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## Contracting giant SRA to go private in \$1.9 billion deal

By Marjorie Censer, Friday, April , 8:29 PM

Fairfax-based SRA International became the latest government contractor to turn private, announcing Friday that it will be acquired by private-equity firm Providence Equity Partners for close to \$2 billion in cash. The purchase was one of several acquisitions announced Friday.

The deal ends an extended period of speculation about the company's future and comes amid a wave of consolidation as the government contracting industry braces for a slowdown in defense spending.

Under the agreement, Providence will pay \$31.25 per share, totaling about \$1.88 billion, according to SRA. The price reflects a 10.2 percent premium over the closing price of \$28.36 on Thursday and a 52.8 percent premium over the Dec. 31 price of \$20.45, the value before acquisition rumors began pushing the price up.

SRA, which went public in 2002, has not grown as quickly as other contractors in recent years, said Bob Kipps, managing director of the McLean-based investment firm KippsDeSanto.

"The last five years have really been a very choppy path for the stock and the company," he said. "It's not surprising that they're returning to more private roots."

SRA said the company will maintain its Fairfax headquarters as well as its worldwide offices and management.

The deal is expected to close between July and September. Ernst Volgenau, SRA's founder and chairman, abstained from voting on the deal. He plans to roll over a portion of his SRA equity interest and continue to be a significant shareholder in the private company. Volgenau owns 21 percent of total shares but 71 percent of voting rights, and has agreed to vote his shares for approval of the merger, SRA said.

SRA also noted in its announcement that despite speculation it never received or rejected a higher, \$2 billion offer.

"Indeed, the only figure ever communicated to SRA from that third party was a December 1, 2010, highly conditioned expression of interest in the range of \$30-\$31 per share which did not materialize," the company

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said.

The company has about 7,300 employees, 4,700 of which are based locally, and posted revenue of nearly \$1.7 billion in fiscal 2010.

The deal comes at a time of rapid acquisition and divestiture in the government contracting industry. Facing shrinking budgets and changing priorities, contractors have been buying and selling at a quick pace.

On Friday alone, McLean-based Science Applications International Corp. announced it will sell its commercial oil and gas information technology services unit to global information-technology business Wipro Technologies for about \$150 million, while cybersecurity firm Keyw of Hanover, Md., said it bought Columbia-based JKA Technologies for \$10.5 million in cash and \$2.5 million in shares of Keyw stock. Meanwhile, Falls Church-based CSC said it would acquire health-care IT business iSoft Group.

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