subcontractor	45.6	34.4	28.5	31.0	32.8	31.5
Miscellaneous	0.0	0.0	0.0	0.0	0.0	-1.2
Total Subcontracting And Consulting	46.7	36.7	29.3	32.1	33.8	31.1
Schedule 3 - Other Operating Expenses						
Computer	1.4	1.7	1.8	1.7	1.6	1.9
Copying	0.4	0.4	0.3	0.2	0.3	0.2
Telephone	1.0	1.0	1.0	0.8	1.7	1.1
Travel	2.0	2.0	1.8	1.9	2.2	2.1
Other Direct	1.3	2.3	2.5	2.9	3.0	3.4
Non-Fringe Overhead	4.2	3.8	5.3	5.6	4.7	6.2
Other G & A Expenses	3.1	3.0	3.5	4.3	2.6	2.1
Miscellaneous	0.2	-0.7	-0.4	-0.9	1.4	-0.3
Total Other Operating Expenses	13.5	13.6	15.8	16.5	17.5	16.7

Note: Totals may not be additive due to rounding

**Atlantic Engineering
Adjusted Income Statement
For The Year Ended December 31,**

	2003	2004	2005	2006	2007	2008
Net Sales	36,073,434	34,022,931	28,182,616	26,592,498	27,655,605	30,082,396
Operating Expenses	34,441,491	31,972,860	26,100,852	25,278,165	26,830,785	28,192,705
Adjustments:						
Officer Compensation	57,271	58,740	60,246	61,791	63,375	65,000
Payroll Taxes	2,864	2,937	3,012	3,090	3,169	3,250
Rent	25,000	25,000	25,000	25,000	25,000	25,000
Training	0	0	0	60,000	(30,000)	(30,000)
Adjusted Operating Expenses	34,356,356	31,886,183	26,012,594	25,128,285	26,769,241	28,129,455
Adjusted Income From Operations	1,717,078	2,136,748	2,170,022	1,464,213	886,364	1,952,941
Other Income	97,331	(17,491)	(158,999)	(89,730)	(39,596)	65,748
Adjusted Net Income Before Income Taxes	1,814,409	2,119,257	2,011,023	1,374,483	846,768	2,018,689
Provision For Income Taxes	716,691	837,106	794,354	542,921	334,473	797,382
Adjusted Net Income	1,097,717	1,282,150	1,216,669	831,562	512,294	1,221,307

Percent Format

Net Sales	100.00	100.00	100.00	100.00	100.00	100.00
Operating Expenses	95.48	93.97	92.61	95.06	97.02	93.72
Adjustments:						
Officer Compensation	0.16	0.17	0.21	0.23	0.23	0.22
Payroll Taxes	0.01	0.01	0.01	0.01	0.01	0.01
Rent	0.07	0.07	0.09	0.09	0.09	0.08
Training	0.00	0.00	0.00	0.23	-0.11	-0.10
Adjusted Operating Expenses	95.24	93.72	92.30	94.49	96.79	93.51
Adjusted Income From Operations	4.76	6.28	7.70	5.51	3.21	6.49
Adjusted Other Income	0.27	-0.05	-0.56	-0.34	-0.14	0.22
Adjusted Net Income Before Income Taxes	5.03	6.23	7.14	5.17	3.06	6.71
Provision For Income Taxes	1.99	2.46	2.82	2.04	1.21	2.65
Adjusted Net Income	3.04	3.77	4.32	3.13	1.85	4.06

Atlantic Engineering
Adjusted Financial Ratios And Trends
For The Year Ended December 31,

	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Liquidity Ratios						
Current Ratio	1.7	1.9	2.1	2.1	2.1	2.0
Quick Ratio	1.0	1.1	1.2	1.4	1.4	1.4
Working Capital To Sales	0.1	0.1	0.2	0.2	0.2	0.2
Collection Period	39.7	43.2	43.3	34.2	29.5	36.5
Inventory Turnover Ratio	0.0	0.0	0.0	0.0	0.0	0.0
Leverage Ratios						
Total Liab to Tangible Net Worth	1.1	1504.7	5.0	2.8	1.8	1.3
Long-Term Liabilities To Equity	0.0	815.7	2.5	1.1	0.5	0.2
Total Liabilities To Equity	1.1	1504.7	5.0	2.8	1.8	1.3
Asset Use Ratios						
Sales To Net Fixed Assets	28.6	29.7	32.4	41.4	51.2	68.8
Sales To Total Assets	3.4	3.5	2.7	2.2	2.3	2.2
Operating Ratios						
Gross Profit Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Profit	4.8%	6.3%	7.7%	5.5%	3.2%	6.5%
Pre-Tax Profit	5.0%	6.2%	7.1%	5.2%	3.1%	6.7%
Profitability Ratios						
Return On Assets	14.1%	12.6%	11.9%	7.4%	4.3%	9.6%
Return On Tangible Equity	17.3%	25.7%	136.8%	24.8%	9.7%	16.9%
Growth Trends						
Sales Trend	100	94	78	74	77	83
Annual Sales Increase	Base	-5.7%	-17.2%	-5.6%	4.0%	8.8%
Earnings	100	117	111	76	47	111
Annual Earnings Increase	Base	16.8%	-5.1%	-31.7%	-38.4%	138.4%