

*KippsDeSanto & Co.
1600 Tysons Boulevard
Suite 375
McLean, VA 22102*

*Main Phone: 703.442.1400
Main Fax: 703.442.1498*

www.kippsdesanto.com

KippsDeSanto & Co. Advises Kadix Systems, LLC on Its Sale to Dynamics Research Corporation

KippsDeSanto & Co. is pleased to send you the attached press release announcing the acquisition of our client, Kadix Systems, LLC, ("Kadix") by Dynamics Research Corporation. Kadix, based in Arlington, VA, is a rapidly growing, high-end management consulting firm having practice specialties in organizational change, information technology, and public and environmental health. The Company is focused on the U.S. Department of Homeland Security, the National Security Agency, U.S. Marine Corps, U.S. Army, and Federal Civilian markets. KippsDeSanto & Co. acted as exclusive financial advisor to Kadix in this transaction.

This transaction represents a number of key trends in defense and government services contracting M&A:

- Buyers continue to rely on acquisitions to penetrate well-funded, high-growth national security target markets;
- Strong demand for companies at the forefront of high-end strategy consulting and technology implementation convergence that translates into above-average profit potential;
- Buyers and investors are becoming more sophisticated when evaluating and structuring deals involving sellers with Small Business contracts; and
- Demonstrated track-record of growth and expansion within key markets via large agency specific (DHS EAGLE) or government-wide contracting vehicles drive premium valuations.

KippsDeSanto & Co. is an investment bank focused on delivering M&A and financing transaction results for leading, growth-oriented, companies in IT, Defense, Communications, and Government Contracting. For more information on KippsDeSanto & Co., please visit www.kippsdesanto.com.

We welcome the opportunity to discuss how KippsDeSanto & Co. can help you achieve your strategic objectives. For more information on this particular transaction, please contact one of our senior professionals.

Kadix 
systems

HAS BEEN ACQUIRED BY

 **DYNAMICS
RESEARCH
CORPORATION**

\$47,000,000

KIPPSDESANTO & CO.
SERVED AS EXCLUSIVE
FINANCIAL ADVISOR
TO KADIX SYSTEMS, LLC.

KippsDeSanto 
INVESTMENT BANKING

Dynamics Research Corporation to Acquire Kadix Systems

Acquisition Enhances DRC's High-End Management Consulting Capabilities and Broadens Presence in Homeland Security and Other Critical Federal Markets

ANDOVER, Mass., July 31 /PRNewswire-FirstCall/ -- Dynamics Research Corporation (Nasdaq: DRCO), a leading provider of innovative engineering, technology and information technology services and solutions to federal and state governments, today announced it has signed a definitive agreement to acquire Kadix Systems, LLC, a rapidly growing, high-end management consulting firm. Kadix maintains practice specialties in organizational change, human capital, information technology, public and environmental health and learning and organizational development. It is focused on the U.S. Department of Homeland Security (DHS), Marine Corps information technology, military medical health, and federal civilian markets.

"Kadix Systems' high-end management consulting capabilities fully complement DRC's current core competencies in IT infrastructure, business intelligence, business transformation and training and enable greater access to key markets that we have targeted for growth," said Jim Regan, DRC's chairman and chief executive officer. "We look forward to welcoming Kadix employees to the DRC family of dedicated professionals serving our nation's highest priorities. We are committed to strategic growth that expands the mission-critical management and consulting work we provide to clients, fosters our long-standing culture of quality and excellence and enhances shareholder value."

Kadix Systems currently has about 270 employees and is headquartered in Arlington, Va. with additional offices in Greater Washington, Aberdeen, Md., and Fort Sam Houston, Texas -- areas that are targeted for significant expansion due to the DOD BRAC. About 95 percent of Kadix' contracts have been awarded as prime and approximately 40 percent are performance-based.

Doug Layman, Kadix' President, will be appointed DRC Senior Vice President and Group Manager and continue to lead Kadix' business operations as a fourth operating unit, reporting directly to Mr. Regan. Mr. Layman said, "We are extremely excited to join the DRC family and leverage our combined capabilities to quickly create stronger expansion with both existing and new customers in target growth markets. DRC provides long-term continuity for our senior management team and expanded professional development opportunities for our employees. With a mutual regard for integrity and an exemplary track record of quality customer service, DRC is a natural fit for Kadix."

Kadix Systems has outstanding visibility into all DHS program management and management consulting Dynamics Research Corporation - Investor Relations - News Release Page 1 of 2 http://phx.corporate-ir.net/phoenix.zhtml?c=66321&p=irol-newsArticle_pf&ID=1182018... 8/28/2008 efforts. It is one of two companies to have prime contracts on both the DHS Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE) contract (functional area 5 -- Program Management and functional area 3 -- Independent Verification and Validation Services) and DHS Program Management Strategic Sourcing (PMSS) vehicles.

Terms of the purchase agreement include a cash price of \$42 million with the potential for additional consideration of up to \$5 million, based on the achievement of certain conditions. Kadix Systems, LLC reported revenue and earnings before interest, taxes, depreciation and amortization for the year ended December 31, 2007 of \$23.0 million and \$3.8 million, respectively. For tax purposes, the transaction will be treated as an asset purchase resulting in tax benefits to DRC, which have an estimated value of \$10 million. Concurrent with the transaction, DRC will restructure its credit agreement with its current bank group, which is led by Brown Brothers Harriman & Co. and includes Bank of America and TD Banknorth, into a \$40 million term loan and a \$25 million revolving credit facility. The transaction is expected to close by early August 2008. KippsDeSanto & Co. is acting as exclusive financial advisor to Kadix in this transaction.

DRC management will further discuss the benefits of this acquisition on its previously scheduled second quarter 2008 earnings conference call to be held at 4:30 p.m. ET today. The call will be available via telephone at, and accessible via Web cast at <http://www.drc.com>.

About Dynamics Research Corporation

Dynamics Research Corporation (DRC) is a leading provider of mission-critical technology management services and solutions for government programs. DRC offers forward-thinking solutions backed by a history of excellence and customer satisfaction. Founded in 1955, DRC is a publicly held corporation (Nasdaq: DRCO) and maintains more than 25 offices nationwide with major offices in Andover, Massachusetts; Reston, Virginia; and Fairborn, Ohio. For more information please visit our website at <http://www.drc.com>.

Forward-Looking Disclaimer

Safe harbor statements under the Private Securities Litigation Reform Act of 1995: Some statements contained or implied in this news release, may be considered forward-looking statements, which by their nature are uncertain. Consequently, actual results could materially differ. For more detailed information concerning how risks and uncertainties could affect the company's financial results, please refer to DRC's most recent filings with the SEC. The company assumes no obligation to update any forward-looking information.

SOURCE Dynamics Research Corporation