

# ARCHIVED REPORT

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## EG&G - Archived 6/2004

### Outlook

- EG&G was effectively split into two operations following its acquisition of PerkinElmer's Analytical Instruments Division
- The majority of the "old" EG&G operates as PerkinElmer
- EG&G Technical Services has been acquired by URS Corporation
- Due to this dilution, this report will be archived in the near future

### Sales & Net Income Trends

Information Unavailable

### Headquarters

EG&G Inc  
900 Clopper Road Suite 200  
Gaithersburg, MD 20878, USA  
Telephone: (301) 840-3000  
Web site: <http://www.egginc.com>

EG&G was founded by Harold E. Edgerton, Kenneth J. Germeshausen, and Herbert E. Grier in 1947 as Edgerton, Germeshausen and Grier Inc, and today bears their initials. The company is a technologically diversified firm providing advanced scientific and technical products and services to government and commercial industry.

In August 1999, EG&G Technical Services (the current EG&G Inc) was acquired by the Carlyle Group of

Washington, DC, a global private equity firm. This new company has adopted the EG&G name and logo. The new EG&G has annual sales of roughly \$500 million and more than 4,200 employees worldwide.

In October 1999, the old EG&G Inc changed its name to PerkinElmer. PerkinElmer now includes the old EG&G's Instruments, Life Sciences, Optoelectronics, Fluid Sciences, and the recently purchased PerkinElmer Analytical Instruments businesses.

In August 2002, EG&G was acquired by URS Corporation and now functions as a division of that company.

### Structure and Personnel

Officials of URS' EG&G Division are (all are former officials at the old EG&G):

George R. Melton  
President  
Lex N. Allen  
Vice President, Aerospace Technical Services Division  
Edward A. Katkic  
Vice President, Planning and Programs

William F. Neeb  
Vice President, Controller  
David W. Wallace Jr.  
Vice President, Marketing  
Randall A. Wotring  
Vice President, Engineering and Technology Services Division

## Product Area

Prior to the URS acquisition, EG&G was managed in the following manner:

1. Defense Systems & Services
2. Installations & Logistics
3. Science & Engineering

**Defense Systems & Services** primarily provides management, logistics, engineering, and support services to the US Navy and US Marine Corps. This segment functions from nine major facilities located in Virginia, Maryland, Rhode Island, Connecticut, and Indiana.

**Installations & Logistics** is a supplier of management, engineering, scientific, technical, and operations support

to industry and the federal government. This unit also provides operation and maintenance services for range and base operations.

**Science & Engineering** provides scientific management services to Department of Defense, Department of Energy, Department of Transportation, and other federal agencies from offices around the country. Within DoD, Science & Engineering provides environmental services to the Naval Surface Warfare Center and to the Under Secretary of Defense, Environmental Cleanup. In addition, scientific services are provided to the NASA market for airborne-sensor experiments.

## Facilities

Many operations and units of the company perform or contribute to the firm's aerospace and defense work. Some of the major facilities and their capabilities are listed below. Some of the company's operations are co-located at customer facilities.

### Eastern Region

EG&G, Newport Corporate Park, Two Corporate Place, 3rd Floor, Middletown, RI 02842-6294. Telephone: (401) 848-6800. This facility is part of the Defense Systems and Services division.

EG&G, 900 Clopper Road, Suite 200, Gaithersburg, MD 20878. Telephone: (301) 840-3000. This facility is part of the Defense Systems and Services division.

### Western Region

EG&G, PO Box 5307, Vandenberg AFB, CA 93437. Telephone: (805) 605-3781. This facility is part of EG&G's Installations and Logistics division.

EG&G Defense Materials Inc, 11600 Stark Road, Tooele, UT 84074. Telephone: (435) 882-8450. Defense Materials is the prime contractor hired to build and operate a facility for the disposal of lethal chemical agents and munitions.

## Corporate Overview

EG&G is an advanced-technology company serving a diverse, high-technology business environment. Generally speaking, the company is organized and operated as a collection of independent businesses. This corporate management method allows each unit to develop according to its market demands.

Overall, the firm is active in the international market and should be able to continue to capture more and more of the global market in specialized scientific and high-technology instruments, waste management, and space technology.

### New Products and Services

**J-TECH.** In June 2001, JT3, a joint venture equally owned by EG&G Technical Services and Raytheon Technical Services Company (RTSC), was awarded the US Air Force Joint Range Technical Services (J-TECH) contract, potentially worth \$1.7 billion, to provide

instrumented test and training range support to the US Air Force and the US Navy. Under this 15-year award fee/award term contract, JT3 will provide operations and maintenance, engineering, and technical services for threats, instrumentation, communications, and data systems. JT3 will also provide hardware and software support, modeling, simulation and training, equipment modifications, information technology, test planning, scheduling and execution, and data collection, reduction and analysis. Work sites include the Nevada Test and Training Range, the Utah Test and Training Range, the Air Force Flight Test Center at Edwards Air Force Base, California, and the Navy's Electronic Combat Range at China Lake, California. The program management office will be located in Lancaster, California. The contract includes a three-month phase-in period, a one-year base period, and four one-year options, followed by the possibility of 10 one-year award term extension periods.

**Johnston Atoll Contract.** In September 2000, EG&G Defense Materials Inc, as part of Raytheon Technical Services Company's team, was awarded the US Air Force contract to provide operations and support services at Johnston Atoll, located approximately 800 miles southwest of Honolulu, Hawaii. Under a five-year subcontract valued at up to \$40 million, EG&G will employ about 80 people in the areas of safety, security, environmental compliance, health, and fire protection. Health services functions will include operating the Medical Clinic at Johnston Atoll Chemical Agent Disposal Facility (JACADS), the US Army's chemical weapons incineration plant on the island. Chemical operations began at JACADS in 1990.

**Army Training Contract.** In November 1999, EG&G announced that the company is part of the team that has been awarded a US Army contract to support the Training and Doctrine Command's redesign of the Army's vast array of training courses using the latest in distributed learning and instructional technology. The US Army Training and Doctrine Command Acquisition Center (TAC) awarded the team one of four indefinite delivery/indefinite quantity (IDIQ) contracts in support of the Army's Distributed Learning XXI program. This contract calls for one base year and four one-year options, with a potential value of over \$100 million annually. This award is part of EG&G's strategic growth plan to enter into the Army marketplace.

### **Plant Expansion/Organization Update**

EG&G Technical Restructures After Sale. In September 1999, EG&G Technical Services officials in Gaithersburg, Maryland, announced organizational structure changes designed to improve business and employee development in the wake of the company's recent acquisition by the Carlyle Group (see below).

EG&G Technical Services provides management, engineering, scientific, technical, and operations support services to customers in government and private industry. Four operational divisions have been created within the company:

- Defense Systems and Services – Provides a wide range of contract services to military and other government customers, generally in the areas of systems engineering and operations, planning, management, and testing.
- Logistics – Comprised of asset and property management operations in support of government agencies, Kelly Distribution Center (at the former Kelly Air Force Base in San Antonio, Texas) warehousing and distribution operations, third-party logistics, and emerging business in equipment calibration and repair and government agency outsourcing.

- Ranges and Installations – Provides facility management, operations, maintenance, and other technical support services to a variety of government installations and/or projects, with emphasis on outsourcing and privatization.
- Science and Engineering – Provides high-end science and engineering services with operational requirements in "high hazard" activities, including nuclear, biological, and chemical operations.

EG&G Technical Services Inc is a stand-alone company within the Carlyle Group, a private global investment firm (based in Washington, DC) with industry focus in aerospace, consumer products, defense electronics, environmental services, health care, information technology, the Internet, real estate, and telecommunications.

The former EG&G Inc, of Wellesley, Massachusetts, will be known as PerkinElmer Inc.

### **Mergers/Acquisitions/Divestitures**

Technical Services Sold to Carlyle. In August 1999, EG&G completed the sale of its government contract services business to the Carlyle Group for \$250 million in cash, effectively transitioning the company out of government services.

"Through acquisition and divestitures we have transitioned from a company which was heavily government focused to one which is exclusively focused on optoelectronics, life sciences, analytical instruments, and aerospace markets," noted Gregory L. Summe, EG&G chairman and CEO. "Over the past 12 months we have bought or sold businesses representing \$1.2 billion of revenue within our portfolio, resulting in a company much better positioned to deliver consistent earnings growth."

As a strong signal of this dramatic shift in revenue base and refinement in business focus, the company previously announced that it would be changing its name to PerkinElmer Inc, pending shareholder approval. The PerkinElmer analytical instruments business and all brand name rights were acquired from PerkinElmer Corp in May 1999. "PerkinElmer is an excellent, global brand name with a long history in high technology markets, and we feel that this name better reflects the new direction of our company," said Summe.

PerkinElmer Unit Acquired. In March 1999, EG&G acquired PerkinElmer's Analytical Instruments Division, a producer of high-quality analytical testing instruments, for \$425 million. The transaction is the latest in a series of acquisitions, divestitures, and consolidations intended to drive EG&G growth in commercial technology markets.

PerkinElmer Analytical Instruments generated FY98 sales of \$569 million. Its systems are widely used to achieve product uniformity in drugs and medicines, ensure the purity of food and water, protect the environment, measure and test the structural integrity of many different materials, and much more. In addition to products, the company provides consumables and services. The division sells to traditional analytical instruments and life sciences markets. The acquisition complements EG&G's Instruments and Life Sciences product offerings and extends and strengthens EG&G presence in such areas as pharmaceuticals and food (bacteria) screening.

### Teaming/Competition/Joint Ventures

**CubeCorp/EG&G/Unisys Team.** In August 2001, EG&G Technical Services Inc announced that the CubeCorp/EG&G/Unisys team has been awarded the Wallops Institutional Consolidated Contract (WICC) by the National Aeronautics and Space Administration. The team will provide institutional services at Goddard Space Flight Center's Wallops Flight Facility, located at Wallops Island, Virginia. This is a performance-based, cost-plus-incentive-fee, award-term contract, with EG&G's effort being over 110 employees with an annual estimated value of \$7 million. The total contract value to the Cube Corporation is \$156.6 million over a possible 10-year period. In addition, \$60 million in task orders may be awarded during the life of the contract. The work is to be performed at the Wallops Flight

Facility and various off-site worldwide locations in support of Wallops projects. The CubeCorp/EG&G/Unisys team will provide the Wallops Flight Facility with all institutional services that support NASA, the US Navy, and other Wallops tenants and partners.

**JT3.** This is a joint venture equally owned by EG&G Technical Services and Raytheon Technical Services Company. The venture was formed for the US Air Force Joint Range Technical Services (J-TECH) contract, which was awarded in June 2001 (See **New Products and Services** for details).

**Defense Operations of East Tennessee.** In May 2000, EG&G Technical Services Inc formed a special company with four other experienced firms to win the management and operations contract for the US Department of Energy's Y-12 Plant in Oak Ridge, Tennessee. The bid was submitted on behalf of the newly formed Defense Operations of East Tennessee, LLC (DOET), a combined effort of EG&G and Brown & Root Services (BRS). Other key members of the team are Informatics Corporation, MH Chew and Associates Inc, and Arthur D. Little. EG&G will serve as managing partner. The Y-12 bid represents the first joint effort between EG&G and BRS, which together have more than 75 years of experience (more than 1 billion man-hours) in nuclear weapons operations and maintenance in the United States and the United Kingdom. This team has also successfully restarted stalled operations for nuclear weapons production.

### Financial Results/Corporate Statistics

Financial figures for the new EG&G, which operates under the Carlyle Group, are unavailable. The following details the firm's historical financial statement prior to these transitions.

EG&G posted 1998 sales of \$1.4 billion, down from 1997 sales of \$1.46 billion. The company posted a gain of \$102 million in 1998 compared with a gain of \$33.7 million for 1997. The loss for 1994 was due to a goodwill write-down of \$40.3 million and a restructuring charge of \$30.4 million. Both charges were associated with the nonrenewal of the company's Department of Energy contracts. Government percentage is estimated.

Y/E December 31	1993	1994	1995	1996	1997	1998
(USD millions)						
Net Sales	2697.9	1332.5	1419.6	1427.2	1460.8	1407.9
Percent Govt	65.0	40.0	38.0	33.0	29.0	28.0
Net Income	59.1	-5.6	68.0	60.1	33.7	102.0

### Industry Segments

A breakdown of the firm's sales and earnings by major segment is given below. Totals may not be exact due to rounding.

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In October 1999, the old EG&G Inc changed its name to PerkinElmer. PerkinElmer now includes the old EG&G's Instruments, Life Sciences, Optoelectronics, and Fluid Sciences, and the recently purchased PerkinElmer Analytical Instruments businesses.

These changes should be considered when examining the historical figures below.

<b>SALES</b>	<b>1997</b>	<b>1998</b>
(USD millions)		
Life Sciences	125.4	148.1
Optoelectronics	261.3	268.5
Instruments	236.8	247.4
Engineered Products	127.1	167.6
Technical Services	533.3	553.5
Divestitures & Other	176.9	22.7
<b>TOTAL</b>	<b>1460.8</b>	<b>1407.8</b>

<b>OPERATING INCOME</b>	<b>1997</b>	<b>1998</b>
(USD millions)		
Life Sciences	10.3	9.0
Optoelectronics	-23.1	-5.4
Instruments	17.9	6.6
Engineered Products	8.8	5.2
Technical Services	22.8	24.9
Divestitures & Other	23.0	115.1
<b>TOTAL</b>	<b>59.7</b>	<b>155.4</b>

## Strategic Outlook

The acquisition by URS Corporation marks the final point in the transformation of EG&G.

Prior to this acquisition EG&G had been completely transformed as a company, basically splitting itself in two. The new PerkinElmer consists of a majority of the "old" EG&G's core businesses, while the "new" EG&G, which is made up of the old Technical Services segment, serves primarily government customers.

Prior to the transformation, the old EG&G transitioned itself from a company heavily oriented toward government services to one focused on optoelectronics, life sciences, analytical instruments, and aerospace markets. The big change in the company's attitude came with its purchase of PerkinElmer Analytical Instruments in May 1999. Following the purchase, management decided to adopt the well-known PerkinElmer brand name to better define the company's new direction.

As part of this change, EG&G Technical Services was divested and set up as an independent operation within the Carlyle Group. Carlyle is a Washington, DC based global private equity firm that originates, structures, and acts as the lead equity investor in management-led buyouts, private placements, and venture capital transactions. As such, Carlyle pretty much lets its operations run themselves as it awaits an opportune moment to capitalize on its investment through sale or merger with an appropriate partner.

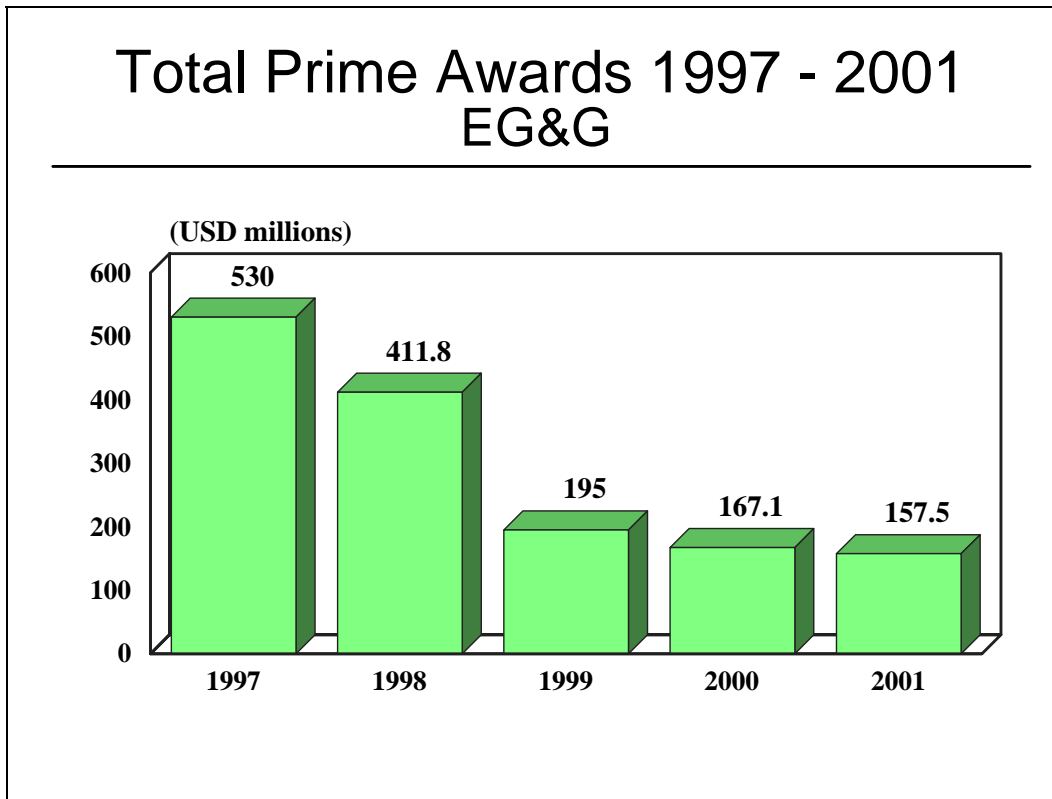
As is Carlyle's wont, the moment presented itself and EG&G Technical Services, along with Lear Siegler Lear Siegler Services, was sold to URS Corporation in August 2002.

With the acquisition complete, a new report on URS Corporation has been issued and this report will soon be archived.

## Prime Award Summary

EG&G's five-year summary of awards by government customer, with dollars in millions, is listed below. Zeros indicate awards less than \$50,000.

EG&G	1997	1998	1999	2000	2001
(USD millions)					
AIR FORCE	2.9	6.7	2.1	2.2	23.4
ARMY	3.5	6.2	9.3	1.3	5.1
DEFENSE AGENCIES	0.3	0.6	0.0	0.0	0.0
DEF LOGISTICS AGENCY	1.1	1.0	2.3	1.0	11.5
DEPT OF AGRICULTURE	0.0	0.1	0.1	0.1	0.6
DEPT OF COMMERCE	0.1	0.0	0.0	0.0	0.0
DEPT OF ENERGY	234.6	25.2	20.3	14.2	15.7
DEPT OF JUSTICE	4.3	1.3	0.4	0.5	1.0
DEPT OF STATE	0.1	0.1	0.1	0.0	0.0
DEPT OF TRANSPORTATION	3.8	6.9	6.4	6.7	7.2
DEPT OF TREASURY	43.5	42.9	22.9	23.3	8.0
EPA	0.5	1.9	1.0	1.4	0.6
GENERAL SERVICES ADMIN	1.3	0.6	1.0	1.3	3.2
NASA	180.0	224.1	60.0	23.1	34.9
NAVY	54.3	94.2	69.1	92.0	46.3
TOTAL	530.3	411.8	195.0	167.1	157.5



## Program Activity

Some important aerospace and government programs currently under way at EG&G are listed below. The briefs are intended to provide a listing of programs that are of major importance to the company. For detailed information or analysis of specific aerospace and defense programs or equipment, please refer to the appropriate Forecast International binder (for example, *Aircraft, Military Vehicles, Warships, Missiles, Electronic Systems, and Gas Turbines*). The following is an outline of the company's business interests:

- Defense Electronics
- ASW
- C<sup>3</sup>I Systems
- Electronic Warfare
- Radar
- Sensors
- Space Systems
- Systems Integration

### Electronic Programs

#### Support Services

The new EG&G focuses almost exclusively on providing logistical, engineering, scientific, and

management support services to government agencies involved in high-priority national defense, chemical weapons disposal, and environmental monitoring programs.

### Other Programs

#### Chemical Defense Training Facility

In November 1998, EG&G Defense Materials Inc, operator of the Tooele Chemical Agent Disposal Facility, was awarded a new US Army contract to operate and maintain the Chemical Defense Training Facility (CDTF) currently under construction at Fort Leonard Wood, Missouri. It is a one-year contract with four additional option years, with a potential value of \$10 million. The CDTF is a component of the US Army Chemical School, currently based at Fort McClellan, Alabama. The Army Chemical School, which trains military chemical weapons specialists, will be moved to Fort Leonard Wood. EG&G will be responsible for operating and maintaining the CDTF systems, facility, and grounds.

## US Contract Awards

Below is a listing of major contracts awarded to EG&G by the United States government in the last three years (contracts as of press date).

<u>Date</u>	<u>Award (USD millions)</u>	<u>Contract #</u>	<u>Description</u>
<b>1999</b>			
3/25/99	15.9	N00167-99-D-0017	Support services of hydromechanics of towed, marine, and other systems.
3/31/99	13.0	DAAB15-99-C-1009	Ground Standoff Mine Detection System.
4/13/99	113.9	N00178-99-D-3034	Support to the Theater Warfare System Department of the Naval Surface Warfare Center.
6/17/99	15.9	N00178-99-C-5214	Mk 21 Mod 1 initiators for the Standard Missile.
10/20/99	15.0	N00024-97-C-6411	Support services to the Virginia class submarine program.
<b>2000</b>			
1/6/00	13.6	N00024-97-C-6411	Support services to the Virginia class submarine program.
9/5/00	28.3	F08635-00-C-0014	O&M from January 2001 through September 2004 of the National Radar Cross Section test facility.
<b>2001</b>			
1/22/01	26.5	N00024-97-C-6411	Logistic support of the Virginia class submarine program offices.
1/31/01	12.8	F19628-01-C-0013	Four trailer enclosed ground/air transmit/receive centers.
12/20/01	5.5	N00024-97-C-6411	Program management and support services to the Virginia class submarine program.

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