Key developments in the main arms-producing countries, 2011–12

SUSAN T. JACKSON
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The economic downturn following the 2008 global financial crisis and the subsequent austerity measures imposed in North America and Western Europe began to have an impact on sales in the world’s arms industry in 2011–12. However, the impact on the industry was not uniform, with varied results for individual company.¹ For example, the withdrawal of United States forces from Iraq has had different impacts on sales in different sectors of the arms and military services industry; the largest impact has been in the armoured vehicles and logistics sectors. While the USA remains the largest market for arms and military services, ongoing debates about budget cuts continue to generate uncertainty in that market as well as elsewhere as many of the top arms-producing and military services companies rely on and look to the US market for sales.² In the context of decreasing military spending—despite the continuing high levels of US military spending on weapons—governments and arms-producing and military services companies in North America and Western Europe are pushing for export markets in Asia, Latin America and the Middle East.

Between 2002 and 2011, global arms sales by the 100 largest arms-producing and military services companies—the SIPRI Top 100—increased by 51 per cent in real terms (see table 4.1). This increase was partly due to high levels of military spending over the decade, especially in the USA as it militarized its response to the terrorist attacks of 11 September 2001 and followed up with wars in Afghanistan and Iraq. However, in 2010 the increase in arms sales by the SIPRI Top 100 slowed and in 2011 they decreased by 5 per cent in real terms (see also section III below). It is important to note, however, that while the overall total sales figure for the SIPRI Top 100 accounts for currency exchange rates, the weak US dollar has had a varied impact on individual companies.

Many countries in North America and Western Europe have begun to impose austerity measures in order to lower deficits, including both tax increases and cuts to government spending. In most cases, these measures have included cuts to military expenditure, or proposals for such cuts. At

¹ On the austerity measures and their impact on military expenditure more generally see chapter 3, sections I and II, in this volume. On industry reactions to these cuts see Jackson, S. T., ‘Key developments in the main arms-producing countries’, SIPRI Yearbook 2012, p. 219.
² On the US budget debate see chapter 3, section II, in this volume.

* Mikael Grinbaum, SIPRI Research Assistant, assisted in the data collection for this section.
the same time, such measures have been debated widely in terms of their effectiveness in achieving the stated goals, as well as what other costs they might create. Indeed, countries are taking steps—including arms export promotion and support for cost reductions—to protect their domestic arms and military services industries from potential decreases in sales of arms and services caused by proposed and enacted austerity measures.

Individual companies in the arms and military services industry in North America and Western Europe are also taking steps to insulate themselves against austerity measures through military specialization, downsizing, diversification, and exports and other forms of internationalization. In addition, changes in countries’ perceptions of the threat environment since September 2001 have contributed to corresponding changes in security policies. These, in turn, have led to changes in customer requirements in terms of the products and services of the global arms and military services industry. This section examines the strategies adopted by both countries and companies in reaction to austerity measures and changing customer requirements.

### Country strategies and austerity

Governments spend time, energy and money to build and maintain their country’s domestic arms industry for a variety of reasons, including security of supply; perceived economic gain; prestige and power relationships; and the identification of national security as military security.\(^3\) In general,

they are hesitant to enact policies and measures that lead to decreased sales by their domestic arms and military services industries. This generalization is especially relevant to austerity discussions about supporting or cutting programmes and interests. While many countries in North America and Western Europe, including the United Kingdom and the USA, have opted for austerity measures that include cuts to military expenditure, these same countries are also seeking to maintain their arms industries and are therefore faced with the challenge of cutting spending without decreasing arms sales (and so, as emphasized in many cases, preserving arms industry jobs). Governments use a number of strategies to assist their industries outside of their home markets. These include direct government arms export promotion; support for cost reductions; and the use of rhetoric about arms industry employment. Conversely, countries that have not cut military expenditure see this dilemma as an opportunity to either obtain more favourable terms on arms imports or to develop their own industries, as can be seen in the cases of the United Arab Emirates (UAE) and Brunei Darussalam.

Arms export promotion

Regardless of the economic climate, most governments promote arms exports by engaging in direct government-to-government lobbying. While this type of assistance to domestic arms industries is common and longstanding, it has taken on a new sense of urgency in the context of proposed and actual austerity measures in terms of what buyer countries can expect from arms purchases and cooperation deals. For example, arms sales promotions in 2012 by the US Secretary of Defense, Leon Panetta (in Brazil), and by the British Prime Minister, David Cameron (in Japan and the Middle East), were carried out with the specific goal of maintaining arms sales of companies based in the USA and Western Europe.4

Many governments approach arms export promotion through designated arms export promotion programmes or offices.5 These government-run offices, which are part of the military structure, specifically market domestic arms industries and undertake promotion that for other industries is carried out only by commerce or trade ministries. The British Government’s 2010 Strategic Defence and Security Review specifically mentioned its active arms export promotion as a primary means for maintaining


domestic British industry during military expenditure cuts. In July 2012 Australia established an arms export promotion office. In addition to facilitating government-to-government contracts, this office will promote and market Australian-produced weapons and services more broadly. In October 2012 Spain announced it would open an arms export promotion office to assist its industry in seeking new markets. Sweden established a Defence and Security Export Agency in 2010.

Support for cost reductions

In the 1990s, following the cold war, countries generally decreased their military expenditure, which led to a large-scale consolidation in the arms and military services industry, especially in North America and Western Europe. While the administration of US President Barack Obama has been hesitant to change its position on discouraging large-scale consolidation in the US arms and military services industry, its Western European counterparts have continued to raise concerns regarding the lack of consolidation in and between their national arms industries. However, these concerns are not necessarily leading to large-scale consolidation in Western Europe, in part because, while companies are increasingly internationalized, they still operate within national political borders. The most prominent case in 2012 illustrating this tension was the proposed merger of Europe's two leading arms and military services companies—EADS (a trans-European company) and BAE Systems (of the UK)—which stalled due to the dissatisfaction of two of the governments that own shares (Germany and the UK, respectively) in these two companies.

At the same time, however, the financial crisis and its aftermath have heightened existing concerns over duplication and a general need for consolidation in Western Europe. The European Commission's Defence Industry and Markets Task Force issued a 'non-paper' identifying the current decreases in military spending, coupled with new threats, as catalysts for

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10 On consolidation in the USA and Western Europe see Jackson (note 1), p. 223.
restructuring the European arms industry. According to the task force, such restructuring should include the creation of consolidated naval, land and aviation centres of excellence, and should be supported by European Union (EU) member states. In June 2012 the European Commission issued a report on how the EU member states were implementing a 2009 directive on defence and sensitive security procurement, highlighting that while many member states have implemented the directive, others have not yet done so, therefore impeding wider EU arms industry integration. In May 2012, at the North Atlantic Treaty Organization (NATO) summit in Chicago, participants did not go as far as offering cross-border consolidation but agreed to 20 multinational projects, claiming this agreement as a step towards lowering costs.

At the national level, France has stepped up its efforts to consolidate its state-owned arms producers in some areas, with Renault Trucks Défense acquiring Panhard, and Thales and Safran creating an optronics joint venture. However, privatization of Nexter has not moved forward, further hindering the French Government’s efforts to lessen its participation in domestic industry. Meanwhile, consolidation has continued in Russia. In 2012 Rostekhnologii brought 16 more companies under its umbrella and TRV Corporation and MIC merged into a super-holding, in part to increase the pace of development of hypersonic devices. Overall, these mixed results in Western Europe and elsewhere demonstrate the difficulties countries face when their domestic industries and so-called national champions become cross-border merged entities and private sector actors.

**Government rhetoric about arms industry employment**

Consistent, comprehensive data on employment in the global arms industry is difficult to obtain because the majority of companies do not break down employment figures by sector. Therefore, the direct impact of the financial crisis and austerity on arms production employment is difficult to measure. However, it is possible to examine government rhetoric concerning

employment. For example, on his trip to Japan in 2012, Cameron emphasized the importance of industry jobs to the British economy as a key reason for supporting British arms exports and international partnerships in arms production. Canada had touted jobs creation as a key reason for participating in the F-35 (Joint Strike Fighter, JSF) programme, even as the expense of the programme continues to climb. The Swedish Government has argued that support for the arms industry amounts to support for jobs.

Other countries are looking to promote employment by developing indigenous arms industries in the hope that this will spill over into other sectors. For example, Brunei Darussalam seeks to integrate the skill sets acquired through technology transfers via arms purchases into the civilian labour market as a means for socio-economic development more broadly. Brazil is another case in point, where the arms industry receives government benefits in part to promote industry employment.

**Company strategies and austerity**

Proposed and actual cuts to military expenditure, particularly in North America and Western Europe, have created uncertainty in terms of how and where companies operate. The implications for the arms and military services industry are broad. Threat perceptions since September 2001 have influenced both customer requirements and the ways in which standard business practices are implemented. These practices include strategies to build access to international markets, and strategic acquisitions and divestitures to handle changes in spending and customer requirements. In contrast to the 1990s, however, large-scale industry consolidation has so far not been a feature of company strategies. In general, depending on the economic climate, companies use a set of strategic tools including diversification through acquisitions, joint ventures, efforts to increase exports, and coordination with government marketing promotion efforts.

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19 Watt (note 4).


21 The Swedish Government has argued that technology and job opportunities are a key reason for continued support of the development of SAAB’s Gripen. Reinfeldt, F. et al., ‘Sverige köper 40–60 Jas Gripen’ [Sweden buys 40–60 Jas Gripen], *Svenska Dagbladet*, 25 Aug. 2012.


Accessing international markets: exports and joint ventures

Due to contracting domestic markets in North America and Western Europe—the two regions where the majority of the SIPRI Top 100 companies are headquartered—arms producers and military services companies have become more vocal in recent years about the role international market access plays in their financial results. Companies are particularly interested in those markets that are expected to maintain or increase their respective military spending levels. While this strategy is not new, it has taken on increasing importance, particularly in countries where austerity measures have either been proposed or enacted.24

Companies seeking to build international market share often pursue export and cooperative production arrangements, for example by forming joint ventures.25 Specifically, over the past few years, companies have reiterated their interest in accessing key markets in Asia, Latin America and the Middle East. These interests are exemplified in export strategies as well as in the locations in which these companies now operate, either through home offices or joint ventures. This has implications for smaller arms markets, especially in those countries that do not possess (but wish to develop) indigenous arms and military services industries. Foreign ownership as a strategy for maintaining domestic arms industries in small markets in Western Europe is discussed further in section III.

German company Rheinmetall is restructuring in preparation for international expansion and has included Australia among the other potential markets listed above.26 UK-based QinetiQ’s provision of services to overseas firing ranges is an example of an emerging niche market for companies seeking to capitalize on military spending cutbacks made by governments.27 SEPI, owner of Navantia in Spain, is relying on exports to keep Navantia afloat and is looking for contracts in Australia, Mexico, Saudi Arabia and Venezuela.28 Israel Aerospace Industries (IAI) sees Brazil and Chile as key

24 At the same time, many companies in the SIPRI Top 100 that emphasize increasing foreign arms sales are not headquartered in countries subject to austerity measures. E.g. Rosoboronexport of Russia is targeting exports to Asia, an area of long interest to Russia. Grevatt, J., ‘Rosoboronexport targets Asian growth despite tougher competition’, Jane’s Defence Industry, 24 Apr. 2012. Aselsan of Turkey also is looking to increase arms exports. İş Investment, ‘Aselsan’, 30 May 2012, <http://www.isyatirim.com.tr/WebMailer/.../2_20120530152732784_1.pdf>, p. 14.
markets in the near future.\textsuperscript{29} US-based Oshkosh also emphasizes export potential to Latin America (especially Brazil, Colombia and Mexico), as well as the Middle East and the Nordic countries. It also views India as a long-term prospect in terms of converting its existing commercial presence there into a lead into the military market.\textsuperscript{30} These examples demonstrate that companies are seeking a share of international markets.

In the Middle East, the UAE has become a destination for both exports and joint ventures.\textsuperscript{31} For example, Italy’s Fincantieri has a joint venture with the UAE’s Etihad Ship Building LLC and is also working on vessels for the UAE’s Navy.\textsuperscript{32} US-based Raytheon is using acquisitions to push exports and is looking at the UAE as a new market in which to expand.\textsuperscript{33} French Nexter exports to the UAE but has some concerns regarding the increasing level of competition to complete export contracts.\textsuperscript{34}

Implementing strategies through mergers and acquisitions

The desirability of international market share beyond North America and Western Europe is also evident in foreign acquisitions, for example, in Australia and Brazil. Further, companies continue to diversify into markets adjacent to the arms and military services industry (e.g. the cybersecurity and health care information technology sectors) and increase their military sector products and services, both through acquisitions to cover gaps in their capabilities and acquisitions relating to existing competencies. Companies are also divesting non-core businesses as a means to streamline their portfolios to be better able to handle military spending cuts and changing customer requirements.

As the push for international market share intensifies due to spending cuts in North America and Western Europe, companies are using foreign direct investment as a means to increase market access. For example, Israel’s Rafael acquired a Brazilian company in part to improve local capabilities but also to increase export opportunities for Israel.\textsuperscript{35} One of the reasons Italy’s Fincantieri acquired Norway’s STX was to broaden its market base (especially in Brazil) and diversify by offering a mix of military


\textsuperscript{31} As with arms exports, companies headquartered outside of austerity countries seek access to markets through joint ventures. See e.g. the Turkish company Aselsan’s joint venture in the UAE. Aselsan, \textit{Annual Report 2011} (Aselsan: Ankara, 2011), p. 7.


and civilian applications. Other companies have bought into the Australian market, including the Swiss company RUAG (which is seeking to increase its presence in the Pacific region’s ammunition market) and the UK’s Serco (which is seeking to increase its presence in Australia’s military and civil markets). In addition to smaller arms markets such as Australia and Brazil, the USA remains a key market for many companies seeking acquisitions. In an effort to diversify beyond its reliance on Airbus, EADS has committed to making acquisitions in the US market. BAE Systems is seeking to expand its US maritime market share. Saab’s new Americas office will focus on Brazil and the USA. Turkey’s Aselsan is also seeking to acquire companies in the US market.

A number of companies in the arms industry have continued diversifying into adjacent markets, in part to accommodate changing customer requirements. This strategy maintains the shift some companies began earlier in the 2000s and highlights a related trend in certain sectors, in particular in cybersecurity (see section II below) and in adjacent civilian sectors such as health care IT. In some cases, these acquisitions overlap with companies’ intentions to move into international markets. For example, in 2012 US-based companies Raytheon, ManTech and General Dynamics made acquisitions with the intention of bolstering their respective cybersecurity capabilities for both military and civilian applications. Raytheon’s acquisition is for wireless applications, ManTech’s for threat and malware detection and diagnosis, and General Dynamics’ for network security tools. General Dynamics’ purchase, together with the cyber and intelligence solutions centre it initiated in 2012, reflects its increased focus on cyber-

41 İş Investment (note 24).
security. Ultra Electronics (UK) also acquired two UK-based companies, one with expertise in cryptographic management services and the other in the financial services sector.43

Elsewhere, companies are using cybersecurity acquisitions as a means to gain access to foreign markets. For example, Northrop Grumman’s purchase of the Australian company M5 Network Security demonstrates increased interest in the Australian market, as well as the growing emphasis on cybersecurity in Australia’s overall security approach.44 Other foreign-based arms producers and military services companies have made similar acquisitions in recent years, including BAE System’s purchase (through an Australian subsidiary) of Stratsec in 2011 and Raytheon’s Australian subsidiary’s purchase of CompuCat in 2010.45 BAE Systems has begun realigning its business in the Asia–Pacific region to reflect a growing customer demand for cybersecurity products and services.46 The acquisition by Cassidian Cybersecurity, a subsidiary of EADS, of Netasq gives both Netasq and EADS a combined international market access, and EADS aims to establish itself as a leader in cybersecurity.47

Companies have also been moving into other adjacent markets in order to extend their market reach. For instance, Rheinmetall moved into adjacent sectors beyond its land systems when it acquired an Australian simulation and training specialist immediately after setting up its Australian simulation subsidiary.48 Another area of continuing interest for acquisition is in the health care IT sector. ManTech’s threat and malware detection and diagnosis purchase marks its entrance into a growing adjacent market and can be seen as a means to counter austerity measures in traditional sectors. SAIC followed suit with an acquisition that makes it one of the largest handlers of electronic health records in the USA.49

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Companies also use acquisitions to improve the products and services they already deliver. In 2012 this type of acquisition spanned a variety of sectors including radio monitoring and intelligence fusion systems (e.g. Sweden’s Saab); emerging submarine requirements (e.g. US-based General Dynamics); satellites and related systems (e.g. the UK’s Ultra Electronics and Cobham); UAV systems (e.g. US-based Lockheed Martin); aircraft electrical systems (e.g. France’s Safran); training systems (e.g. US-based Cubic and L-3 Communications); aerospace engine solutions (e.g. UK-based GKN); and services added to existing platforms (e.g. US-based General Electric).

While much attention is paid to acquisitions, a number of divestitures also indicate the ways in which the industry is restructuring to accommodate the austerity environment and changing customer requirements (see table 4.2). For example, in order to focus on its core aerospace and commercial businesses, US-based United Technologies Corporation (UTC) is selling Pratt and Whitney Power Systems and Rocketdyne in the first half of 2013. Other divestitures of non-core businesses include BAE Systems’ sale of the Safariland, Tensylon and O’Gara companies, and UK-based Babcock’s sale of VT Services.

Despite increases in overall arms and military services sales over the past decade, sales decreased in 2011. Governments in North America and Western Europe are proposing and implementing austerity measures while trying to minimize the impact on their respective arms and military services industries. As a result of these proposed and actual austerity measures, companies headquartered in these regions are seeking to maintain and expand their market shares in smaller markets in Asia, Latin America and the Middle East.

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Table 4.2. Selected acquisitions and divestitures in the OECD arms industries, 2012, by motivation

Figures for deal value and revenue are in US $m., at current prices. The table lists major acquisitions in the arms industries of member states of the Organisation for Economic Co-operation and Development (OECD) that were announced or completed between 1 Jan. and 31 Dec. 2012. It is not an exhaustive list of all acquisition activity but gives a general overview of strategically significant and financially noteworthy transactions.

<table>
<thead>
<tr>
<th>Buyer company (country)/ Subsidiary (country)</th>
<th>Acquired company</th>
<th>Seller company (country)</th>
<th>Deal value ($ m.)</th>
<th>Revenue or employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Footholds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fincantieri (Italy)</td>
<td>STX Osv (Norway)</td>
<td>Publicly listed</td>
<td>602</td>
<td>c. 9200 employees</td>
</tr>
<tr>
<td>Rafael (Israel)</td>
<td>Gespi Aeronautics (Brazil)</td>
<td>Privately owned</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>RUAG (Switzerland)</td>
<td>Rosebank Engineering (Australia)</td>
<td>Privately owned</td>
<td>..</td>
<td>154 employees</td>
</tr>
<tr>
<td>Serco</td>
<td>DMS Maritime (Australia)</td>
<td>P&amp;O Maritime Services</td>
<td>110</td>
<td>c. 450 employees</td>
</tr>
<tr>
<td><strong>Cybersecurity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raytheon (USA)</td>
<td>Telligy (USA)</td>
<td>Privately owned</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>ManTech (USA)</td>
<td>HBGary (USA)</td>
<td>Privately owned</td>
<td>..</td>
<td>c. 40 employees</td>
</tr>
<tr>
<td>General Dynamics (USA)</td>
<td>Fidelis Security Systems (USA)</td>
<td>Privately owned</td>
<td>..</td>
<td>70 employees</td>
</tr>
<tr>
<td>Northrop Grumman (USA)</td>
<td>M5 Network Security (Australia)</td>
<td>Privately owned</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Cassidian Cybersecurity/ EADS</td>
<td>Netasq (France)</td>
<td>Privately owned</td>
<td>70</td>
<td>c. 120 employees</td>
</tr>
<tr>
<td>Rheinmetall Simulation Australia (Australia)</td>
<td>Sydac Pty Ltd (Australia)</td>
<td>Privately owned</td>
<td>..</td>
<td>c. 20 employees</td>
</tr>
<tr>
<td>Ultra Electronics (USA)</td>
<td>Barron McCann Technology and Barron McCann Payments (UK)</td>
<td>Privately owned</td>
<td>18.7</td>
<td>$52 m.</td>
</tr>
<tr>
<td><strong>Health care IT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAIC (USA)</td>
<td>maxIT Healthcare (USA)</td>
<td>Privately owned</td>
<td>473</td>
<td>$1.3 b.</td>
</tr>
<tr>
<td>ManTech (USA)</td>
<td>Evolvent</td>
<td>Privately owned</td>
<td>..</td>
<td>189 employees</td>
</tr>
<tr>
<td><strong>Expansion or infill</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saab (Sweden)</td>
<td>Medav (Germany)</td>
<td>Privately owned</td>
<td>35</td>
<td>c. 27.5 m.</td>
</tr>
<tr>
<td>General Dynamics (USA)</td>
<td>Applied Physical Sciences Corp. (USA)</td>
<td>Privately owned</td>
<td>..</td>
<td>c. 90 employees</td>
</tr>
<tr>
<td>Acquirer</td>
<td>Target</td>
<td>Type</td>
<td>Value</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------------------------------</td>
<td>-------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Ultra Electronics (UK)</td>
<td>Giga Communications (UK)</td>
<td>Privately owned</td>
<td>$58 m.</td>
<td></td>
</tr>
<tr>
<td>Cobham (UK)</td>
<td>Thrane and Thrane (Denmark)</td>
<td>Publicly listed</td>
<td>$446 m.</td>
<td></td>
</tr>
<tr>
<td>Lockheed Martin (USA)</td>
<td>Procerus Technologies (USA)</td>
<td>Privately owned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lockheed Martin (USA)</td>
<td>CDL Systems (Canada)</td>
<td>Privately owned</td>
<td>60 employees</td>
<td></td>
</tr>
<tr>
<td>Safran (France)</td>
<td>Goodrich Electric Power Systems (USA)</td>
<td>Goodrich (USA)</td>
<td>$560 m.</td>
<td></td>
</tr>
<tr>
<td>GKN (UK)</td>
<td>Volvo Aero (Sweden)</td>
<td>Volvo AB (Sweden)</td>
<td>$3 b.</td>
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</tr>
<tr>
<td>General Electric (USA)</td>
<td>Avio (Italy)</td>
<td>Cinven/Finmeccanica</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L-3 Communications (USA)</td>
<td>Thales Training &amp; Simulation (UK)</td>
<td>Privately owned</td>
<td>131.9 $400 m.</td>
<td></td>
</tr>
<tr>
<td>NEK Services/NEK Special Programs Group (USA)</td>
<td>NEK Advanced Securities Group (USA)</td>
<td></td>
<td>52 $200 m.</td>
<td></td>
</tr>
</tbody>
</table>

**Divestitures**

<table>
<thead>
<tr>
<th>Acquirer</th>
<th>Target</th>
<th>Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi Heavy Industries (Japan)</td>
<td>Pratt &amp; Whitney Power Systems (USA)</td>
<td>United Technologies (USA)</td>
<td>$430 m.</td>
</tr>
<tr>
<td>GenCorp (USA)</td>
<td>Pratt &amp; Whitney rocket propulsion unit (USA)</td>
<td>United Technologies (USA)</td>
<td>$550 m.</td>
</tr>
<tr>
<td>Kanders &amp; Co (USA)</td>
<td>Safariland (USA)</td>
<td>BAE Systems (UK)</td>
<td>$124 m.</td>
</tr>
<tr>
<td>El DuPont de Nemours (USA)</td>
<td>Tensylon High Performance Materials (USA)</td>
<td>BAE Systems (UK)</td>
<td></td>
</tr>
<tr>
<td>O’Gara Group (USA)</td>
<td>Commercial armoured vehicle division</td>
<td>BAE Systems Inc. (USA)</td>
<td></td>
</tr>
<tr>
<td>The Resolute Fund II (USA)</td>
<td>VT Services (USA)</td>
<td>Babcock International (UK)</td>
<td></td>
</tr>
</tbody>
</table>

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*a* In cases where the acquisition was completed by a subsidiary, rather than directly by the parent company, the name of the subsidiary is given.

*b* ‘Publicly listed’ means that the company’s shares were publicly traded on a stock exchange of its home country, with no single majority shareholder. ‘Privately owned’ means the company was owned by one or more private shareholders, with its shares not traded on any stock exchange.

*c* In cases where the deal value is not available in US dollars, currency conversion has been made using the International Monetary Fund average exchange rate for the calendar month in which the transaction was made. Companies do not always disclose the values of transactions.

*d* The acquired company’s annual revenue is listed where known (either actual revenue for 2011 or expected revenue for 2012). Where revenue is not available in US dollars, currency conversion has been made using the International Monetary Fund average exchange rate for the appropriate year. Where information is not available for the acquired company’s revenue, the acquired company’s number of employees is shown, where known.