

Homeland Defense Industry

UPDATE REPORT

Operating Performance Index

July 26, 2004



*The objective of **Homeland Defense Industry** research and analysis from Laguna Research Partners is to provide our research users with proprietary, actionable insights. Our Homeland Defense Industry “**Operating Performance Index**” Update Reports track the quarterly operating performance of 18 Homeland Defense companies in both the “homefront” and “battlefront” sectors of the industry.*

Overview

*Following the high impact terrorist attacks of September 11, 2001, Laguna Research Partners put forward the view that a new industry that we labeled the **Homeland Defense Industry (HDI)**—defined by our firm to include both “homefront” and “battlefront” companies—would benefit from two major waves of anti-terror spending. The first wave, we forecasted, would support the rapid deployment of “pre-9/11” technologies. Given the mission profile of the 9/11 attacks, we expected that this first spending wave would be primarily focused on airport security. The second wave of spending, we projected, would support the on-going deployment of “next-generation” anti-terror technologies.*

*The Laguna Research Partners **Homeland Defense Industry “Operating Performance Index” (OPI)** indicates that our anticipated scenario has, to date, come to pass. During early 2002, it seemed to many Americans that the US Congress was slow in enacting major anti-terror spending legislation. In a 2002 interview with *The Wall Street Transcript* we said, “If Congress had moved this slowly following Pearl Harbor, we would have been fighting the Japanese in Kansas City long before getting to the Midway Islands.” Once the appropriate legislation was signed into law, though, airport security spending did, in fact, surge as pre-9/11 technologies were deployed throughout US airports. This spending wave was amplified by the deployment of pre-9/11 technologies in many international airports as well.*

*In our view, the **Homeland Defense Industry** is now at a critical inflection point. The first wave of HDI spending appears to be essentially over, and the industry is now transitioning to the second spending wave. Our research users should be alert to the fact that those companies that reaped major benefits from the first wave’s deployment of pre-9/11 technologies—we refer to these as “first wave” companies—will not necessarily be the primary beneficiaries of the second, more broadly based spending wave. In our view, companies must offer increasingly sophisticated anti-terror solutions providing identifiable benefits versus high impact terrorist attacks in order to prosper in the increasingly competitive Homeland Defense Industry.*

This critical inflection point appears to be confirmed by OPI data for the March 2004 quarter and by early earnings reports for the June 2004 quarter. Our data shows that the current operating environment for providers of airport security solutions is challenging. At the same time, though, some OPI companies providing next-generation anti-terror solutions in personnel/vehicle security, digital security, intelligence/surveillance/reconnaissance, and defense electronics are prospering.

Analyst ► Kevin B. Skislock (skislock@LRPonline.net)

The LRP Homeland Defense Industry “Operating Performance Index”

As the regular readers of our *Homeland Defense Industry Update Reports* know, the “cornerstone” of Laguna Research Partners’ *Homeland Defense Industry* research coverage is our firm’s *Homeland Defense Operating Performance Index (OPI)*. This Index is comprised of publicly held small and mid-capitalization companies operating in the “homefront” and “battlefront” sectors of the industry. Analysis of the quarterly operating trends reported by these companies is proving useful in providing insights into the rapid evolution of Homeland Defense Industry growth and profitability patterns.

Our Homeland Defense OPI includes a broad cross-section of corporate activities related to the current war effort. The homefront sector of our OPI includes biometrics, digital asset security, explosives detection, intelligence/surveillance/reconnaissance (ISR) products, and physical asset security including vehicle armor companies. The battlefront sector includes companies operating in the areas of defense electronics, defense systems, information technology, military equipment and munitions.

Summary OPI Statistics: March Quarter of 2004

In the March quarter of 2004, our total Operating Performance Index achieved increases in total revenue and total operating profit, but overall profitability slipped on a year-over-year basis. A detailed review of March quarter 2004 OPI performance is shown in Table I on the following page.

- Total OPI *revenue* in the March quarter was up a powerful 27.0% to \$5.2 billion-plus. This compared with just over \$4.1 billion in the year-earlier quarter.
- *Operating profit* for the total OPI was up 18.1% to the \$688.0 million level, compared with the year-ago \$582.5 million.
- The March quarter *operating profit margin* for the total OPI was down 99 basis points to 13.1% versus the year-ago 14.1%.

From a sector perspective, revenue and operating profit growth for the “homefront” sector of our OPI was stronger than that for the “battlefront” sector. The homefront sector registered impressive revenue and profit gains despite a sharp decline in revenue and profit at InVision Technologies, Inc. InVision is a maker of explosives detection units used primarily in airports.

- *March quarter revenue for our OPI’s homefront sector was up 30.5% to nearly \$2.8 billion in 2004 versus the year-earlier \$2.1 billion.* Operating profit for this segment of the OPI was up 19.0% to \$436.7 million compared with \$366.8 million. The sector’s operating profit margin, though, was down 151 basis points (100 basis points equals one percentage point) to 15.7% versus 17.2%. The year-to-year increment to March quarter revenue was \$649.4 million and the increment to operating profit was \$69.8 million. The profitability of incremental revenue—the year-to-year increment to operating profit divided by the year-to-year increment to revenue—was 10.8%.
- *The battlefront sector of our OPI achieved March quarter revenue growth of 23.4% to \$2.5 billion versus the year-ago \$2.0 billion.* Operating profit was up 16.5% to \$251.3 million versus \$215.7 million. This sector’s operating profit margin was down 60 basis points to 10.2% from 10.8%. The year-to-year increment to March quarter revenue was \$466.4 million and the increment to operating profit was \$35.6 million. The profitability of incremental revenue was only 7.6%.

Table I
Homeland Defense Industry
"Operating Performance Index"
First Calendar Quarter, 2004

| Company | Stock Symbol | Fiscal Year | Share Price (07.23.04) | Market Capitalization (MM) (07.23.04) | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|---------------------------|---|-----------------------------|-----------------------------|--------------|-----------------------------|-----------------------------|--------------|-------------------------|---------------------|-----------------------|
| | | | | | Q Ended March, 2003 (MM) | Q Ended March, 2004 (MM) | % Change | Q Ended March, 2003 (MM) | Q Ended March, 2004 (MM) | % Change | Q Ended March, 2003 | Q Ended March, 2004 | Basis Point Change |
| "Homefront" Sector | | | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 35.56 | \$ 1,160.0 | \$ 80.5 | \$ 161.6 | 100.8% | \$ 8.8 | \$ 22.6 | 156.6% | 11.0% | 14.0% | 304 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 20.74 | \$ 5,170.0 | \$ 104.8 | \$ 116.1 | 10.7% | \$ 61.8 | \$ 45.9 | -25.7% | 59.0% | 39.6% | -1942 |
| CompuDyne Corporation | CDCY | Dec | \$ 9.24 | \$ 74.6 | \$ 46.8 | \$ 39.0 | -16.6% | \$ 1.9 | \$ 0.3 | -85.5% | 4.1% | 0.7% | -342 |
| Identix, Inc. | IDNX | Jun | \$ 5.49 | \$ 484.3 | \$ 12.2 | \$ 14.5 | 18.4% | \$ (6.8) | \$ (8.7) | n.m. | -55.9% | -59.7% | -379 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 14.82 | \$ 717.3 | \$ 59.5 | \$ 67.1 | 12.8% | \$ 7.9 | \$ 7.7 | -2.8% | 13.2% | 11.4% | -183 |
| InVision Technologies, Inc. | INVN | Dec | \$ 49.67 | \$ 868.1 | \$ 165.2 | \$ 76.9 | -53.4% | \$ 56.9 | \$ 9.2 | -83.8% | 34.5% | 12.0% | -2250 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 58.87 | \$ 6,240.0 | \$ 1,089.0 | \$ 1,521.6 | 39.7% | \$ 108.8 | \$ 151.6 | 39.3% | 10.0% | 10.0% | -3 |
| OSI Systems, Inc. | OSIS | Jun | \$ 17.83 | \$ 261.5 | \$ 50.9 | \$ 61.5 | 20.8% | \$ 5.9 | \$ 3.6 | -39.0% | 11.6% | 5.9% | -575 |
| Symantec Corporation | SYMC | Mar | \$ 43.02 | \$ 13,420.0 | \$ 390.0 | \$ 556.4 | 42.7% | \$ 92.0 | \$ 164.9 | 79.3% | 23.6% | 29.6% | 606 |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.62 | \$ 236.9 | \$ 8.2 | \$ 12.3 | 50.3% | \$ (2.1) | \$ (1.2) | n.m. | -25.5% | -10.1% | 1546 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 79.29 | \$ 3,780.0 | \$ 124.7 | \$ 154.2 | 23.7% | \$ 31.6 | \$ 40.7 | 28.6% | 25.4% | 26.4% | 102 |
| Sub-total | | | | \$ 32,412.6 | \$ 2,131.8 | \$ 2,781.2 | 30.5% | \$ 366.8 | \$ 436.7 | 19.0% | 17.2% | 15.7% | -151 |
| Increment / profitability of increment | | | | | | \$ 649.4 | | | \$ 69.8 | | | 10.8% | |
| "Battlefront" Sector | | | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 62.00 | \$ 2,310.0 | \$ 619.3 | \$ 676.7 | 9.3% | \$ 73.4 | \$ 68.9 | -6.1% | 11.8% | 10.2% | -166 |
| Anteon International Corp. | ANT | Dec | \$ 28.82 | \$ 1,020.0 | \$ 228.6 | \$ 288.2 | 26.1% | \$ 18.0 | \$ 23.5 | 31.0% | 7.9% | 8.2% | 31 |
| CACI International Inc. | CAI | Jun | \$ 40.10 | \$ 1,170.0 | \$ 222.0 | \$ 288.4 | 29.9% | \$ 17.9 | \$ 25.2 | 41.2% | 8.0% | 8.7% | 70 |
| DRS Technologies, Inc. | DRS | Mar | \$ 35.11 | \$ 915.2 | \$ 215.8 | \$ 347.2 | 60.9% | \$ 21.7 | \$ 38.9 | 79.3% | 10.1% | 11.2% | 115 |
| EDO Corporation | EDO | Dec | \$ 23.91 | \$ 476.6 | \$ 94.4 | \$ 110.9 | 17.5% | \$ 7.1 | \$ 8.7 | 21.3% | 7.6% | 7.8% | 25 |
| ManTech International Corporation | MANT | Dec | \$ 13.64 | \$ 438.9 | \$ 148.1 | \$ 202.8 | 36.9% | \$ 12.7 | \$ 19.4 | 52.8% | 12.3% | 14.3% | 198 |
| United Defense Industries, Inc. | UDI | Dec | \$ 34.05 | \$ 1,790.0 | \$ 466.5 | \$ 547.1 | 17.3% | \$ 65.0 | \$ 66.7 | 2.6% | 13.9% | 12.2% | -174 |
| Sub-total | | | | \$ 8,120.8 | \$ 1,994.8 | \$ 2,461.2 | 23.4% | \$ 215.7 | \$ 251.3 | 16.5% | 10.8% | 10.2% | -60 |
| Increment / profitability of increment | | | | | | \$ 466.4 | | | \$ 35.6 | | | 7.6% | |
| Total | | | | \$ 40,533.3 | \$ 4,126.5 | \$ 5,242.3 | 27.0% | \$ 582.5 | \$ 687.9 | 18.1% | 14.1% | 13.1% | -99 |
| Increment / profitability of increment | | | | | | \$ 1,115.8 | | | \$ 105.4 | | | 9.4% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.

Calculations: Laguna Research Partners LLC.

Operating Performance Index data for the recently ended June quarter will be compiled, analyzed and communicated to our research users once all 18 companies in our OPI have reported operating results for the quarter.

Company Operating Highlights: March 2004 and June 2004 (Preliminary) Quarters

Four of the companies in the homefront sector of our OPI—Armor Holdings, Inc., L-3 Communications Holdings, Inc., Symantec Corporation, and Zebra Technologies Corp.—delivered powerful revenue and operating profit performance in the March 2004 quarter. This performance provided a positive offset to the steep decline in both revenue and operating profit reported by InVision Technologies, Inc. for the March quarter. Here are the details.

- ***InVision's operating results over the past several years provide, in our view, an excellent indicator regarding the "flow and ebb" of the first wave of anti-terror spending which was largely focused on the rapid deployment of pre-9/11 technologies, particularly in the area of aviation security.*** Through no fault of its own, the primary benefit to InVision's revenue and profit performance from the first wave of US Government spending was concentrated in late 2002 and into 2003. In fact, as historical OPI data at the back of this report indicates, InVision was a key driver of higher OPI revenue and operating profit during that period. In the December 2002 (versus December 2001) quarter, InVision's revenue and operating profit were up 857.2% and 3,464.3%, respectively. This was followed by the March 2003 (versus March 2002) quarter, when InVision reported revenue and operating profit growth of 397.5% and 1,103.1%, respectively. As we indicated in the Overview section of this report, though, the first HDI spending wave is, in our view, essentially done. In the March quarter of 2004, InVision's product sales plummeted 64.7% to \$54.0 million from \$152.8 million. And in the June 2004 quarter, just reported, product sales remained weak, dropping 19.8% to \$60.2 million from \$75.0 million.

The second wave of anti-terror spending, now in play, is boosting current operating results for many providers of next-generation anti-terror solutions.

- ***L-3 Communications reported March quarter revenue and operating profit increases of 39.7% and 39.3%, respectively.*** The company says that this performance was driven by continued strong demand for secure communications and intelligence/surveillance/reconnaissance systems and products, aircraft modernization, simulation and training, communication software and engineering support and displays. L-3 expects to release its June quarter operating results on Tuesday, July 27.
- ***Symantec's March quarter performance was strong also.*** Sales in the quarter were up 42.7% year-over-year, while operating profit jumped 79.3%. Customer focus on security and networking capabilities such as firewall, intrusion prevention, intrusion detection, anti-virus policy enforcement, and content filtering appear to have been key to these impressive March quarter results. In the June quarter, recently reported, Symantec continued this impressive performance. Revenue in the quarter was up 47.5% while operating profit expanded by 136.2%.
- ***Armor Holdings reported powerful March quarter performance with revenue up 100.8% and operating profit up 156.6% for this provider of body armor, vehicle armor, aircraft safety systems and other personnel, vehicle and structural safety products.*** Armor's June quarter revenue, recently reported, was up 173.9% while operating profit leaped 465.3% versus the year-earlier quarter. A key performance driver for Armor during early 2004 has been Armor's Aerospace and Defense Division (military-related armored vehicles, vehicle armor kits, body armor, aircraft armor, seating systems, inflatable restraints and military police equipment).

The Division's targeted run-rate for M1114 "up-armored" HMMWVs (High Mobility Multi-Purpose Wheeled Vehicles or HumVees) was achieved ahead of schedule. The "hardening" of traditionally "thin-skinned" HMMWVs became a top US Army priority as insurgents in Iraq increasingly targeted the vulnerable vehicles.

- ***Zebra Technologies—the company serves the automatic identification, data collection and personal identification applications markets—achieved 23.7% revenue growth and 28.6% operating profit growth in the March 2004 quarter.*** The company says that its performance in the quarter was well balanced across products, channels and geographies. Zebra expects to report operating results for the June 2004 quarter on July 28.

In the battlefield sector of our OPI, both DRS Technologies, Inc. and ManTech International Corporation reported powerful operating results for the March 2004 quarter.

- ***DRS, a supplier of defense electronic products and systems, reported March quarter revenue growth of 60.9% and operating profit growth of 79.3%.*** The company says that new contract activity during the quarter included 1) a \$48 million contract for power generation, distribution, motor control and propulsion systems primarily for US Navy surface ships, aircraft carriers and submarines, 2) a \$36 million contract for electronic warfare (EW), training/control systems and ship networks, and 3) \$33 million for infrared sighting and targeting systems for the US Army and US Navy. DRS is scheduled to report June quarter operating results on August 5.
- ***ManTech International reported March quarter revenue growth of 36.9% and operating profit growth of 52.8%.*** In the Homeland Defense arena, ManTech's credentials are impressive. Most notably, the company 1) supports the advanced telecommunications systems that are used in Operation Iraqi Freedom and elsewhere, 2) provides the physical and cyber security protecting US embassies worldwide, and 3) developed a secure, collaborative communications system for the US Department of Homeland Security. Our research users should note that ManTech has recently announced that, due to changing government policies affecting its MSM personnel security investigation business, it is expecting to report an additional loss in that business. That loss is expected to have resulted in a loss for the company in the June quarter. (MSM performs investigative and security related services for US Government agencies and provides contract background investigation services.) ManTech currently anticipates that it will report June quarter operating results prior to August 9.

OPI Merger Activity Continues

Since 2002 when Laguna Research Partners formed its Homeland Defense Industry Operating Performance Index, there has been considerable merger activity involving the Index's components. Here are three notable examples.

- ***On July 1, 2004, L-3 Communications confirmed that it had submitted a proposal to acquire DRS Technologies for \$42.00 per share in cash.*** On the same day, DRS confirmed that during the past month it had received an unsolicited proposal from L-3 to acquire DRS for \$42.00 per share in cash. DRS also said that, at this time, it does not intend to make any further public comment on the matter. L-3 said that, given the formal rejection of its proposal, it does not intend to pursue an unsolicited transaction with DRS. L-3 did say, however, that the company plans to continue to evaluate acquisition opportunities that create value for its shareholders, which could include future discussions with DRS, if DRS decided to pursue a transaction.

Both L-3 and DRS were components of our original HDI Operating Performance Index, and both continue to be included in the battlefield sector of the Index.

- **On November 4, 2003, DRS Technologies announced that it had completed its acquisition of Integrated Defense Technologies, Inc.** At the time of the transaction, DRS said that the acquisition would extensively diversify its product base and expand its customer relationships. More specifically, DRS said that the acquisition would enhance its content on key US Army and Navy weapons programs, contribute a significant new base of US Air Force programs, and greatly expand its intelligence agency business.

DRS and Integrated were both components of our original HDI Operating Performance Index. Upon completion of DRS' acquisition of Integrated, EDO was introduced as a new component of our Index, and our Index was re-calibrated accordingly.

- **On June 26, 2002, Identix Incorporated announced that it had completed its merger with Visionics Corporation.** Earlier that year, the two companies had announced their intention to merge and create the world's largest multi-biometric Security Technology Company. The combined company has operated under the name Identix Incorporated. Upon completion of the merger, Visionics' CEO, Dr. Joseph Atick, was appointed president and CEO of the surviving company.

Visionics was a component of our original HDI Operating Performance Index. Upon the completion of the Identix-Visionics merger, Identix was added to our Index in place of Visionics, and our Index was re-calibrated accordingly.

An Historical Perspective: Our HDI Operating Performance Index

Since the high impact terrorist attacks of September 11, 2001, our Homeland Defense Industry Operating Performance Index has registered powerful gains. The "hardening" of US borders, aggressive intelligence/surveillance/reconnaissance activities worldwide, two conventional wars of liberation in Afghanistan and Iraq, and coalition occupation and security activities in both post-war environments have been the primary drivers of this performance.

A comparison of OPI data for recent the March 2004 quarter versus OPI data for the September quarter of 2001—the terrorist attacks of September 11, 2001 occurred in this quarter—demonstrates how strong the growth of the Homeland Defense Industry has been during the past 10 quarters. This data is explained below, and is summarized in Table II on the following page.

- **Total OPI**— Combined **revenue** for the 18 companies comprising our OPI exceeded \$5.2 billion in the quarter ended March 2004. This is 101.6% above the \$2.6 billion generated in the quarter ended September 2001. Similarly, combined **operating profit** reached \$687.9 million in the March 2004 quarter. This represents a 164.3% increase from \$260.2 million in the September 2001 quarter. The **operating profit margin** for our total OPI was 13.1% in the quarter ended March 2004 versus the 10.0% operating profit margin recorded in the September quarter of 2001.
- **OPI "Homefront" Sector**— The homefront sector of our OPI achieved **revenue** of nearly \$2.8 billion in the quarter ended March 2004. This represents a 116.0% gain versus the \$1.3 billion achieved in the quarter ended September 2001. OPI homefront sector **operating profit** reached \$436.7 million in the March 2004 quarter. This is 180.9% above the \$155.4 million registered in the September 2001 quarter. The **operating profit margin** for this sector of our OPI was 15.7% in the quarter ended March 2004. This compares with the 12.1% operating profit margin recorded in the quarter ending September 2001.

- **OPI "Battlefront" Sector** – Our OPI's battlefront sector achieved *revenue* of \$2.5 billion in the March quarter of 2004, 87.5% above the \$1.3 billion figure recorded in the September quarter of 2001. Battlefront sector *operating profit* was \$251.3 million in the March 2004 quarter compared with \$104.8 million in the quarter ended September 2001, +139.7%. The operating profit margin for this OPI sector was 10.2% in the March 2004 quarter compared with the September 2001 quarter level of 8.0%.

Table II
Homeland Defense Industry
"Operating Performance Index" (OPI)
First Calendar Quarter of 2004 versus Third Calendar Quarter of 2001
(millions of dollars)

| | Calendar Quarter Ended: | | Change: | | Basis Points* |
|------------------------------------|-------------------------|---------------|------------|--------|------------------|
| | September 2001 | March 2004 | \$ | % | |
| Total OPI | | | | | |
| Revenue | \$ 2,600.1 | \$ 5,242.3 | \$ 2,642.2 | 101.6% | |
| Operating profit | \$ 260.2 | \$ 687.9 | \$ 427.7 | 164.3% | |
| Operating profit margin | 10.0% | 13.1% | | | 311 |
| "Homefront" sector of OPI | | | | | |
| Revenue | \$ 1,287.4 | \$ 2,781.2 | \$ 1,493.8 | 116.0% | |
| Operating profit | \$ 155.4 | \$ 436.7 | \$ 281.2 | 180.9% | |
| Operating profit margin | 12.1% | 15.7% | | | 363 |
| "Battlefront" sector of OPI | | | | | |
| Revenue | \$ 1,312.7 | \$ 2,461.2 | \$ 1,148.5 | 87.5% | |
| Operating profit | \$ 104.8 | \$ 251.3 | \$ 146.5 | 139.7% | |
| Operating profit margin | 8.0% | 10.2% | | | 222 |

* Note: 100 basis points equals one percentage point.

Source: Company SEC filings.

Calculations: Laguna Research Partners LLC.

Tables III through VI, starting on page 9 of this report, show historical quarterly OPI data formatted and analyzed in a variety of ways.

- **Tables III-A through III-C** show summary data for our total OPI, the homefront sector of the OPI, and the battlefront sector of the OPI. This *quarterly data* covers a date range first calendar quarter of 2001 through the first calendar quarter of 2004. Percent and basis point changes are shown on a *year-over-year* basis.

- **Tables IV-A through IV-C** show summary data for our total OPI, the homefront sector of the OPI, and the battlefront sector of the OPI. This **quarterly data** covers a date range first calendar quarter of 2001 through the first calendar quarter of 2004. Percent and basis point changes are shown on a **consecutive quarter** basis.
- **Tables V-A through V-C** show summary data for our total OPI, the homefront sector of the OPI, and the battlefront sector of the OPI. This **“trailing 12 month” data (an add-up of the most recent four quarters)** covers a date range first calendar quarter of 2001 through the first calendar quarter of 2004. Percent and basis point changes are shown on a **year-over-year** basis.
- **Tables VI-A through VI-C** show summary data for our total OPI, the homefront sector of the OPI, and the battlefront sector of the OPI. This **“trailing 12 month” data (an add-up of the most recent four quarters)** covers a date range first calendar quarter of 2001 through the first calendar quarter of 2004. Percent and basis point changes are shown on a **consecutive quarter** basis.

Finally, at the back of this report are one-page data sets for each of the quarters for which Laguna Research Partners has maintained OPI calculations. These data sets can be found in Tables VII through XIV. The data in each of these Tables is “as reported.”

Analyst ▶ Kevin B. Skislock (skislock@LRPonline.net)

Table III-A
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
Total OPI: "Homefront" Sector and "Battlefront" Sector Combined

Quarterly (Calendar Quarters)

Year-Over-Year Comparison

Q1:01 to Date

(millions)

| | Q1 (ended March) | | Q2 (ended June) | | Q3 (ended September) | | Q4 (ended December) | | Year (ended December) | |
|-------------------------|---------------------|---------|--------------------|---------|-------------------------|---------|------------------------|---------|--------------------------|---------|
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | | | |
| Revenue | \$ 5,242.3 | 27.0% | | | | | | | | |
| Operating profit | \$ 687.9 | 18.1% | | | | | | | | |
| Operating profit margin | 13.1% | (99) | | | | | | | | |
| 2003 | | | | | | | | | | |
| Revenue | \$ 4,136.5 | 35.6% | \$ 4,267.3 | 27.3% | \$ 4,391.6 | 15.6% | \$ 4,863.5 | 13.6% | \$ 17,659.0 | 21.7% |
| Operating profit | \$ 583.4 | 72.7% | \$ 549.1 | 32.1% | \$ 619.1 | 19.6% | \$ 679.6 | 8.9% | \$ 2,431.3 | 23.8% |
| Operating profit margin | 14.1% | 302 | 12.9% | 41 | 14.1% | 47 | 14.0% | (61) | 13.8% | 23 |
| 2002 | | | | | | | | | | |
| Revenue | \$ 3,074.1 | 27.8% | \$ 3,352.5 | 29.2% | \$ 3,798.4 | 46.1% | \$ 4,279.5 | 41.6% | \$ 14,504.5 | 36.5% |
| Operating profit | \$ 404.0 | 26.9% | \$ 417.8 | 55.0% | \$ 517.8 | 99.0% | \$ 624.0 | 82.8% | \$ 1,963.6 | 65.1% |
| Operating profit margin | 13.1% | (9) | 12.5% | 207 | 13.6% | 362 | 14.6% | 329 | 13.5% | 234 |
| 2001 | | | | | | | | | | |
| Revenue | \$ 2,405.3 | | \$ 2,594.9 | | \$ 2,600.1 | | \$ 3,022.6 | | \$ 10,622.9 | |
| Operating profit | \$ 318.3 | | \$ 269.6 | | \$ 260.2 | | \$ 341.4 | | \$ 1,189.5 | |
| Operating profit margin | 13.2% | | 10.4% | | 10.0% | | 11.3% | | 11.2% | |

* Note: Year-over-year change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table III-B
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Homefront" Sector

Quarterly (Calendar Quarters)

Year-Over-Year Comparison

Q1:01 to Date

(millions)

| | Q1 | | Q2 | | Q3 | | Q4 | | Year | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | | | |
| Revenue | \$ 2,781.2 | 30.5% | | | | | | | | |
| Operating profit | \$ 436.7 | 19.0% | | | | | | | | |
| Operating profit margin | 15.7% | (151) | | | | | | | | |
| 2003 | | | | | | | | | | |
| Revenue | \$ 2,141.8 | 45.5% | \$ 2,216.0 | 23.3% | \$ 2,295.8 | 16.1% | \$ 2,619.8 | 9.0% | \$ 9,273.3 | 20.8% |
| Operating profit | \$ 367.7 | 91.3% | \$ 348.7 | 33.4% | \$ 398.1 | 20.7% | \$ 469.4 | 10.2% | \$ 1,583.9 | 24.0% |
| Operating profit margin | 17.2% | 411 | 15.7% | 119 | 17.3% | 65 | 17.9% | 20 | 17.1% | 43 |
| 2002 | | | | | | | | | | |
| Revenue | \$ 1,496.1 | 25.9% | \$ 1,797.6 | 45.0% | \$ 1,976.6 | 53.5% | \$ 2,403.9 | 62.1% | \$ 7,674.2 | 47.7% |
| Operating profit | \$ 258.3 | 15.6% | \$ 263.6 | 72.4% | \$ 329.9 | 112.3% | \$ 426.0 | 102.9% | \$ 1,277.8 | 72.3% |
| Operating profit margin | 17.3% | (154) | 14.7% | 233 | 16.7% | 462 | 17.7% | 356 | 16.7% | 238 |
| 2001 | | | | | | | | | | |
| Revenue | \$ 1,188.0 | | \$ 1,239.4 | | \$ 1,287.4 | | \$ 1,482.7 | | \$ 5,197.5 | |
| Operating profit | \$ 223.4 | | \$ 152.9 | | \$ 155.4 | | \$ 210.0 | | \$ 741.7 | |
| Operating profit margin | 18.8% | | 12.3% | | 12.1% | | 14.2% | | 14.3% | |

* Note: Year-over-year change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table III-C
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Battlefront" Sector
 Quarterly (Calendar Quarters)
 Year-Over-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 (ended March) | | Q2 (ended June) | | Q3 (ended September) | | Q4 (ended December) | | Q4 (ended December) | |
|-------------------------|---------------------|---------|--------------------|---------|-------------------------|---------|------------------------|---------|------------------------|---------|
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | | | |
| Revenue | \$ 2,461.2 | 23.4% | | | | | | | | |
| Operating profit | \$ 251.3 | 16.5% | | | | | | | | |
| Operating profit margin | 10.2% | (60) | | | | | | | | |
| 2003 | | | | | | | | | | |
| Revenue | \$ 1,994.8 | 26.4% | \$ 2,051.3 | 31.9% | \$ 2,095.9 | 15.0% | \$ 2,243.8 | 19.6% | \$ 8,385.7 | 22.8% |
| Operating profit | \$ 215.7 | 48.0% | \$ 200.5 | 30.0% | \$ 221.1 | 17.6% | \$ 210.2 | 6.2% | \$ 847.5 | 23.6% |
| Operating profit margin | 10.8% | 158 | 9.8% | (15) | 10.5% | 23 | 9.4% | (118) | 10.1% | 7 |
| 2002 | | | | | | | | | | |
| Revenue | \$ 1,578.0 | 29.6% | \$ 1,554.9 | 14.7% | \$ 1,821.9 | 38.8% | \$ 1,875.6 | 21.8% | \$ 6,830.4 | 25.9% |
| Operating profit | \$ 145.7 | 53.5% | \$ 154.2 | 32.1% | \$ 187.9 | 79.3% | \$ 198.0 | 50.6% | \$ 685.8 | 53.1% |
| Operating profit margin | 9.2% | 144 | 9.9% | 131 | 10.3% | 233 | 10.6% | 202 | 10.0% | 179 |
| 2001 | | | | | | | | | | |
| Revenue | \$ 1,217.3 | | \$ 1,355.5 | | \$ 1,312.7 | | \$ 1,539.9 | | \$ 5,425.4 | |
| Operating profit | \$ 94.9 | | \$ 116.7 | | \$ 104.8 | | \$ 131.5 | | \$ 447.9 | |
| Operating profit margin | 7.8% | | 8.6% | | 8.0% | | 8.5% | | 8.3% | |

* Note: Year-over-year change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table IV-A
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
Total OPI: "Homefront" Sector and "Battlefront" Sector Combined
Quarterly (Calendar Quarters)
Consecutive-Quarter Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | |
| Revenue | \$ 5,242.3 | 7.8% | | | | | | |
| Operating profit | \$ 687.9 | 1.2% | | | | | | |
| Operating profit margin | 13.1% | (85) | | | | | | |
| 2003 | | | | | | | | |
| Revenue | \$ 4,136.5 | -3.3% | \$ 4,267.3 | 3.2% | \$ 4,391.6 | 2.9% | \$ 4,863.5 | 10.7% |
| Operating profit | \$ 583.4 | -6.5% | \$ 549.1 | -5.9% | \$ 619.1 | 12.7% | \$ 679.6 | 9.8% |
| Operating profit margin | 14.1% | (46) | 12.9% | (125) | 14.1% | 123 | 14.0% | (12) |
| 2002 | | | | | | | | |
| Revenue | \$ 3,074.1 | 1.7% | \$ 3,352.5 | 9.1% | \$ 3,798.4 | 13.3% | \$ 4,279.5 | 12.7% |
| Operating profit | \$ 404.0 | 18.3% | \$ 417.8 | 3.4% | \$ 517.8 | 24.0% | \$ 624.0 | 20.5% |
| Operating profit margin | 13.1% | 185 | 12.5% | (68) | 13.6% | 117 | 14.6% | 95 |
| 2001 | | | | | | | | |
| Revenue | \$ 2,405.3 | | \$2,594.9 | | \$2,600.1 | | \$3,022.6 | |
| Operating profit | \$ 318.3 | | \$ 269.6 | | \$ 260.2 | | \$ 341.4 | |
| Operating profit margin | 13.2% | | 10.4% | | 10.0% | | 11.3% | |

* Note: Consecutive quarter change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table IV-B
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
"Homefront" Sector
Quarterly (Calendar Quarters)
Consecutive-Quarter Comparison
 Q1:01 to Date
 (millions)

| | Q1 (ended March) | | Q2 (ended June) | | Q3 (ended September) | | Q4 (ended December) | |
|-------------------------|---------------------|---------|--------------------|---------|-------------------------|---------|------------------------|---------|
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| <u>2004</u> | | | | | | | | |
| Revenue | \$ 2,781.2 | 6.2% | | | | | | |
| Operating profit | \$ 436.7 | -7.0% | | | | | | |
| Operating profit margin | 15.7% | (222) | | | | | | |
| <u>2003</u> | | | | | | | | |
| Revenue | \$ 2,141.8 | -10.9% | \$ 2,216.0 | 3.5% | \$ 2,295.8 | 3.6% | \$ 2,619.8 | 14.1% |
| Operating profit | \$ 367.7 | -13.7% | \$ 348.7 | -5.2% | \$ 398.1 | 14.2% | \$ 469.4 | 17.9% |
| Operating profit margin | 17.2% | (55) | 15.7% | (143) | 17.3% | 160 | 17.9% | 58 |
| <u>2002</u> | | | | | | | | |
| Revenue | \$ 1,496.1 | 0.9% | \$ 1,797.6 | 20.2% | \$ 1,976.6 | 10.0% | \$ 2,403.9 | 21.6% |
| Operating profit | \$ 258.3 | 23.0% | \$ 263.6 | 2.0% | \$ 329.9 | 25.2% | \$ 426.0 | 29.1% |
| Operating profit margin | 17.3% | 310 | 14.7% | (260) | 16.7% | 203 | 17.7% | 103 |
| <u>2001</u> | | | | | | | | |
| Revenue | \$ 1,188.0 | | \$ 1,239.4 | | \$ 1,287.4 | | \$ 1,482.7 | |
| Operating profit | \$ 223.4 | | \$ 152.9 | | \$ 155.4 | | \$ 210.0 | |
| Operating profit margin | 18.8% | | 12.3% | | 12.1% | | 14.2% | |

* Note: Consecutive quarter change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.
 Calculations: Laguna Research Partners LLC.

Table IV-C
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Battlefront" Sector
Quarterly (Calendar Quarters)
Consecutive-Quarter Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| <u>2004</u> | | | | | | | | |
| Revenue | \$ 2,461.2 | 9.7% | | | | | | |
| Operating profit | \$ 251.3 | 19.5% | | | | | | |
| Operating profit margin | 10.2% | 84 | | | | | | |
| <u>2003</u> | | | | | | | | |
| Revenue | \$ 1,994.8 | 6.4% | \$ 2,051.3 | 2.8% | \$ 2,095.9 | 2.2% | \$ 2,243.8 | 7.1% |
| Operating profit | \$ 215.7 | 9.0% | \$ 200.5 | -7.1% | \$ 221.1 | 10.3% | \$ 210.2 | -4.9% |
| Operating profit margin | 10.8% | 26 | 9.8% | (104) | 10.5% | 78 | 9.4% | (118) |
| <u>2002</u> | | | | | | | | |
| Revenue | \$ 1,578.0 | 2.5% | \$ 1,554.9 | -1.5% | \$ 1,821.9 | 17.2% | \$ 1,875.6 | 2.9% |
| Operating profit | \$ 145.7 | 10.8% | \$ 154.2 | 5.8% | \$ 187.9 | 21.9% | \$ 198.0 | 5.3% |
| Operating profit margin | 9.2% | 70 | 9.9% | 68 | 10.3% | 40 | 10.6% | 24 |
| <u>2001</u> | | | | | | | | |
| Revenue | \$ 1,217.3 | | \$ 1,355.5 | | \$ 1,312.7 | | \$ 1,539.9 | |
| Operating profit | \$ 94.9 | | \$ 116.7 | | \$ 104.8 | | \$ 131.5 | |
| Operating profit margin | 7.8% | | 8.6% | | 8.0% | | 8.5% | |

* Note: Consecutive quarter change in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table V-A
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
Total OPI: "Homefront" Sector and "Battlefront" Sector Combined
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Year-to-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | |
| Revenue | \$ 18,764.8 | 20.5% | | | | | | |
| Operating profit | \$ 2,535.9 | 18.3% | | | | | | |
| Operating profit margin | 13.5% | (25) | | | | | | |
| 2003 | | | | | | | | |
| Revenue | \$ 15,567.0 | 37.9% | \$ 16,481.8 | 36.8% | \$ 17,075.0 | 28.9% | \$ 17,659.0 | 21.7% |
| Operating profit | \$ 2,143.0 | 68.0% | \$ 2,274.4 | 59.8% | \$ 2,375.7 | 41.3% | \$ 2,431.3 | 23.8% |
| Operating profit margin | 13.8% | 247 | 13.8% | 199 | 13.9% | 122 | 13.8% | 23 |
| 2002 | | | | | | | | |
| Revenue | \$ 11,291.7 | | \$ 12,049.3 | | \$ 13,247.7 | | \$ 14,504.5 | 36.5% |
| Operating profit | \$ 1,275.3 | | \$ 1,423.5 | | \$ 1,681.1 | | \$ 1,963.6 | 65.1% |
| Operating profit margin | 11.3% | | 11.8% | | 12.7% | | 13.5% | 234 |
| 2001 | | | | | | | | |
| Revenue | | | | | | | \$ 10,622.9 | |
| Operating profit | | | | | | | \$ 1,189.5 | |
| Operating profit margin | | | | | | | 11.2% | |

* Note: Year-over-year change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table V-B
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Homefront" Sector
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Year-to-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| <u>2004</u> | | | | | | | | |
| Revenue | \$ 9,912.7 | 19.1% | | | | | | |
| Operating profit | \$ 1,652.8 | 19.1% | | | | | | |
| Operating profit margin | 16.7% | 0.0 | | | | | | |
| <u>2003</u> | | | | | | | | |
| Revenue | \$ 8,319.9 | 51.1% | \$ 8,738.3 | 44.1% | \$ 9,057.5 | 34.1% | \$ 9,273.3 | 20.8% |
| Operating profit | \$ 1,387.2 | 78.6% | \$ 1,472.4 | 65.9% | \$ 1,540.5 | 45.1% | \$ 1,583.9 | 24.0% |
| Operating profit margin | 16.7% | 256.8 | 16.8% | 221.7 | 17.0% | 128.5 | 17.1% | 42.9 |
| <u>2002</u> | | | | | | | | |
| Revenue | \$ 5,505.6 | | \$ 6,063.7 | | \$ 6,752.9 | | \$ 7,674.2 | 47.7% |
| Operating profit | \$ 776.6 | | \$ 887.3 | | \$ 1,061.8 | | \$ 1,277.8 | 72.3% |
| Operating profit margin | 14.1% | | 14.6% | | 15.7% | | 16.7% | 238.1 |
| <u>2001</u> | | | | | | | | |
| Revenue | | | | | | | \$ 5,197.5 | |
| Operating profit | | | | | | | \$ 741.7 | |
| Operating profit margin | | | | | | | 14.3% | |

* Note: Year-over-year change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.
 Calculations: Laguna Research Partners LLC.

Table V-C
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Battlefront" Sector
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Year-to-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | |
| Revenue | \$ 8,852.1 | 22.1% | | | | | | |
| Operating profit | \$ 883.0 | 16.8% | | | | | | |
| Operating profit margin | 10.0% | (45.4) | | | | | | |
| 2003 | | | | | | | | |
| Revenue | \$ 7,247.1 | 25.2% | \$ 7,743.5 | 29.4% | \$ 8,017.5 | 23.4% | \$ 8,385.7 | 22.8% |
| Operating profit | \$ 755.8 | 51.6% | \$ 802.1 | 49.6% | \$ 835.2 | 34.9% | \$ 847.5 | 23.6% |
| Operating profit margin | 10.4% | 181.0 | 10.4% | 140.0 | 10.4% | 88.2 | 10.1% | 6.6 |
| 2002 | | | | | | | | |
| Revenue | \$ 5,786.1 | | \$ 5,985.6 | | \$ 6,494.8 | | \$ 6,830.4 | 25.9% |
| Operating profit | \$ 498.7 | | \$ 536.2 | | \$ 619.3 | | \$ 685.8 | 53.1% |
| Operating profit margin | 8.6% | | 9.0% | | 9.5% | | 10.0% | 178.5 |
| 2001 | | | | | | | | |
| Revenue | | | | | | | \$ 5,425.4 | |
| Operating profit | | | | | | | \$ 447.9 | |
| Operating profit margin | | | | | | | 8.3% | |

* Note: Year-over-year change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.
 Calculations: Laguna Research Partners LLC.

Table VI-A
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
Total OPI: "Homefront" Sector and "Battlefront" Sector Combined
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Consecutive Quarter Comparison
 Q1:01 to Date
 (millions)

| | Q1 | | Q2 | | Q3 | | Q4 | |
|-------------------------|---------------|---------|--------------|---------|-------------------|---------|------------------|---------|
| | (ended March) | | (ended June) | | (ended September) | | (ended December) | |
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| 2004 | | | | | | | | |
| Revenue | \$ 18,764.8 | 6.3% | | | | | | |
| Operating profit | \$ 2,535.9 | 4.3% | | | | | | |
| Operating profit margin | 13.5% | (25) | | | | | | |
| 2003 | | | | | | | | |
| Revenue | \$ 15,567.0 | 7.3% | \$ 16,481.8 | 5.9% | \$ 17,075.0 | 3.6% | \$ 17,659.0 | 3.4% |
| Operating profit | \$ 2,143.0 | 9.1% | \$ 2,274.4 | 6.1% | \$ 2,375.7 | 4.5% | \$ 2,431.3 | 2.3% |
| Operating profit margin | 13.8% | 23 | 13.8% | 3 | 13.9% | 11 | 13.8% | (15) |
| 2002 | | | | | | | | |
| Revenue | \$ 11,291.7 | 6.3% | \$ 12,049.3 | 6.7% | \$ 13,247.7 | 9.9% | \$ 14,504.5 | 9.5% |
| Operating profit | \$ 1,275.3 | 7.2% | \$ 1,423.5 | 11.6% | \$ 1,681.1 | 18.1% | \$ 1,963.6 | 16.8% |
| Operating profit margin | 11.3% | 10 | 11.8% | 52 | 12.7% | 88 | 13.5% | 85 |
| 2001 | | | | | | | | |
| Revenue | | | | | | | \$ 10,622.9 | |
| Operating profit | | | | | | | \$ 1,189.5 | |
| Operating profit margin | | | | | | | 11.2% | |

* Note: Consecutive quarter change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table VI-B
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Homefront" Sector
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Year-to-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 (ended March) | | Q2 (ended June) | | Q3 (ended September) | | Q4 (ended December) | |
|-------------------------|---------------------|---------|--------------------|---------|-------------------------|---------|------------------------|---------|
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| <u>2004</u> | | | | | | | | |
| Revenue | \$ 9,912.7 | 6.9% | | | | | | |
| Operating profit | \$ 1,652.8 | 4.4% | | | | | | |
| Operating profit margin | 16.7% | (40.6) | | | | | | |
| <u>2003</u> | | | | | | | | |
| Revenue | \$ 8,319.9 | 8.4% | \$ 8,738.3 | 5.0% | \$ 9,057.5 | 3.7% | \$ 9,273.3 | 2.4% |
| Operating profit | \$ 1,387.2 | 8.6% | \$ 1,472.4 | 6.1% | \$ 1,540.5 | 4.6% | \$ 1,583.9 | 2.8% |
| Operating profit margin | 16.7% | 2.3 | 16.8% | 17.6 | 17.0% | 15.9 | 17.1% | 7.2 |
| <u>2002</u> | | | | | | | | |
| Revenue | \$ 5,505.6 | 5.9% | \$ 6,063.7 | 10.1% | \$ 6,752.9 | 11.4% | \$ 7,674.2 | 13.6% |
| Operating profit | \$ 776.6 | 4.7% | \$ 887.3 | 14.3% | \$ 1,061.8 | 19.7% | \$ 1,277.8 | 20.4% |
| Operating profit margin | 14.1% | (16.4) | 14.6% | 52.7 | 15.7% | 109.1 | 16.7% | 92.8 |
| <u>2001</u> | | | | | | | | |
| Revenue | | | | | | | \$ 5,197.5 | |
| Operating profit | | | | | | | \$ 741.7 | |
| Operating profit margin | | | | | | | 14.3% | |

* Note: Consecutive quarter change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.
 Calculations: Laguna Research Partners LLC.

Table VI-C
 Homeland Defense Industry
 "Operating Performance Index" (OPI) Summary
 "Battlefront" Sector
Trailing 12-Months (Add-Up of Most Recent Four Quarters)
Year-to-Year Comparison
 Q1:01 to Date
 (millions)

| | Q1 (ended March) | | Q2 (ended June) | | Q3 (ended September) | | Q4 (ended December) | |
|-------------------------|---------------------|---------|--------------------|---------|-------------------------|---------|------------------------|---------|
| | Data | Change* | Data | Change* | Data | Change* | Data | Change* |
| <u>2004</u> | | | | | | | | |
| Revenue | \$ 8,852.1 | 5.6% | | | | | | |
| Operating profit | \$ 883.0 | 4.2% | | | | | | |
| Operating profit margin | 10.0% | (13.1) | | | | | | |
| <u>2003</u> | | | | | | | | |
| Revenue | \$ 7,247.1 | 6.1% | \$ 7,743.5 | 6.8% | \$ 8,017.5 | 3.5% | \$ 8,385.7 | 4.6% |
| Operating profit | \$ 755.8 | 10.2% | \$ 802.1 | 6.1% | \$ 835.2 | 4.1% | \$ 847.5 | 1.5% |
| Operating profit margin | 10.4% | 38.9 | 10.4% | (7.1) | 10.4% | 5.9 | 10.1% | (31.1) |
| <u>2002</u> | | | | | | | | |
| Revenue | \$ 5,786.1 | 6.6% | \$ 5,985.6 | 3.4% | \$ 6,494.8 | 8.5% | \$ 6,830.4 | 5.2% |
| Operating profit | \$ 498.7 | 11.3% | \$ 536.2 | 7.5% | \$ 619.3 | 15.5% | \$ 685.8 | 10.7% |
| Operating profit margin | 8.6% | 36.4 | 9.0% | 33.9 | 9.5% | 57.7 | 10.0% | 50.5 |
| <u>2001</u> | | | | | | | | |
| Revenue | | | | | | | \$ 5,425.4 | |
| Operating profit | | | | | | | \$ 447.9 | |
| Operating profit margin | | | | | | | 8.3% | |

* Note: Consecutive quarter change in trailing 12-month data in percent or basis points (100 basis points equals one percentage point).

Source: Company publications.

Calculations: Laguna Research Partners LLC.

Table VII
Homeland Defense Sector
"Operating Performance Index"
First Calendar Quarter, 2002

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------|--------------|-------------------------|---------------------|--------------------|
| | | | Q Ended March, 2001 (MM) | Q Ended March, 2002 (MM) | % Change | Q Ended March, 2001 (MM) | Q Ended March, 2002 (MM) | % Change | Q Ended March, 2001 | Q Ended March, 2002 | Basis Point Change |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 50.9 | \$ 93.9 | 84.5% | \$ (4.0) | \$ 9.3 | n.m. | -7.9% | 9.9% | 1784 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 145.0 | \$ 104.6 | -27.9% | \$ 88.7 | \$ 62.7 | -29.3% | 61.2% | 60.0% | -121 |
| CompuDyne Corporation | CDCY | Dec | \$ 29.9 | \$ 30.5 | 2.1% | \$ 1.8 | \$ 1.5 | -18.5% | 6.0% | 4.8% | -121 |
| Identix, Inc. | IDNX | Jun | \$ 20.2 | \$ 19.2 | -4.9% | \$ (7.8) | \$ (7.8) | n.m. | -38.7% | -40.5% | -183 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 61.2 | \$ 58.4 | -4.5% | \$ 6.9 | \$ 5.3 | -22.8% | 11.2% | 9.1% | -215 |
| InVision Technologies, Inc. | INVN | Dec | \$ 17.5 | \$ 33.2 | 89.7% | \$ 0.1 | \$ 4.7 | 4282.4% | 0.6% | 14.3% | 1364 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 461.9 | \$ 696.8 | 50.9% | \$ 56.8 | \$ 71.3 | 25.5% | 12.3% | 10.2% | -206 |
| OSI Systems, Inc. | OSIS | Jun | \$ 29.4 | \$ 32.1 | 9.4% | \$ 0.7 | \$ 3.1 | 333.6% | 2.4% | 9.7% | 724 |
| Symantec Corporation | SYMC | Mar | \$ 250.6 | \$ 310.8 | 24.0% | \$ 55.1 | \$ 89.3 | 62.2% | 22.0% | 28.7% | 676 |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.4 | \$ 6.4 | 0.5% | \$ 0.5 | \$ (0.7) | n.m. | 8.2% | -10.2% | -1843 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 115.1 | \$ 110.2 | -4.3% | \$ 24.7 | \$ 19.5 | -20.8% | 21.4% | 17.7% | -370 |
| Sub-total | | | \$ 1,188.0 | \$ 1,496.1 | 25.9% | \$ 223.4 | \$ 258.3 | 15.6% | 18.8% | 17.3% | -154 |
| Increment / profitability of increment | | | | \$ 308.0 | | | \$ 34.9 | | | 11.3% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 323.9 | \$ 514.7 | 58.9% | \$ 36.0 | \$ 62.7 | 74.5% | 11.1% | 12.2% | 109 |
| Anteon International Corp. | ANT | Dec | \$ 159.5 | \$ 192.6 | 20.7% | \$ 10.5 | \$ 14.5 | 38.7% | 6.6% | 7.5% | 97 |
| CACI International Inc. | CACI | Jun | \$ 146.7 | \$ 182.8 | 24.7% | \$ 9.9 | \$ 14.6 | 47.3% | 6.7% | 8.0% | 122 |
| DRS Technologies, Inc. | DRS | Mar | \$ 129.9 | \$ 156.4 | 20.4% | \$ 11.8 | \$ 15.5 | 31.4% | 9.1% | 9.9% | 83 |
| EDO Corporation | EDO | Dec | \$ 60.2 | \$ 66.9 | 11.2% | \$ 5.1 | \$ 4.7 | -7.5% | 8.5% | 7.0% | -142 |
| ManTech International Corporation | MANT | Dec | \$ 105.1 | \$ 108.1 | 2.9% | \$ 7.4 | \$ 7.6 | 2.9% | 7.0% | 7.0% | 0 |
| United Defense Industries, Inc. | UDI | Dec | \$ 292.1 | \$ 356.4 | 22.0% | \$ 14.3 | \$ 26.1 | 82.4% | 4.9% | 7.3% | 242 |
| Sub-total | | | \$ 1,217.3 | \$ 1,578.0 | 29.6% | \$ 94.9 | \$ 145.7 | 53.5% | 7.8% | 9.2% | 144 |
| Increment / profitability of increment | | | | \$ 360.7 | | | \$ 50.8 | | | 14.1% | |
| Total | | | \$ 2,405.3 | \$ 3,074.1 | 27.8% | \$ 318.3 | \$ 404.0 | 26.9% | 13.2% | 13.1% | -9 |
| Increment / profitability of increment | | | | \$ 668.8 | | | \$ 85.7 | | | 12.8% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table VIII
Homeland Defense Sector
"Operating Performance Index"
Second Calendar Quarter, 2002

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|-------------------|-------------------|--------------|------------------|-----------------|--------------|-------------------------|--------------|--------------------|
| | | | Q Ended | Q Ended | % | Q Ended | Q Ended | % | Q Ended | Q Ended | Basis Point Change |
| | | | June, 2001 (MM) | June, 2002 (MM) | | June, 2001 (MM) | June, 2002 (MM) | | June, 2001 | June, 2002 | |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 38.1 | \$ 71.6 | 87.9% | \$ 7.1 | \$ 8.2 | 14.6% | 18.7% | 11.4% | -730 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 142.1 | \$ 108.6 | -23.6% | \$ 91.7 | \$ 64.1 | -30.1% | 64.5% | 59.0% | -553 |
| CompuDyne Corporation | CDCY | Dec | \$ 31.3 | \$ 39.4 | 25.9% | \$ 1.9 | \$ 1.5 | -22.6% | 6.0% | 3.7% | -232 |
| Identix, Inc. | IDNX | Jun | \$ 20.5 | \$ 17.7 | -13.9% | \$ (9.1) | \$ (33.7) | n.m. | -44.1% | -190.5% | -14639 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 51.7 | \$ 60.0 | 16.1% | \$ (11.3) | \$ 4.3 | n.m. | -21.8% | 7.2% | 2898 |
| InVision Technologies, Inc. | INVN | Dec | \$ 17.4 | \$ 68.4 | 293.3% | \$ 0.3 | \$ 17.1 | 5804.2% | 1.7% | 24.9% | 2328 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 561.6 | \$ 955.2 | 70.1% | \$ 71.1 | \$ 97.7 | 37.4% | 12.7% | 10.2% | -243 |
| OSI Systems, Inc. | OSIS | Jun | \$ 28.8 | \$ 35.6 | 23.4% | \$ 0.6 | \$ 4.1 | 606.6% | 2.0% | 11.5% | 950 |
| Symantec Corporation | SYMC | Mar | \$ 228.0 | \$ 316.0 | 38.6% | \$ (21.2) | \$ 78.0 | n.m. | -9.3% | 24.7% | 3399 |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.9 | \$ 9.0 | 31.5% | \$ 0.5 | \$ (2.6) | n.m. | 7.3% | -28.6% | -3591 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 112.9 | \$ 116.0 | 2.7% | \$ 21.3 | \$ 25.0 | 17.4% | 18.8% | 21.5% | 270 |
| Sub-total | | | \$ 1,239.4 | \$ 1,797.6 | 45.0% | \$ 152.9 | \$ 263.6 | 72.4% | 12.3% | 14.7% | 233 |
| Increment / profitability of increment | | | | \$ 558.2 | | | \$ 110.7 | | | 19.8% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 395.2 | \$ 519.9 | 31.5% | \$ 48.8 | \$ 66.6 | 36.5% | 12.3% | 12.8% | 46 |
| Anteon International Corp. | ANT | Dec | \$ 185.1 | \$ 201.9 | 9.1% | \$ 11.7 | \$ 16.0 | 36.9% | 6.3% | 7.9% | 161 |
| CACI International Inc. | CAI | Jun | \$ 152.6 | \$ 191.0 | 25.1% | \$ 11.1 | \$ 14.7 | 31.9% | 7.3% | 7.7% | 39 |
| DRS Technologies, Inc. | DRS | Mar | \$ 103.4 | \$ 131.2 | 26.9% | \$ 9.7 | \$ 12.7 | 30.9% | 9.4% | 9.7% | 30 |
| EDO Corporation | EDO | Dec | \$ 66.8 | \$ 73.7 | 10.4% | \$ 5.5 | \$ 6.9 | 25.3% | 8.2% | 9.3% | 111 |
| ManTech International Corporation | MANT | Dec | \$ 105.6 | \$ 119.2 | 12.8% | \$ 6.9 | \$ 9.3 | 34.6% | 6.6% | 7.8% | 127 |
| United Defense Industries, Inc. | UDI | Dec | \$ 346.7 | \$ 318.0 | -8.3% | \$ 23.0 | \$ 28.0 | 22.0% | 6.6% | 8.8% | 219 |
| Sub-total | | | \$ 1,355.5 | \$ 1,554.9 | 14.7% | \$ 116.7 | \$ 154.2 | 32.1% | 8.6% | 9.9% | 131 |
| Increment / profitability of increment | | | | \$ 199.5 | | | \$ 37.5 | | | 18.8% | |
| Total | | | \$ 2,594.9 | \$ 3,352.5 | 29.2% | \$ 269.6 | \$ 417.8 | 55.0% | 10.4% | 12.5% | 207 |
| Increment / profitability of increment | | | | \$ 757.6 | | | \$ 148.2 | | | 19.6% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table IX
Homeland Defense Industry
"Operating Performance Index"
Third Calendar Quarter, 2002

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|---------------|-------------------------|-------------------------|--------------------|
| | | | Q Ended September, 2001 | Q Ended September, 2002 | % Change | Q Ended September, 2001 | Q Ended September, 2002 | % Change | Q Ended September, 2001 | Q Ended September, 2002 | Basis Point Change |
| | | | (MM) | (MM) | | (MM) | (MM) | | | | |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 48.7 | \$ 80.6 | 65.5% | \$ 5.3 | \$ 10.3 | 94.0% | 10.9% | 12.8% | 188 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 118.0 | \$ 103.6 | -12.3% | \$ 76.8 | \$ 62.1 | -19.2% | 65.0% | 59.9% | -512 |
| CompuDyne Corporation | CDCY | Dec | \$ 31.4 | \$ 41.4 | 32.0% | \$ 1.8 | \$ 0.7 | -61.8% | 5.8% | 1.7% | -413 |
| Identix, Inc. | IDNX | Jun | \$ 16.8 | \$ 25.1 | 49.5% | \$ (8.8) | \$ (14.6) | n.m. | -52.4% | -58.3% | -586 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 52.7 | \$ 61.8 | 17.1% | \$ (13.3) | \$ 7.4 | n.m. | -25.2% | 11.9% | 3712 |
| InVision Technologies, Inc. | INVN | Dec | \$ 16.4 | \$ 117.1 | 613.6% | \$ 0.1 | \$ 35.4 | 23808.1% | 0.9% | 30.2% | 2933 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 618.2 | \$ 1,053.6 | 70.4% | \$ 75.2 | \$ 127.4 | 69.4% | 12.2% | 12.1% | -7 |
| OSI Systems, Inc. | OSIS | Jun | \$ 26.5 | \$ 37.1 | 40.2% | \$ 0.7 | \$ 4.6 | 518.6% | 2.8% | 12.4% | 962 |
| Symantec Corporation | SYMC | Mar | \$ 242.4 | \$ 325.2 | 34.2% | \$ (6.8) | \$ 70.4 | n.m. | -2.8% | 21.6% | 2443 |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.1 | \$ 8.1 | 32.6% | \$ 0.5 | \$ (2.6) | n.m. | 8.5% | -32.1% | -4062 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 110.3 | \$ 123.2 | 11.6% | \$ 23.7 | \$ 28.9 | 21.8% | 21.5% | 23.5% | 195 |
| Sub-total | | | \$ 1,287.4 | \$ 1,976.6 | 53.5% | \$ 155.4 | \$ 329.9 | 112.3% | 12.1% | 16.7% | 462 |
| Increment / profitability of increment | | | | \$ 689.2 | | | \$ 174.5 | | | 25.3% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 427.6 | \$ 513.1 | 20.0% | \$ 54.3 | \$ 64.1 | 18.0% | 12.7% | 12.5% | -21 |
| Anteon International Corp. | ANT | Dec | \$ 182.1 | \$ 214.3 | 17.7% | \$ 13.0 | \$ 16.5 | 27.2% | 7.1% | 7.7% | 58 |
| CACI International Inc. | CAI | Jun | \$ 145.8 | \$ 188.0 | 28.9% | \$ 11.5 | \$ 14.7 | 27.8% | 7.9% | 7.8% | -7 |
| DRS Technologies, Inc. | DRS | Mar | \$ 116.2 | \$ 161.2 | 38.7% | \$ 10.7 | \$ 16.7 | 56.1% | 9.2% | 10.4% | 115 |
| EDO Corporation | EDO | Dec | \$ 60.4 | \$ 85.1 | 41.0% | \$ 7.2 | \$ 7.4 | 2.9% | 11.9% | 8.7% | -321 |
| ManTech International Corporation | MANT | Dec | \$ 105.6 | \$ 130.4 | 23.6% | \$ 7.9 | \$ 11.0 | 38.3% | 7.5% | 8.4% | 90 |
| United Defense Industries, Inc. | UDI | Dec | \$ 275.1 | \$ 529.7 | 92.6% | \$ 0.2 | \$ 57.6 | 27571.6% | 0.1% | 10.9% | 1079 |
| Sub-total | | | \$ 1,312.7 | \$ 1,821.9 | 38.8% | \$ 104.8 | \$ 187.9 | 79.3% | 8.0% | 10.3% | 233 |
| Increment / profitability of increment | | | | \$ 509.2 | | | \$ 83.1 | | | 16.3% | |
| Total | | | \$ 2,600.1 | \$ 3,798.4 | 46.1% | \$ 260.2 | \$ 517.8 | 99.0% | 10.0% | 13.6% | 362 |
| Increment / profitability of increment | | | | \$ 1,198.3 | | | \$ 257.6 | | | 21.5% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table X
Homeland Defense Industry
"Operating Performance Index"
Fourth Calendar Quarter, 2002

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | |
|---|--------------|-------------|-----------------------------|-----------------------------|--------------|-----------------------------|-----------------------------|---------------|-------------------------|------------------------|
| | | | Q Ended December, 2001 (MM) | Q Ended December, 2002 (MM) | % Change | Q Ended December, 2001 (MM) | Q Ended December, 2002 (MM) | % Change | Q Ended December, 2001 | Q Ended December, 2002 |
| "Homefront" Sector | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 80.2 | \$ 83.4 | 4.0% | \$ 10.6 | \$ 10.8 | 2.1% | 13.2% | 13.0% |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 122.5 | \$ 110.3 | -10.0% | \$ 79.6 | \$ 66.2 | -16.9% | 65.0% | 60.0% |
| CompuDyne Corporation | CDCY | Dec | \$ 34.8 | \$ 44.3 | 27.0% | \$ 2.3 | \$ 0.5 | -78.8% | 6.7% | 1.1% |
| Identix, Inc. | IDNX | Jun | \$ 19.5 | \$ 22.5 | 15.4% | \$ (6.4) | \$ (8.1) | n.m. | -32.8% | -36.1% |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 58.0 | \$ 63.1 | 8.9% | \$ (6.5) | \$ (8.9) | n.m. | -11.1% | -14.2% |
| InVision Technologies, Inc. | INVN | Dec | \$ 23.0 | \$ 220.4 | 857.2% | \$ 2.1 | \$ 75.8 | 3464.3% | 9.2% | 34.4% |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 705.8 | \$ 1,305.6 | 85.0% | \$ 92.8 | \$ 157.6 | 69.8% | 13.1% | 12.1% |
| OSI Systems, Inc. | OSIS | Jun | \$ 30.0 | \$ 43.7 | 45.4% | \$ 1.9 | \$ 5.5 | 192.3% | 6.3% | 12.6% |
| Symantec Corporation | SYMC | Mar | \$ 290.2 | \$ 375.6 | 29.4% | \$ 12.6 | \$ 101.2 | 703.1% | 4.3% | 26.9% |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.9 | \$ 8.8 | 26.4% | \$ (1.9) | \$ (2.8) | n.m. | -27.1% | -32.2% |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 111.6 | \$ 126.3 | 13.2% | \$ 22.8 | \$ 28.4 | 24.7% | 20.4% | 22.5% |
| Sub-total | | | \$ 1,482.7 | \$ 2,403.9 | 62.1% | \$ 210.0 | \$ 426.0 | 102.9% | 14.2% | 17.7% |
| Increment / profitability of increment | | | | \$ 921.3 | | | \$ 216.1 | | | 23.5% |
| "Battlefront" Sector | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 464.1 | \$ 519.8 | 12.0% | \$ 57.9 | \$ 71.5 | 23.5% | 12.5% | 13.7% |
| Anteon International Corp. | ANT | Dec | \$ 179.8 | \$ 216.9 | 20.6% | \$ 12.3 | \$ 17.3 | 40.6% | 6.8% | 8.0% |
| CACI International Inc. | CAI | Jun | \$ 162.3 | \$ 204.5 | 26.0% | \$ 12.4 | \$ 16.8 | 36.0% | 7.6% | 8.2% |
| DRS Technologies, Inc. | DRS | Mar | \$ 141.2 | \$ 167.5 | 18.6% | \$ 13.9 | \$ 16.6 | 19.4% | 9.8% | 9.9% |
| EDO Corporation | EDO | Dec | \$ 72.7 | \$ 103.1 | 41.9% | \$ 9.3 | \$ 10.4 | 11.8% | 12.9% | 10.1% |
| ManTech International Corporation | MANT | Dec | \$ 115.2 | \$ 142.5 | 23.7% | \$ 7.8 | \$ 10.7 | 36.3% | 6.8% | 7.5% |
| United Defense Industries, Inc. | UDI | Dec | \$ 404.6 | \$ 521.2 | 28.8% | \$ 17.9 | \$ 54.7 | 205.6% | 4.4% | 10.5% |
| Sub-total | | | \$ 1,539.9 | \$ 1,875.6 | 21.8% | \$ 131.5 | \$ 198.0 | 50.6% | 8.5% | 10.6% |
| Increment / profitability of increment | | | | \$ 335.6 | | | \$ 66.5 | | | 19.8% |
| Total | | | \$ 3,022.6 | \$ 4,279.5 | 41.6% | \$ 341.4 | \$ 624.0 | 82.8% | 11.3% | 14.6% |
| Increment / profitability of increment | | | | \$ 1,256.9 | | | \$ 282.6 | | | 22.5% |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table XI
Homeland Defense Industry
"Operating Performance Index"
First Calendar Quarter, 2003

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|-------------------|-------------------|--------------|------------------|------------------|--------------|-------------------------|--------------|-------------|
| | | | Q Ended | Q Ended | % | Q Ended | Q Ended | % | Q Ended | Q Ended | Basis Point |
| | | | March, 2002 (MM) | March, 2003 (MM) | | March, 2002 (MM) | March, 2003 (MM) | | March, 2002 | March, 2003 | |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 69.6 | \$ 80.5 | 15.6% | \$ 9.0 | \$ 8.8 | -2.4% | 13.0% | 11.0% | -203 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 104.6 | \$ 104.8 | 0.3% | \$ 62.7 | \$ 61.8 | -1.4% | 60.0% | 59.0% | -97 |
| CompuDyne Corporation | CDCY | Dec | \$ 30.5 | \$ 46.8 | 53.4% | \$ 1.5 | \$ 1.9 | 31.7% | 4.8% | 4.1% | -68 |
| Identix, Inc. | IDNX | Jun | \$ 19.2 | \$ 21.8 | 13.4% | \$ (7.8) | \$ (6.6) | n.m. | -40.5% | -30.3% | 1026 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 58.4 | \$ 59.5 | 1.8% | \$ 5.3 | \$ 7.9 | 48.4% | 9.1% | 13.2% | 415 |
| InVision Technologies, Inc. | INVN | Dec | \$ 33.2 | \$ 165.2 | 397.5% | \$ 4.7 | \$ 56.9 | 1103.1% | 14.3% | 34.5% | 2022 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 696.8 | \$ 1,089.0 | 56.3% | \$ 71.3 | \$ 108.8 | 52.6% | 10.2% | 10.0% | -24 |
| OSI Systems, Inc. | OSIS | Jun | \$ 32.1 | \$ 50.9 | 58.5% | \$ 3.1 | \$ 5.9 | 90.1% | 9.7% | 11.6% | 193 |
| Symantec Corporation | SYMC | Mar | \$ 310.8 | \$ 390.0 | 25.5% | \$ 23.4 | \$ 92.0 | 292.7% | 7.5% | 23.6% | 1604 |
| Viisage Technology, Inc. | VISG | Dec | \$ 6.4 | \$ 8.6 | 34.3% | \$ (0.7) | \$ (1.5) | n.m. | -10.2% | -16.9% | -673 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 110.2 | \$ 124.7 | 13.2% | \$ 19.5 | \$ 31.6 | 62.0% | 17.7% | 25.4% | 765 |
| Sub-total | | | \$ 1,471.8 | \$ 2,141.8 | 45.5% | \$ 192.2 | \$ 367.7 | 91.3% | 13.1% | 17.2% | 411 |
| Increment / profitability of increment | | | | \$ 670.0 | | | \$ 175.5 | | | 26.2% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 514.7 | \$ 619.3 | 20.3% | \$ 62.7 | \$ 73.4 | 17.0% | 12.2% | 11.8% | -34 |
| Anteon International Corp. | ANT | Dec | \$ 192.6 | \$ 228.6 | 18.7% | \$ 14.5 | \$ 18.0 | 23.8% | 7.5% | 7.9% | 32 |
| CACI International Inc. | CAI | Jun | \$ 182.8 | \$ 222.0 | 21.4% | \$ 14.6 | \$ 17.9 | 22.6% | 8.0% | 8.0% | 7 |
| DRS Technologies, Inc. | DRS | Mar | \$ 156.4 | \$ 215.8 | 38.0% | \$ 15.5 | \$ 21.7 | 40.0% | 9.9% | 10.1% | 15 |
| EDO Corporation | EDO | Dec | \$ 66.9 | \$ 94.4 | 41.1% | \$ 4.7 | \$ 7.1 | 51.5% | 7.0% | 7.6% | 52 |
| ManTech International Corporation | MANT | Dec | \$ 108.1 | \$ 148.1 | 37.0% | \$ 7.6 | \$ 12.7 | 66.6% | 7.0% | 8.6% | 152 |
| United Defense Industries, Inc. | UDI | Dec | \$ 356.4 | \$ 466.5 | 30.9% | \$ 26.1 | \$ 65.0 | 149.3% | 7.3% | 13.9% | 662 |
| Sub-total | | | \$ 1,578.0 | \$ 1,994.8 | 26.4% | \$ 145.7 | \$ 215.7 | 48.0% | 9.2% | 10.8% | 158 |
| Increment / profitability of increment | | | | \$ 416.7 | | | \$ 70.0 | | | 16.8% | |
| Total | | | \$ 3,049.8 | \$ 4,136.5 | 35.6% | \$ 337.9 | \$ 583.4 | 72.7% | 11.1% | 14.1% | 302 |
| Increment / profitability of increment | | | | \$ 1,086.7 | | | \$ 245.5 | | | 22.6% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table XII
Homeland Defense Industry
"Operating Performance Index"
Second Calendar Quarter, 2003

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|-----------------|----------------|-----------------------|-----------------------|--------------|-----------------------|-----------------------|--------------|-------------------------|---------------|--------------------------|
| | | | Q Ended | Q Ended | % | Q Ended | Q Ended | % | Q Ended | Q Ended | Basis Point Change |
| | | | June, 2002 (MM) | June, 2003 (MM) | | June, 2002 (MM) | June, 2003 (MM) | | June, 2002 | June, 2003 | |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 71.6 | \$ 81.7 | 14.0% | \$ 6.0 | \$ 8.2 | 35.9% | 8.4% | 10.0% | 161 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 108.6 | \$ 106.1 | -2.3% | \$ 64.1 | \$ 62.9 | -1.9% | 59.0% | 59.3% | 24 |
| CompuDyne Corporation | CDCY | Dec | \$ 39.4 | \$ 47.5 | 20.6% | \$ 1.5 | \$ 2.1 | 41.3% | 3.7% | 4.3% | 63 |
| Identix, Inc. | IDNX | Jun | \$ 17.7 | \$ 23.1 | 30.8% | \$ (33.7) | \$ (3.4) | n.m. | -190.5% | -14.7% | 17579 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 60.0 | \$ 59.1 | -1.5% | \$ 4.3 | \$ 6.9 | 60.3% | 7.2% | 11.7% | 450 |
| InVision Technologies, Inc. | INVN | Dec | \$ 68.4 | \$ 89.4 | 30.7% | \$ 17.1 | \$ 13.5 | -20.9% | 24.9% | 15.1% | -985 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 955.2 | \$ 1,226.9 | 28.4% | \$ 97.7 | \$ 128.8 | 31.8% | 10.2% | 10.5% | 27 |
| OSI Systems, Inc. | OSIS | Jun | \$ 35.6 | \$ 50.9 | 43.1% | \$ 4.1 | \$ 5.9 | 44.5% | 11.5% | 11.6% | 12 |
| Symantec Corporation | SYMC | Mar | \$ 316.0 | \$ 391.1 | 23.8% | \$ 78.0 | \$ 93.4 | 19.7% | 24.7% | 23.9% | -80 |
| Viisage Technology, Inc. | VISG | Dec | \$ 9.0 | \$ 10.2 | 12.7% | \$ (2.6) | \$ (1.1) | n.m. | -28.6% | -11.0% | 1759 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 116.0 | \$ 129.9 | 12.0% | \$ 25.0 | \$ 31.6 | 26.7% | 21.5% | 24.4% | 282 |
| Sub-total | | | \$ 1,797.6 | \$ 2,216.0 | 23.3% | \$ 261.4 | \$ 348.7 | 33.4% | 14.5% | 15.7% | 119 |
| Increment / profitability of increment | | | | \$ 418.4 | | | \$ 87.3 | | | 20.9% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 519.9 | \$ 559.1 | 7.5% | \$ 66.6 | \$ 68.0 | 2.1% | 12.8% | 12.2% | -65 |
| Anteon International Corp. | ANT | Dec | \$ 201.9 | \$ 254.1 | 25.8% | \$ 16.0 | \$ 20.3 | 26.4% | 7.9% | 8.0% | 4 |
| CACI International Inc. | CAI | Jun | \$ 191.0 | \$ 228.6 | 19.7% | \$ 14.7 | \$ 21.1 | 43.4% | 7.7% | 9.2% | 152 |
| DRS Technologies, Inc. | DRS | Mar | \$ 131.2 | \$ 167.2 | 27.4% | \$ 12.7 | \$ 16.4 | 29.1% | 9.7% | 9.8% | 13 |
| EDO Corporation | EDO | Dec | \$ 73.7 | \$ 111.7 | 51.6% | \$ 6.9 | \$ (0.8) | n.m. | 9.3% | -0.7% | -1005 |
| ManTech International Corporation | MANT | Dec | \$ 119.2 | \$ 177.1 | 48.6% | \$ 9.3 | \$ 15.3 | 64.1% | 7.8% | 8.6% | 82 |
| United Defense Industries, Inc. | UDI | Dec | \$ 318.0 | \$ 553.5 | 74.0% | \$ 28.0 | \$ 60.3 | 115.0% | 8.8% | 10.9% | 208 |
| Sub-total | | | \$ 1,554.9 | \$ 2,051.3 | 31.9% | \$ 154.2 | \$ 200.5 | 30.0% | 9.9% | 9.8% | -15 |
| Increment / profitability of increment | | | | \$ 496.4 | | | \$ 46.2 | | | 9.3% | |
| Total | | | \$ 3,352.5 | \$ 4,267.3 | 27.3% | \$ 415.6 | \$ 549.1 | 32.1% | 12.4% | 12.9% | 47 |
| Increment / profitability of increment | | | | \$ 914.8 | | | \$ 133.5 | | | 14.6% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table XIII
Homeland Defense Industry
"Operating Performance Index"
Third Calendar Quarter, 2003

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|------------------------------|------------------------------|--------------|------------------------------|------------------------------|--------------|-------------------------|-------------------------|--------------------|
| | | | Q Ended September, 2002 (MM) | Q Ended September, 2003 (MM) | % Change | Q Ended September, 2002 (MM) | Q Ended September, 2003 (MM) | % Change | Q Ended September, 2002 | Q Ended September, 2003 | Basis Point Change |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 80.6 | \$ 90.9 | 12.8% | \$ 10.3 | \$ 12.5 | 21.0% | 12.8% | 13.8% | 94 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 103.6 | \$ 106.3 | 2.7% | \$ 62.1 | \$ 62.1 | 0.1% | 59.9% | 58.4% | -153 |
| CompuDyne Corporation | CDCY | Dec | \$ 41.4 | \$ 53.1 | 28.4% | \$ 0.7 | \$ 1.9 | 166.4% | 1.7% | 3.5% | 181 |
| Identix, Inc. | IDNX | Jun | \$ 25.1 | \$ 21.3 | -14.9% | \$ (14.6) | \$ (4.9) | n.m. | -58.3% | -22.7% | 3556 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 61.8 | \$ 60.1 | -2.7% | \$ 7.4 | \$ 7.5 | 2.5% | 11.9% | 12.6% | 64 |
| InVision Technologies, Inc. | INVN | Dec | \$ 117.1 | \$ 86.1 | -26.4% | \$ 35.4 | \$ 16.1 | -54.4% | 30.2% | 18.8% | -1148 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 1,053.6 | \$ 1,264.6 | 20.0% | \$ 127.4 | \$ 152.4 | 19.6% | 12.1% | 12.1% | -4 |
| OSI Systems, Inc. | OSIS | Jun | \$ 37.1 | \$ 38.6 | 4.2% | \$ 4.6 | \$ 1.9 | -57.8% | 12.4% | 5.0% | -740 |
| Symantec Corporation | SYMC | Mar | \$ 325.2 | \$ 428.7 | 31.8% | \$ 70.4 | \$ 115.6 | 64.3% | 21.6% | 27.0% | 533 |
| Viisage Technology, Inc. | VISG | Dec | \$ 8.1 | \$ 11.3 | 39.7% | \$ (2.6) | \$ (0.9) | n.m. | -32.1% | -7.9% | 2418 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 123.2 | \$ 134.6 | 9.3% | \$ 28.9 | \$ 33.7 | 16.7% | 23.5% | 25.0% | 157 |
| Sub-total | | | \$ 1,976.6 | \$ 2,295.8 | 16.1% | \$ 329.9 | \$ 398.1 | 20.7% | 16.7% | 17.3% | 65 |
| Increment / profitability of increment | | | | \$ 319.2 | | | \$ 68.2 | | | 21.4% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 513.1 | \$ 566.6 | 10.4% | \$ 64.1 | \$ 69.7 | 8.7% | 12.5% | 12.3% | -19 |
| Anteon International Corp. | ANT | Dec | \$ 214.3 | \$ 279.1 | 30.2% | \$ 16.5 | \$ 22.7 | 37.2% | 7.7% | 8.1% | 41 |
| CACI International Inc. | CAI | Jun | \$ 188.0 | \$ 235.7 | 25.4% | \$ 14.7 | \$ 20.6 | 40.0% | 7.8% | 8.7% | 91 |
| DRS Technologies, Inc. | DRS | Mar | \$ 161.2 | \$ 206.2 | 27.9% | \$ 16.7 | \$ 21.2 | 26.9% | 10.4% | 10.3% | -8 |
| EDO Corporation | EDO | Dec | \$ 85.1 | \$ 118.8 | 39.6% | \$ 7.4 | \$ 11.9 | 61.3% | 8.7% | 10.0% | 135 |
| ManTech International Corporation | MANT | Dec | \$ 130.4 | \$ 181.6 | 39.2% | \$ 11.0 | \$ 16.2 | 47.9% | 8.4% | 8.9% | 52 |
| United Defense Industries, Inc. | UDI | Dec | \$ 529.7 | \$ 507.9 | -4.1% | \$ 57.6 | \$ 58.8 | 2.2% | 10.9% | 11.6% | 72 |
| Sub-total | | | \$ 1,821.9 | \$ 2,095.9 | 15.0% | \$ 187.9 | \$ 221.1 | 17.6% | 10.3% | 10.5% | 23 |
| Increment / profitability of increment | | | | \$ 274.0 | | | \$ 33.1 | | | 12.1% | |
| Total | | | \$ 3,798.4 | \$ 4,391.6 | 15.6% | \$ 517.8 | \$ 619.1 | 19.6% | 13.6% | 14.1% | 47 |
| Increment / profitability of increment | | | | \$ 593.2 | | | \$ 101.3 | | | 17.1% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Table XIV
Homeland Defense Industry
"Operating Performance Index"
Fourth Calendar Quarter, 2003

| Company | Stock Symbol | Fiscal Year | Revenue | | | Operating Profit | | | Operating Profit Margin | | |
|---|--------------|-------------|------------------------|------------------------|--------------|------------------------|------------------------|--------------|-------------------------|------------------------|--------------------|
| | | | Q Ended December, 2002 | Q Ended December, 2003 | % Change | Q Ended December, 2002 | Q Ended December, 2003 | % Change | Q Ended December, 2002 | Q Ended December, 2003 | Basis Point Change |
| | | | (MM) | (MM) | | (MM) | (MM) | | | | |
| "Homefront" Sector | | | | | | | | | | | |
| Armor Holdings, Inc. | AH | Dec | \$ 83.4 | \$ 112.2 | 34.6% | \$ 10.8 | \$ 8.4 | -22.5% | 13.0% | 7.5% | -550 |
| Check Point Software Technologies Ltd. | CHKP | Dec | \$ 110.3 | \$ 115.3 | 4.6% | \$ 66.2 | \$ 68.9 | 4.1% | 60.0% | 59.7% | -27 |
| CompuDyne Corporation | CDCY | Dec | \$ 44.3 | \$ 45.8 | 3.5% | \$ 0.5 | \$ 0.9 | 74.2% | 1.1% | 1.9% | 76 |
| Identix, Inc. | IDNX | Jun | \$ 22.5 | \$ 20.0 | -11.3% | \$ (8.1) | \$ (5.8) | n.m. | -36.1% | -28.9% | 715 |
| Internet Security Systems, Inc. | ISSX | Dec | \$ 63.1 | \$ 67.1 | 6.3% | \$ (8.9) | \$ 7.3 | n.m. | -14.2% | 10.8% | 2502 |
| InVision Technologies, Inc. | INVN | Dec | \$ 220.4 | \$ 75.8 | -65.6% | \$ 75.8 | \$ 10.1 | -86.7% | 34.4% | 13.3% | -2108 |
| L-3 Communications Holdings, Inc. | LLL | Dec | \$ 1,305.6 | \$ 1,481.1 | 13.4% | \$ 157.6 | \$ 191.0 | 21.2% | 12.1% | 12.9% | 82 |
| OSI Systems, Inc. | OSIS | Jun | \$ 43.7 | \$ 51.1 | 17.0% | \$ 5.5 | \$ 4.0 | -26.6% | 12.6% | 7.9% | -470 |
| Symantec Corporation | SYMC | Mar | \$ 375.6 | \$ 493.9 | 31.5% | \$ 101.2 | \$ 153.6 | 51.8% | 26.9% | 31.1% | 417 |
| Viisage Technology, Inc. | VISG | Dec | \$ 8.8 | \$ 10.3 | 17.8% | \$ (2.8) | \$ (1.2) | n.m. | -32.2% | -11.2% | 2098 |
| Zebra Technologies Corp. | ZBRA | Dec | \$ 126.3 | \$ 147.2 | 16.5% | \$ 28.4 | \$ 32.3 | 13.5% | 22.5% | 21.9% | -58 |
| Sub-total | | | \$ 2,403.9 | \$ 2,619.8 | 9.0% | \$ 426.0 | \$ 469.4 | 10.2% | 17.7% | 17.9% | 20 |
| Increment / profitability of increment | | | | \$ 215.8 | | | \$ 43.4 | | | 20.1% | |
| "Battlefront" Sector | | | | | | | | | | | |
| Alliant Techsystems Inc. | ATK | Mar | \$ 519.8 | \$ 563.8 | 8.5% | \$ 71.5 | \$ 70.5 | -1.4% | 13.7% | 12.5% | -125 |
| Anteon International Corp. | ANT | Dec | \$ 216.9 | \$ 280.7 | 29.4% | \$ 17.3 | \$ 23.2 | 34.0% | 8.0% | 8.3% | 29 |
| CACI International Inc. | CAI | Jun | \$ 204.5 | \$ 263.4 | 28.8% | \$ 16.8 | \$ 23.2 | 38.0% | 8.2% | 8.8% | 59 |
| DRS Technologies, Inc. | DRS | Mar | \$ 167.5 | \$ 280.6 | 67.5% | \$ 16.6 | \$ 28.4 | 71.1% | 9.9% | 10.1% | 21 |
| EDO Corporation | EDO | Dec | \$ 103.1 | \$ 135.8 | 31.6% | \$ 10.4 | \$ 12.7 | 21.9% | 10.1% | 9.4% | -75 |
| ManTech International Corporation | MANT | Dec | \$ 142.5 | \$ 194.8 | 36.7% | \$ 10.7 | \$ 16.8 | 57.6% | 7.5% | 8.6% | 114 |
| United Defense Industries, Inc. | UDI | Dec | \$ 521.1 | \$ 524.7 | 0.7% | \$ 54.6 | \$ 35.5 | -35.0% | 10.5% | 6.8% | -371 |
| Sub-total | | | \$ 1,875.5 | \$ 2,243.8 | 19.6% | \$ 197.9 | \$ 210.2 | 6.2% | 10.6% | 9.4% | -118 |
| Increment / profitability of increment | | | | \$ 368.3 | | | \$ 12.4 | | | 3.4% | |
| Total | | | \$ 4,279.4 | \$ 4,863.5 | 13.6% | \$ 623.9 | \$ 679.6 | 8.9% | 14.6% | 14.0% | -60 |
| Increment / profitability of increment | | | | \$ 584.1 | | | \$ 55.7 | | | 9.5% | |

Note: Operating performance data as reported in "current quarter" financial statements.

Source: Company SEC filings.
Calculations: Laguna Research Partners LLC.

Companies mentioned in this report ▶

Alliant Techsystems Inc. (ATK-NYSE)
Anteon International Corporation (ANT-NYSE)
Armor Holdings, Inc. (AH-NYSE)
CACI International Inc (CAI-NYSE)
Check Point Software Technologies Ltd. (CHKP-NASDAQ)
CompuDyne Corporation (CDCY-NASDAQ)
DRS Technologies, Inc. (DRS-NYSE)
EDO Corporation (EDO-NYSE)
Identix Incorporated (IDNX-NASDAQ)

Internet Security Systems, Inc. (ISSX-NASDAQ)
InVision Technologies, Inc. (INVN-NASDAQ)
L-3 Communications (LLL-NYSE)
ManTech International Corp. (MANT-NASDAQ)
OSI Systems Inc. (OSIS-NASDAQ)
Symantec Corp. (SYMC-NASDAQ)
United Defense Industries, Inc. (UDI-NYSE)
Viisage Technology, Inc. (VISG-NASDAQ)
Zebra Technologies Corporation (ZBRA-NASDAQ)

*The objective of **Homeland Defense Industry** research and analysis from Laguna Research Partners is to provide our research users with proprietary, actionable insights. Our Homeland Defense Industry “**Operating Performance Index**” Update Reports track the quarterly operating performance of 18 Homeland Defense companies in both the “homefront” and “battlefront” sectors of the industry.*



Laguna Research Partners LLC
Irvine, California 92614

T. 949.651.9053 / F. 949.651.9054
www.LRPonline.net

Laguna Research Partners LLC is a research and analysis firm that produces company and industry research reports. This report is based on Laguna Research Partners' independent analysis and judgement, but relies on materials supplied by the subject companies and other sources believed to be reliable. Except as otherwise indicated, Laguna Research Partners has made no independent verification and does not guarantee the information's accuracy or completeness. The information in this report is subject to change without notice, and Laguna Research Partners assumes no responsibility to update the information contained in this report. This report should not be used as a complete analysis of the companies, industries or securities described in this report. The information contained in this report is not intended to be, and shall not constitute, an offer to buy any security. The securities of the subject companies may involve a high degree of risk and may not be suitable for all investors. Investors are advised to consult their personal broker or investment advisor before making any investment decision concerning the subject companies. This report contains forward looking statements made pursuant to the safe harbor provision of the Private Securities Act of 1995. This information may involve risks and uncertainties that could cause actual results to differ materially from the forward looking statements. Laguna Research Partners has received no compensation from the subject companies. Laguna Research Partners and/or its owners, officers, employees, and/or members of their families may hold a position in and/or engage in transactions with respect to the securities of the companies mentioned herein. © Laguna Research Partners LLC 2003. All rights reserved. Additional information is available upon request. No part of this report may be reproduced without the express written permission of Laguna Research Partners.
