



Welcome to the inaugural issue of *The Keystone* – Chartwell Capital Solutions’ bulletin highlighting ownership transition trends in the architectural, engineering and consulting industry.

MIDWEST OFFICE

527 Marquette Avenue South
17th Floor Rand Tower
Minneapolis, MN 55402
PHONE 612-230-3100 | FAX 612-230-3101

WESTERN OFFICE

2121 North California Boulevard
Suite 290
Walnut Creek, CA 94596
PHONE 925-974-3554 | FAX 925-974-3506

CLIENT: WENCK ASSOCIATES, INC.

INDUSTRY FOCUS: ENGINEERING AND ENVIRONMENTAL SERVICES

In 1999, Norm Wenck, the founder and CEO of Wenck Associates, Inc. (“Wenck”, or the “Company”) was faced with the dual task of planning for his leadership succession as well as the ownership transition of the Company.

With Chartwell’s financial expertise in the transitioning of ownership in privately held companies, we were able to assist in the planning for a gradual transition of the business.

After discussions with various stakeholders it was determined that an Employee Stock Ownership Plan was the appropriate vehicle to facilitate this transition. The transition plan called for a series of stock purchases by the ESOP to allow for as little disruption as possible to the Company’s operations while providing a smooth transition of the Company’s ownership.

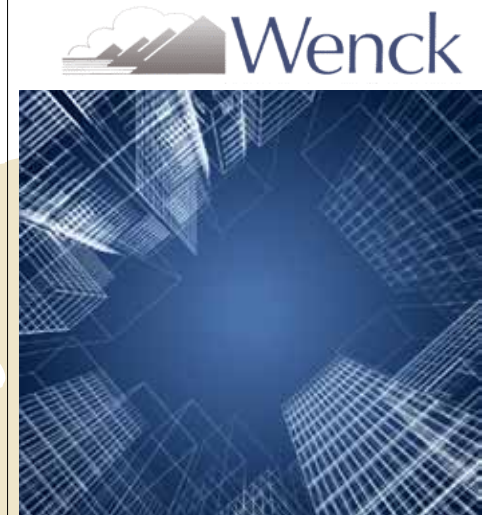
The Wenck ESOP was formed in 1999 and a minority interest was purchased from Mr. Wenck in December 2000. Subsequent stock purchases by the ESOP in 2002 and 2003 resulted in

the ESOP maintaining a controlling interest ownership position within three years of the initial transaction.

In 2005, through a combination of the purchase of shares from certain minority shareholders and the purchase of newly issued shares from the Company, the ESOP again increased its holdings. It was shortly after this transaction that Wenck began exploring the idea of moving toward a 100% ESOP owned Company. The original transition plan called for the ESOP to eventually own a controlling interest in the Company, with high level employees owning the balance. However, the attractiveness of the tax savings resulting from becoming a 100% ESOP owned S-Corporation led Wenck to engage Chartwell to investigate the alternatives available to the Company to achieve the 100% goal.

We were asked to model various transaction scenarios and the likely outcomes of each. We also looked at the impact on the various constituents involved both directly and indirectly in each scenario, including the ESOP as a whole, the individual participants within the plan, and the Company.

At the end of 2006, Chartwell helped facilitate a transaction



that involved the Company’s redemption of the remainder of the non-ESOP shareholders, resulting in the ESOP’s owning 100% of the Company as of December 31, 2006.

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Merger & Acquisition Activity

Announce/ Close Date	Acquirer	Target	Deal Synopsis
12/28/09	e2 engineers, LLC	C.H. Vogt, LLC - Operates as a consulting engineering company	Chad H Vogt, Founder of C.H. Vogt, LLC will become a 50% partner in the merged company.
12/21/09	Trow Associates Inc.	X-nth, Inc. - Provides consulting engineering design	X-nth will continue to operate under its current name as a Trow Global company.
12/17/09	GLMV Architecture, Inc.	Mcluggage, Van Sickle & Perry Corporation - Provides architecture and related services	The financial terms of the transaction were not disclosed. The new firm will be known as GLMV Architecture and will have 130 employees. All employees of Gossen Livingston and Mcluggage will continue employment at GLMV Architecture. The combined firm will be headquartered in downtown Wichita and will also have offices in Kansas City and Houston.
12/15/09	Plumb Excel Group Engineering P.C.	Excel Engineering, P.C. - Provides engineering services	The financial terms of the deal were not disclosed. The new firm will retain Plumb's certification as a minority and woman-owned business enterprise. Plumb Engineering P.C. and Excel Engineering P.C. will merge to form Plumb Excel Group Engineering P.C.
12/9/09	Shepley Bulfinch Richardson & Abbott Inc.	[merz]project LLC - Provides architecture and design services	The Phoenix Merzproject office will now be known as Merzproject, a studio of Shepley Bulfinch.
11/20/09	IBI Income Fund	Tetra - IBI Group Architects, Planners - Provides architectural, planning and design services	IBI Income Fund acquired Tetra Design Inc. for CAD 2.6 million in stock. Under the terms of the agreement, IBI will issue a total of 95,495 IBI units on closing, with additional exchangeable partnership units to be issued on the first and second anniversaries of closing, estimated to be exchangeable for up to 31,832 IBI units on each of the first and second anniversaries, subject to adjustment.
11/13/09	Kleinfelder, Inc.	S E A Consultants, Inc. - Provides engineering, architecture, and planning services Reported Revenue = \$33.0 million	The financial terms of the transaction were not disclosed. Sea Consultants reported revenues of \$33 million for the year ended December 31, 2008. There are no plans of Kleinfelder to reduce staff as part of the transaction.
11/2/09	ENERCON Services, Inc.	Beckett & LaRue, Inc. - Provides engineering consulting services	The terms of the transaction were not disclosed. Beckett & LaRue will become part of Enercon's Power Generation Services group.
10/29/09	Foster Wheeler AG	Atlas Engineering, Inc. - Provides engineering services for oil & natural gas production	Foster Wheeler AG acquired the assets of Atlas Engineering, Inc. for \$33 million. The purchase price includes cash payment of \$21 million. The payment of the other \$12 million will depend on Atlas Engineering's EBITDA over the next three years after the closing date.
10/27/09	Balfour Beatty plc	Parsons Brinckerhoff, Inc. - Provides engineering and construction management services Reported Revenue = \$2.3 Billion Implied Enterprise Value = \$628.6 Million Implied Equity Value = \$628.6 Million Implied Revenue Multiple = 0.27x	On completion of the transaction Parsons Brinckerhoff will retain its name and organizational structure and will operate as a wholly-owned subsidiary of Balfour Beatty. Approximately \$26 million of the consideration will be placed into an escrow account.
10/26/09	AECOM Technology Corporation	Ellerbe Becket, Inc. - Provides architecture, engineering, and construction services Reported Revenue = \$68.1 Million	AECOM Technology Corporation acquired Ellerbe Becket, Inc. from the Ellerbe Group on October 26, 2009. The financial terms of the deal were not disclosed. The employees of Ellerbe Becket are expected to join AECOM. All of Ellerbe Becket's offices will remain open under the Ellerbe Becket name post-acquisition.
10/26/09	URS Corporation	ForeRunner Corporation - Operates as an engineering company, specializes in the energy market	URS Corporation acquired ForeRunner Corporation on October 26, 2009. The financial terms of the deal were not disclosed.

Transaction Data Source: Capital IQ

There were only 12 deals completed in the AEC industry in the 4th Quarter of 2009. This compares to 13 deals in the 3rd Quarter, 10 deals in the 2nd Quarter and 15 deals in the 1st Quarter. In total, there were 50 deals completed in 2009 compared to 67 deals in 2008 (58 of which were completed prior to the financial meltdown in the 4th Quarter). Unfortunately, due to the small number of deals completed during the year and the even fewer number of deals that have disclosed terms, it is difficult to determine any meaningful trends

in terms of pricing data. However, if we look at the U.S. M&A market as a whole, it is clear that pricing multiples are down in 2009 across most industry segments versus 2008.

The one deal of note in the Upper Midwest during the 4th Quarter involved the purchase of Ellerbe Beckett by AECOM Technology. Formed through a merger between Minnesota-based Ellerbe and California-based Welton Becket & Associates, Ellerbe Beckett has been one of the most renowned architectural, design

and engineering firms in the U.S. for over 100 years, with clients throughout the world.

The one deal of note in California during the 4th Quarter involved the purchase of Tetra Design, Inc. by IBI Income Fund. Tetra Design, Inc., founded in 1975, provides architectural and various design services to institutions, school districts, state and federal agencies. After the acquisition, Tetra Design, Inc. will be renamed as Tetra-IBI Group Architects, Planners.

Throughout our relationship with Wenck we have consulted with management to evaluate value drivers for the Company, which management has then utilized as a pillar of its strategic planning. In addition, Chartwell has been engaged to help evaluate numerous acquisition targets.

Associates, Inc. In 2006, we advised Wenck on the acquisition of Dennis J. Johnson and Associates, Inc. In both instances, Chartwell was engaged to provide analysis and recommendations on the valuation and terms of transaction. Chartwell also analyzed the impact of the acquisitions on the ESOP stock value in addition to spearheading the due diligence process for both transactions.

In 2005, we advised Wenck on the acquisition of Benshoof and

CONTACT:
Joe Grabowski
CEO,
WENCK ASSOCIATES, INC.
763.479.4204

The Chartwell Index is comprised of 14 publicly traded firms that we believe best represent the broad spectrum of the architecture, engineering and consulting industry. During the LTM ("Latest Twelve Months"), 12 of 14 companies experienced increased revenue. However, only 7 companies experienced revenue increases over the 2nd Quarter of 2009. In terms of profitability, 8 of the companies experienced EBITDA declines during the LTM and only 2 had higher EBITDA margins in the 3rd Quarter of 2009 compared to the 3rd Quarter of 2008.

The public data echoes trends we have been seeing with many of our clients over the course of the past year. For many firms, the year started off well, but revenue growth declined toward the end of the year, if it was still there at all. In addition, increased competition for fewer projects has caused a significant erosion of profit margins.

Chartwell AEC Index Latest Twelve Months Financial Summary

	Revenue*			EBITDA*			EBITDA Margin*	
	LTM	LTM ▲	2Q-3Q▲	LTM	LTM ▲	2Q-3Q▲	'09 3Q	'08 3Q
Fluor Corporation	22,582	7.7%	2.4%	1,252	11.2%	-3.5%	5.7%	5.8%
Jacobs Engineering Group Inc	11,467	1.9%	-5.7%	707	-1.3%	-8.5%	5.9%	6.2%
URS Corporation	9,845	8.0%	0.9%	544	11.9%	-18.0%	5.1%	5.9%
Shaw Group Inc.	7,280	4.0%	0.8%	354	-0.8%	-16.2%	4.4%	5.6%
AECOM Technology Corporation	6,119	17.8%	12.1%	344	25.0%	5.4%	5.3%	5.7%
Tetra Tech Inc.	1,386	11.3%	2.8%	149	19.3%	2.2%	11.0%	10.3%
VSE Corp	1,055	11.6%	3.1%	46	35.3%	17.7%	5.5%	3.3%
Michael Baker Corporation	697	29.7%	-35.4%	42	-11.6%	-36.6%	8.2%	9.7%
ENGlobal Corp.	397	-12.3%	9.3%	16	-55.1%	-21.8%	1.5%	6.0%
TRC Companies Inc.	246	-6.5%	-10.4%	(13)	NMF	NMF	-2.0%	4.5%
Exponent Inc.	235	3.6%	-9.2%	39	-3.6%	-5.6%	17.2%	18.3%
Ecology & Environment, Inc.	153	28.8	-4.0%	10	17.6%	-6.1%	7.2%	10.6%
Versar Inc.	112	0.2%	-9.7%	6	-0.3%	-65.8%	2.5%	5.5%
Wildan Group, Inc.	66	-9.2%	-6.0%	(2)	NMF	NMF	-6.1%	-0.7%
Average	4,403	6.9%	-3.5%	250	4.0%	4.0%	5.1%	6.9%
Median	876	5.9%	-1.6%	44	5.5%	5.5%	5.4%	5.9%

\$ in millions

Source Data Provided by Capital IQ as of 1/11/2010

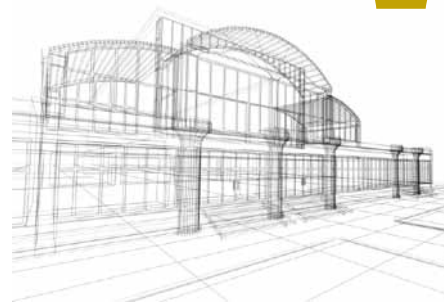
*As of Q3 (most recent available)

Equity Market Performance

Company	Index	Ticker	Enterprise Value	LTM ▲	Quarter ▲	Equity Value	LTM ▲	Quarter ▲
Fluor Corporation	NYSE	FLR	6,226	0.6%	-14.0%	8,062	-1.0%	-11.9%
Jacobs Engineering Group Inc.	NYSE	JEC	3,669	-29.1%	-21.7%	4,679	-20.9%	-17.8%
URS Corporation	NYSE	URS	4,011	-8.3%	-1.9%	3,736	9.8%	1.5%
Shaw Group Inc.	NYSE	SHAW	1,655	-26.5%	-17.2%	2,568	50.1%	-4.3%
AECOM Technology Corporation	NYSE	ACM	3,013	-10.5%	0.8%	3,097	-2.3%	3.4%
Tetra Tech Inc.	NasdaqGS	TTEK	1,586	6.4%	-1.7%	1,665	15.0%	3.6%
VSE Corp.	NasdaqGS	VSEC	227	10.6%	12.1%	231	16.0%	15.6%
Michael Baker Corporation	AMEX	BLR	295	6.1%	15.9%	368	12.7%	14.1%
ENGlobal Corp.	NasdaqGM	ENG	97	-15.1%	-23.7%	86	-3.5%	-24.0%
TRC Companies Inc.	NYSE	TRR	71	4.6%	-2.4%	58	57.2%	-12.6%
Exponent Inc.	NasdaqGS	EXPO	326	-9.3%	3.0%	383	-6.8%	-1.2%
Ecology & Environment, Inc.	NasdaqGM	EEL	50	19.7%	-10.8%	62	26.4%	-5.6%
Versar Inc.	AMEX	VSR	20	-31.3%	-43.6%	28	-24.8%	-36.9%
Willdan Group, Inc.	NasdaqGM	WLDN	11	52.1%	-20.6%	17	20.3%	-17.9%
Average			1,518	-2.1%	-9.4%	1,789	10.6%	-6.7%
Median			311	-3.8%	-6.9%	376	11.2%	-5.9%

\$ in millions

Source Data Provided by Capital IQ. Data available as of 12/31/09.



Overall, 2009 was a mixed bag for the companies in the Chartwell AEC Index. The median equity value was up 11.2% during 2009, with 8 of the 14 companies experiencing increases. However, half of the companies experienced declines in enterprise value, resulting in a median decline of 3.8% for the year. These measures compare to the S&P 500 increasing 24.7% during 2009.

We believe several factors contributed to the Chartwell AEC Index generally underperforming compared to the overall market, including: not meeting earnings expectations, the stimulus package not generating the revenue originally anticipated, continued softness in the real estate market (both residential and commercial), and significant budgetary pressures on states and municipalities.

It is our intent to communicate valuable information related to transitioning private business ownership. The Keystone will be a quarterly feature with additional issues to follow in April, July and October. We will also highlight upcoming conferences and events we feel would benefit decision makers of AEC firms.

In this initial issue, we feature a case study highlighting one of our client's ownership transition journeys. We also provide merger and acquisition activity in the industry for Q4 2009 and comparable public company information on the Chartwell AEC Index.

The professionals at Chartwell Capital Solutions have been providing consulting and valuation services for over 20 years. For additional information on our firm and our professionals, please visit us at www.chartwellcapitalsolutions.com.

Our goal is to provide timely, relevant information to you. We welcome your comments and feedback! Please contact us at ccs@chartwellcapitalsolutions.com if you have ideas on topics for upcoming issues.

ACEC Minnesota

Chartwell is an affiliate member of the Minnesota Chapter of the American Council of Engineering Companies. For more information on the ACEC, please visit www.acecmn.org.

Congratulations to MN Chapter ACEC Award Winners!

Implied Market Multiples

	Enterprise Value/Revenue				Enterprise Value/EBITDA				
	5 Year	LTM -1	LTM	NTM	5 Year	LTM -1	LTM	NTM	Price to Book
Fluor Corporation	0.44x	0.28x	0.28x	0.29x	10.9x	5.4x	5.0x	5.3x	2.6x
Jacobs Engineering Group Inc.	0.62x	0.43x	0.32x	0.37x	11.4x	6.8x	5.2x	7.0x	1.8x
URS Corporation	0.53x	0.48x	0.41x	0.42x	10.1x	9.0x	7.4x	7.3x	1.0x
Shaw Group Inc.	0.53x	0.31x	0.23x	0.23x	11.2x	5.5x	4.7x	4.4x	1.8x
AECOM Technology Corporation	0.59x	0.60x	0.49x	0.43x	11.9x	11.0x	8.8x	6.9x	1.8x
Tetra Tech Inc.	1.15x	1.15x	1.14x	1.06x	13.9x	11.3x	10.6x	9.7x	2.6x
VSE Corp.	0.26x	0.20x	0.22x	NMF	6.6x	5.6x	4.9x	NMF	2.4x
Michael Baker Corporation	0.39x	0.40x	0.42x	0.67x	7.8x	5.7x	7.0x	6.9x	2.2x
ENGlobal Corp.	0.61x	0.23x	0.25x	0.26x	10.4x	3.1x	6.1x	4.9x	1.1x
TRC Companies Inc.	0.64x	0.26x	0.29x	NMF	NMF	NMF	NMF	NMF	1.2x
Exponent Inc.	1.38x	1.58x	1.39x	1.55x	8.6x	8.9x	8.4x	8.1x	2.6x
Ecology & Environment, Inc.	0.34x	0.35x	0.33x	NMF	5.0x	4.8x	4.9x	NMF	1.4x
Versar Inc.	0.38x	0.27x	0.18x	NMF	9.9x	5.2x	3.5x	NMF	1.0x
Willdan Group, Inc.	0.33x	0.10x	0.16x	0.14x	6.6x	4.0x	NMF	4.6x	0.5x
Average	0.59x	0.47x	0.44x	0.54x	9.6x	6.6x	6.4x	6.5x	1.7x
Median	0.53x	0.33x	0.30x	0.39x	10.1x	5.6x	5.6x	6.9x	1.8x

Source Data Provided by Capital IQ.
 Data available as of 12/31/09.
 NTM = Next Twelve Months
 LTM = Latest Twelve Months
 LTM-1 = Multiples Twelve Months Prior

The current EBITDA multiples remain well below their 5 period averages and 10 of the 14 companies experienced a decline in EBITDA multiples during the LTM. Comparisons to a five year average may become less and less meaningful as we continue to live in a world that seems much different than the boom

years of 2004-2007. Multiples are likely to remain at this current level until the market starts to see signs of a recovery through increasing revenue and earnings in the future.

Did you know that Chartwell has over 30 clients in the AEC Industry?

Chartwell has significant experience working with companies in the AEC industry. We currently provide a variety of services to over 30 companies in this industry. Chartwell's services include: ownership transition consulting; mergers and acquisitions; ESOP feasibility, design, and annual valuations; buy-sell agreement consulting and valuations; fairness opinions; and executive compensation consulting/modeling. Please contact any member of Chartwell's AEC Team to learn more about the services we have to offer.

Christopher Staloch, ASA
 Managing Director & AEC practice leader
 612-230-3111
 chris.staloch@chartwellcapitalsolutions.com

Pamela Steverango, CFA
 Managing Director
 925-974-3554
 pamela.steverango@chartwellcapitalsolutions.com

Joe Skorczewski, CFA
 Senior Analyst
 612-230-3103
 joe.skorczewski@chartwellcapitalsolutions.com

Tim Lang
 Analyst
 612-230-3117
 tim.lang@chartwellcapitalsolutions.com