<p>The National Audit Office published The Privatisation of QinetiQ in November 2007.

Full report: http://www.nao.org.uk/pn/07-08/070852.htm
Executive summary: http://www.nao.org.uk/publications/nao_reports/07-08/070852es.htm

The NAO report examines the privatisation of QinetiQ between 2003 and 2006 from the point of view of value for money.</p> <p>Background
QinetiQ was created out of the Defence Evaluation and Research Agency in 2001. In 2003, a 37.5% stake was sold, mainly to the Carlyle Group. As of October 2007, the Ministry of Defence still has a 19% stake in the business.

Key points
After 2003, QinetiQ expanded into a broader range of markets, and as a result revenue increased by more than one third and operating profit by 261%."The Department considers that privatisation has delivered excellent value for money on the basis that it has generated approximately �800 million for the taxpayer, net of costs (�576 million in cash proceeds to date and a 19 per cent stake in QinetiQ worth �235 million as at 31 October 2007). The equity value of QinetiQ increased from �125 million to �1.3 billion as a result of the introduction of a strategic partner in 2003, despite difficult market conditions and the complexity of QinetiQ's business. The Department also considers that the process has established QinetiQ as a successful new British company and that it has provided a sustainable future for key defence capabilities and the employment of 13,500 staff."Suggests "more money might have been raised from the 2003 sale" but accepts that the strategy after 2003 maximised value. It is the value obtained from the 2003 sale to the Carlyle Group that has been particularly questioned.It has also highlighted the fact that the top ten managers, as part of a share incentive scheme, now on shares worth �107 million � far beyond what was necessary to give them incentives.Argues that "the status quo [before privatisation] was not sustainable"</p>