

Summer 2011

# Aerospace / Defense and Government Services

*MarketView*



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## Operational / Funding Environment

Five months after S&P revised its outlook on U.S. debt to AAA with a negative outlook, the U.S. credit rating was downgraded by S&P to AA+ after market close on August 5, 2011. The downgrade reflected the view that, “the effectiveness, stability, and predictability of American policymaking and political institutions have weakened at a time of ongoing fiscal and economic challenge.” Three days earlier, President Obama signed the Budget Control Act of 2011, raising the U.S. debt ceiling. The deal allows for a two-stage \$900 billion debt ceiling increase in return for the promise of \$917 billion in spending cuts over the next 10 years. Additionally, a 12-member Congressional committee, comprised equally of Democrats and Republicans from the House and Senate, has until December 23, 2011 to find and approve \$1.5 trillion in further deficit reductions in order for a second \$900 billion debt ceiling increase to occur. If the committee fails to reach agreement, or the proposal is rejected, \$1.2 trillion in spending cuts, taken equally from domestic spending and defense, will be triggered.

The 12-member committee will have nearly unprecedented power to cut the U.S. deficit by the required \$1.5 trillion. Once passed, the committee’s plan will head to the rest of Congress who, pursuant to the Budget Control Act, lacks the power to amend the plan, obstruct it from coming to vote, or even filibuster it in the Senate. With so many provisions given the Joint Select Committee to succeed, the Pentagon and defense contractors are bracing for the first round of cuts but gambling on whether the \$1.2 trillion trigger will be pulled. The Pentagon believes it will be able to meet the initial \$350 billion in spending cuts called for in the debt-reduction deal, but warned deeper cuts could lead to civilian furloughs and program terminations. When the dust settles however, it is likely there will be significant additional cuts to the defense budget. Whether these cuts reach the maximum amount contemplated under the debt-reduction deal will ultimately be a determinate of the political will of both parties.

### Joint Select Committee on Deficit Reduction<sup>(1)</sup>

Democrats	Republicans
<b>House of Representatives</b>	
<i>Chosen by Nancy Pelosi:</i>	<i>Chosen by John Boehner:</i>
Jim Clyburn (South Carolina)	Jeb Hensarling (Texas)
Xavier Becerra (California)	Dave Camp (Michigan)
Chris Van Hollen (Maryland)	Fred Upton (Michigan)
<b>Senate</b>	
<i>Chosen by Harry Reid:</i>	<i>Chosen by Mitch McConnell:</i>
Max Baucus (Montana)	Jon Kyl (Arizona)
John Kerry (Massachusetts)	Pat Toomey (Pennsylvania)
Patty Murray (Washington)	Rob Portman (Ohio)

Regardless of the magnitude of these budget cuts, contractors will be hard-pressed to identify potentially insulated markets and their exposure to “at-risk programs,” as the Budget Control Act does not specify where the cuts will be targeted. Currently, the debt-reduction deal breaks out discretionary spending between Security and Non-Security Agency groups<sup>(2)</sup> for 2012 and 2013. This allocation strategy may allow longer-term funding shifts between the groups to meet the dynamic needs of the U.S. government while still remaining below the overall spending cap, however, significant concern persists from the Non-Security Agencies given the potential for their culled back budgets to be further cannibalized by Security Agencies. Additionally, uncertainty around continuing resolutions and reluctance for contracting offices to release procurements during the first three quarters of the GFY has likely shifted even more spending into 4Q2011 than historically seen and has brought many over budget, behind schedule, and future programs under the gun. Areas anticipated to remain priority budget items include niche markets such as C4ISR, UAS, and cybersecurity, as well as IT services that generate significant cost savings, such as data center consolidation, cloud computing, and virtualization.

### Under The Gun – Programs To Watch<sup>(3)</sup>



*F-35 JSF*

Plagued with technical and financing difficulties and reaching its 18<sup>th</sup> year. If the troubles facing the Marine Corps’ version cannot be resolved by 2013, the entire Marine portion of the program will be canceled



*Future Carriers & Subs*

According to General James Cartwright, the outgoing vice chief of the Joint Chiefs, in order to meet recent budget reductions, the U.S. DoD is considering delaying, cutting back, or cancelling programs



*Ground Combat Vehicle*

General Ray Odierno, incoming Army chief of staff, referred to GCV as a “potential” vehicle on Capitol Hill. If totals in the stopgap spending bill stick, the Army could lose as much as \$13 billion and be forced to delay a new GCV



*JLTV*

Congress is pushing hard for Humvee upgrades after billions of investment in MRAPs, but so far none of the contractors have delivered a prototype that meets needs of the Army and Marines



*MEADS*

10 years behind schedule and \$2 billion over budget, Lockheed Martin’s international replacement for the Patriot Missile system has survived solely because the Pentagon will not cut the program

(1) KippsDeSanto research

(2) Security Agencies include: DoD, DHA, VA, NNSA, and Intelligence management accounts

(3) Aviation Week and KippsDeSanto research

## Capital Markets and Public Market Valuation Trends

Conditions in Europe with the euro zone debt crisis, combined with a struggling economy in the U.S. that led to S&P's downgrade of U.S. government debt, have caused volatility in equity markets. The turmoil following the downgrade cleared the major indexes of all year-to-date gains before later regaining some ground.

Companies levered to the commercial aerospace industry, on the other hand, continue to outpace the overall market, as industry players signal strong demand for modern, more fuel efficient transport, surpassing their current installed capacity and leading specialized suppliers like Goodrich, Hexcel, and BE Aerospace to raise forecasts. Evidenced by American Airlines' record setting aircraft order, strong downstream demand has helped aerospace valuations remain high despite market turmoil. The purchase – consisting of 460 existing model and re-engined narrow body planes from Airbus and Boeing – could motivate competitors to update their fleets.

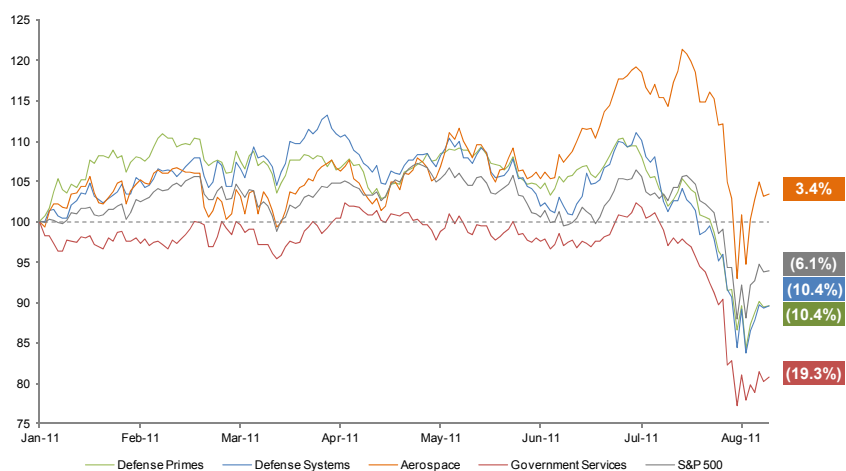
In contrast, defense stocks have generally underperformed the overall market over the past few months as concerns grow given troop drawdown from theatre and the heightened attention paid to the budgetary environment. With the Budget Control Act of 2011 aimed directly at security accounts, investors are shifting away from the sector, causing many companies to either postpone or cancel IPOs due to anemic demand. For example, ADS Tactical, a provider of products and apparel for military and tactical operations, withdrew its planned IPO, citing unfavorable market conditions.

Some public companies flush with cash have attempted to counteract current market conditions by employing stock buybacks. Such tactics appear to be working and have helped many companies limit stock declines through the market downturn. After repurchasing 6% of shares outstanding, Lockheed Martin, the world's largest and the Pentagon's number one defense supplier by sales, beat analysts' net earnings estimates by \$0.21 per share, even though 2Q2011 earnings fell \$82 million from last year. The company touts "right-sizing the business" given the current environment and after raising FY2011 EPS guidance from \$6.95 - \$7.25 to \$7.35 - \$7.55, saw a bump in share price.

Many companies within the government services industry have followed similar tactics by announcing dividends to shareholders. ManTech International announced a semi-annual dividend of \$0.42 per share in May, which resulted in a short-term drop followed by share price gains. Historically, growth stocks such as ManTech would generally face a sell-off as new dividend announcements signal lower expected growth and / or an inability to generate returns to investors through share price appreciation. It may be the case however, that investors have recognized the broader slow- to no-growth Federal budget environment, and are rewarding public companies delivering investor returns regardless of medium. In related news, QinetiQ announced the reestablishment of dividends following its year-long reorganization plan including job cuts, renegotiated contracts, divestiture of non-core assets, and refinancing / reducing its debt. Similar to ManTech, QinetiQ's share price increased in the weeks following the announcement. Finally, L-3 Communications has announced first half 2012 plans to spin-off its government services business, named Engility, into a publicly-traded company with pro forma revenue of approximately \$2.0 billion.

Regardless of the tactics employed, levels of uncertainty and future performance will remain subject to what the Joint Select Committee on Deficit Reduction proposes and whether Congress will pass the bill. Until then, markets may face continued volatility.

**YTD Relative Stock Price Performance<sup>(1)</sup>**  
 As of August 17, 2011



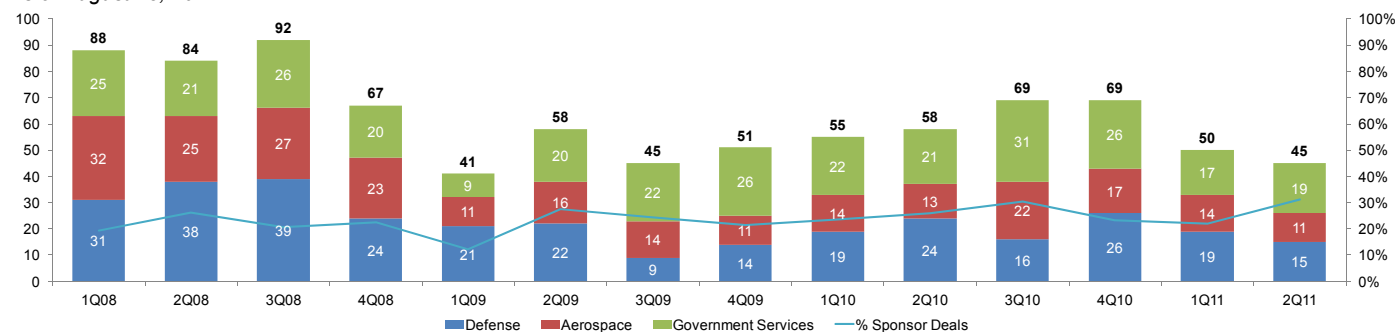
(1) Capital IQ and KippsDeSanto Research

## M&A Trends and Activity

In an effort to spur economic growth as well as avoid a double-dip recession, the Federal Reserve has pledged to keep its benchmark interest rate at a record, near zero level, at least until mid-2013. Low Federal interest rates may have been unable to spur M&A activity after the 2008 recession; however, this was largely due to banks' reluctance to issue new loans. This time around, both strategic and financial buyers alike are able to source large amounts of capital at low interest rates.

As last year saw a surge of deals toward the end of the year to avoid the believed end to Bush-era tax cuts, this year may yet see its own spurt. The aerospace and defense sectors have already witnessed 15 announced deals in 3Q2011 bringing the YTD total to 74, compared to 93 through this time last year. The government services sector has also seen an influx of deals, with 13 announced so far in 3Q2011, bringing the YTD total up to 49, compared to 62 during the same period last year. With macroeconomic uncertainty having kept many deal participants on the sidelines, strategic and private equity firms have used the current window of opportunity to source new debt, create value through inorganic growth, and divest or exit subsidiary and portfolio companies in the aerospace / defense and government services sectors, helping to bring M&A volume back in line with last year.

**M&A Transaction Volume<sup>(1)</sup>**  
 As of August 18, 2011



Not only has the volume of deals remained healthy, but M&A valuations for premium companies have been maintained as well. Defense sellers in focus markets have enjoyed strong valuations, with EBITDA multiples often reaching double-digits. This June, for example, Honeywell acquired EMS Technologies, a provider of airborne sensor systems, platforms, and collection for the ISR and defense communities, for \$510 million dollars, representing 13x LTM EBITDA. Apax Partners received \$960 million, or 10x EBITDA, in their sale of Vizada SAS, a provider of satellite services including voice and high-speed data, mobile IP broadband services, and aeronautical services.

In the aerospace market, companies are seeing strong valuations as well. This quarter Oak Hill Capital Partners sold Primus International, a supplier of highly engineered metallic and composite parts, kits, and assemblies to the global aerospace industry, to Precision Castparts for \$900 million, representing an EBITDA multiple of approximately 13x. Similarly, Saab AB sold Sensis Corporation, a provider of air traffic management solutions and surveillance technologies serving the global civil aviation and defense industries, for \$155 million.

While M&A activity in the government services sector is currently behind that of last year, larger acquisition announcements, such as the acquisition of Apptis, SRA, and Sotera (formerly GTEC), continue to demonstrate significant interest and strong valuations for well-positioned companies in markets and capability areas such as cybersecurity, the intelligence community ("IC"), cloud computing, and health IT ("HIT"). Demonstrating this trend are premium announced or estimated valuations for Software Process Technology (cybersecurity / IC), Paradigm Holdings (cybersecurity), Systems Made Simple (data management / integration), Network Connectivity Solutions (cloud computing), Pangia Technologies (cybersecurity / IC), and High Performance Technologies (HIT / cloud computing).

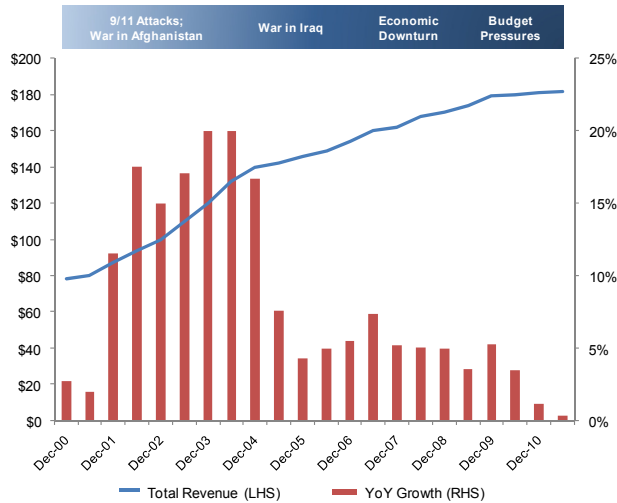
As budget debates continue in the months to come, the defense / aerospace and government industry will likely turn their attention to companies in growing markets such as UAS and C4ISR, both identified as high priority areas for future government spending. Given the friendly debt markets and strong valuations already announced, the end of the year could yet see a very energetic M&A market.

(1) Capital IQ, company filings, and KippsDeSanto research

## Defense Update

### Revenue - Major Defense Contractors<sup>(1)</sup>

For the Periods Ended December 31, 1999 through June 30, 2011



\*Index: Boeing (Defense only), General Dynamics (excludes Gulfstream), L-3 Communications Holdings Inc., Lockheed Martin Corporation, Northrop Grumman Corporation, and Raytheon Co.

### CONTINUED MARKET PRESSURES FELT BY LARGE DEFENSE PRIMES

Over the past decade, large primes have benefited from multiple wars and high visibility into growing defense budgets. However, recent earnings releases, with the backdrop of current budgetary concerns, illustrate a new reality with leveling off / declining budgets and major defense programs at risk. In the near-term, valuations can be expected to continue their decline as budget pressures limit revenue growth prospects and decreasing product volumes force margin contraction.

As the chart on the left illustrates, growth in overall defense supplier revenue has slowed from the 10 - 20% range enjoyed for years post-9/11 to its current flat to low-single digit growth rates.

### Repositioning through Divestitures<sup>(1)</sup>

Parent	Divestiture	Status	Rationale
<b>BAE SYSTEMS</b>	Platform Solutions Business Unit	Cancelled after unit-level earnings improvement and unsatisfactory bids	Lack of fit with core units; looking to achieve liquidity for future M&A
<b>COBHAM</b>	Commercial Systems; Analytic Solutions	Considering	Lack of fit with core units; refocus strategy towards defense
<b>FINMECCANICA</b>	Various Units	Considering	Raise \$700 - \$800 million to pay down debt, revamp U.S. strategy
<b>GENERAL DYNAMICS</b>	Detection Systems	Sold to Chemring for \$90 million on 7/4/2011	Lack of fit with core business units; opportunity for liquidity
<b>ITT</b>	Break up of Water, Industrial, and Defense units	Spin-offs currently underway	Lack of focus; concerns over defense budgetary pressures
<b>ITT</b>	<b>CAS</b>	Sold to Wyle for \$235 million on 9/8/2010	OCI concerns as related to SETA work
<b>L-3 COMMUNICATIONS</b>	Engility	Announced; to be spun-off as public company	OCI concerns as related to SETA work
<b>LOCKHEED MARTIN</b>	<b>PAE</b>	Sold to Lindsay Goldberg for an undisclosed amount	OCI concerns as related to SETA work
<b>LOCKHEED MARTIN</b>	<b>the 3i</b>	Sold to Veritas Capital for \$815 million on 11/23/2010	OCI concerns as related to SETA work
<b>NORTHROP GRUMMAN</b>	Huntington Ingalls Industries	Spun-off as public co. on 3/31/2011	Lack of fit with core business units; concern over funding headwinds
<b>NORTHROP GRUMMAN</b>	<b>TASC</b>	Sold to KKR / General Atlantic for \$1.65 billion on 11/8/2009	OCI concerns as related to SETA work
<b>United Technologies</b>	Rocketdyne	Considering partial / 100% sale of business	Concerns over U.S. space industrial base

### PRIMES / LARGE CONTRACTORS CONTINUE REPOSITIONING STRATEGIES

As a result of global macroeconomic turbulence, budgetary headwinds in the U.S. defense markets, and increased contractor scrutiny, a number of major defense firms continue to look for divestiture opportunities of non-core and conflicting business units to unlock value and refocus strategies. Most recently, L-3 Communications announced the divestiture of several of its non-cyber security and intelligence-oriented government services business units into a new publicly-traded entity, Engility. The move is motivated by increasing scrutiny around Organizational Conflict of Interests ("OCI"), stemming from contractors supporting both acquisition functions and performance aspects of government procurements. The divestiture is the latest in a series of OCI-related carve-outs, including Lockheed Martin / PAE and Northrop Grumman / TASC.

Beyond regulatory pressures, defense firms continue to evaluate strategic alternatives for non-core units as a means to gain liquidity and normalize the overall enterprise's risk profile. Northrop's Huntington Ingalls spin-off and United Technologies' contemplated sale of Rocketdyne signal investor demand to shed units with significant exposure to current and future funding slowdowns. With major programs on the "chopping block" and prevalent worries with respect to long-term budget cuts, it is expected this trend will continue as defense contractors aim to reshape organizational goals and navigate through an uncertain future.

## Aerospace Update

### YTD Aerospace Stock Price Performance <sup>(1)</sup>

	Stock Price Performance			EV / CY 2011E EBITDA Multiple		
	01/04/11	08/18/11	% Change	01/04/11	08/18/11	Change
<b>Aerospace Systems Suppliers</b>						
AAR	\$28.80	\$22.26	(22.7%)	5.8x	5.6x	(0.2x)
GOODRICH	38.05	30.39	(20.1%)	10.6x	8.5x	(2.1x)
HEICO	88.87	81.14	(8.7%)	8.7x	7.7x	(1.0x)
MEGGITT	41.94	45.15	7.6%	12.7x	13.2x	0.5x
TRANSIGM	5.88	5.32	(9.5%)	7.9x	8.0x	0.1x
ZODIAC AEROSPACE	73.95	85.63	15.8%	11.3x	10.9x	(0.4x)
ZODIAC AEROSPACE	46.19	45.96	(0.5%)	7.0x	6.6x	(0.4x)
ZODIAC AEROSPACE	75.73	75.76	0.0%	7.4x	7.8x	0.4x
<b>Median</b>			<b>(4.6%)</b>	<b>8.3x</b>	<b>7.9x</b>	<b>(0.4x)</b>
<b>Aerospace Structures Suppliers</b>						
HEROUC DEYTEK	\$6.06	\$7.05	16.5%	4.2x	4.6x	0.4x
HEXCEL	18.11	19.55	8.0%	8.8x	8.7x	(0.1x)
LMI AEROSPACE INC.	16.92	17.94	6.0%	5.3x	5.5x	0.2x
PCC	140.80	140.77	(0.0%)	10.2x	10.1x	(0.1x)
senior	2.33	2.40	2.9%	6.4x	6.2x	(0.2x)
SPRINT	20.80	14.73	(29.2%)	6.2x	6.1x	(0.1x)
<b>Median</b>			<b>4.5%</b>	<b>6.3x</b>	<b>6.1x</b>	<b>(0.2x)</b>
<b>Overall Median</b>			<b>0.0%</b>	<b>7.7x</b>	<b>7.7x</b>	<b>(0.1x)</b>

### SECTOR RESURGENCE DRIVING GROWTH IN AEROSPACE INDICES

Despite recent turbulence, aerospace stocks have generally outpaced broader markets. Share prices have bounced back strongly from lows reached in early 2009 and are outperforming the broader market by 10% YTD, with valuations generally tracking this trend. Tier 1 and Tier 2 suppliers have generally indicated that OE-related revenue will increase by approximately 10 – 15% in 2011 over 2010, with aftermarket-related growth by approximately 15 – 20%.

Strong execution and a favorable sales mix helped Transdigm beat 2Q2011 estimates by almost 10%, with rising guidance on the heels of recent acquisitions. Goodrich posted 2Q2011 EPS of \$1.38 / share, beating estimates by 11.3%, driven primarily by 16% growth within the company's aftermarket parts division.

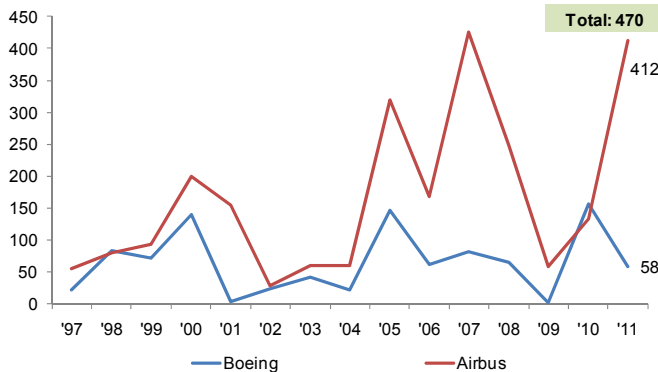
### Firm Orders Received at Air Shows <sup>(2)</sup>



A320neo



Boeing 777



### OEMs ANNOUNCE STRONG ORDER ACTIVITY AT PARIS AIR SHOW

Strong order activity at Le Bourget reinforced the continued upturn of the commercial aerospace sector. Boeing and Airbus announced a combined 842 orders, valued at over \$93 billion at list prices. Airbus dominated the headlines during the week with robust activity for its new fuel-efficient A320neo model. Airbus chalked up 730 orders – an Air Show record – 660 of which were for the A320neo. Despite its rival's immense success, Boeing logged a respectable 142 order, 45 of which were for its widebody 747-8 and 777 aircraft. Furthermore, in response to more than 1,000 A320neo orders since its introduction in late 2010, Boeing announced that it is considering a re-engined version of its 737 model. This move will be closely watched in coming months, as Boeing is still anticipated to develop an all-new narrowbody aircraft within the next decade.

### Parts Distributor Wesco Goes Public <sup>(3)</sup>



Bearings



Interconnect Products



Fluid System Products

(\$ in millions, except price-per-share)

IPO Price		\$15.00
Shares Outstanding		85.6
Implied Market Capitalization		\$1,283.5
Pro Forma Net Debt		568.1
Enterprise Value at Pricing		\$1,851.7
	<b>Enterprise Value /</b>	<b>Implied Multiple</b>
LTM 3/31/2011 Revenue	\$694.7	2.7x
LTM 3/31/2011 Adj. EBITDA	179.7	10.3x

### WESCO AIRCRAFT TRADING BELOW INITIAL RANGES; EARNINGS DROP ON DEBT

Wesco Aircraft, a provider of aerospace hardware, electronic components, and machined parts, went public on July 27 with a \$315 million offering. The Carlyle Group acquired Wesco in mid-2006 and remains the company's largest owner, retaining a stake in excess of 60% post-IPO. After pricing at \$15 / share (down from the initial pricing range of \$15.50 - \$17.00), shares trended downward in its first weeks as a public company along with the turbulent market conditions. In its initial earnings release, Wesco recorded record sales of \$180 million and announced that it expects 7 - 8% growth for the full year.

(1) Company filings and Capital IQ

(2) Company filings, press releases, and KippsDeSanto research

(3) Company filings, Capital IQ, and KippsDeSanto research

## Government Services Update

### YTD Government Services Stock Price Performance<sup>(1)</sup>

	Stock Price Performance			Forward EBITDA Multiple		
	01/04/11	08/05/11	% Change	01/04/11	08/05/11	Change
Booz   Allen   Hamilton	\$19.21	\$16.94	(11.8%)	8.8x	7.1x	(1.7x)
<b>CACI</b>	53.99	51.59	(4.4%)	8.2x	6.5x	(1.7x)
<b>DRC</b>	13.36	11.03	(17.4%)	5.7x	5.4x	(0.3x)
<b>ICF</b>	26.20	23.64	(9.8%)	8.1x	7.0x	(1.1x)
<b>KEYW</b>	15.33	9.92	(35.3%)	NM	12.2x	NM
<b>KRATOS</b>	13.34	8.57	(35.8%)	19.9x	7.8x	(12.1x)
<b>ManTech</b>	41.52	35.76	(13.9%)	7.1x	6.5x	(0.6x)
<b>nci</b>	23.52	15.47	(34.2%)	7.4x	6.6x	(0.7x)
<b>QinetiQ</b>	2.04	1.70	(16.7%)	5.9x	6.2x	0.3x
<b>SAIC</b>	15.95	14.94	(6.3%)	6.4x	6.5x	0.1x
<b>Median</b>			<b>(15.3%)</b>	<b>7.7x</b>	<b>6.6x</b>	<b>(1.1x)</b>

### MARKET VOLATILITY AFFECTS INDUSTRY

Government services companies experienced a significant drop in share price, as continued worries of budget cuts and lack of short-term industry growth were magnified by challenging global economic conditions and outlook. DRC, KEYW, Kratos, NCI, all dropped over 30% YTD with DRC being the only company on the list to meet recent earnings expectations. Surprisingly, ManTech's stock remained relatively resilient despite announcement of a semi-annual dividend in May, which typically signals lower expected growth and a method to deliver investor returns outside of share price appreciation. Although dropping about 7%, QinetiQ was able to reduce / refinance debt and continue to reorganize and restructure the firm for the future.

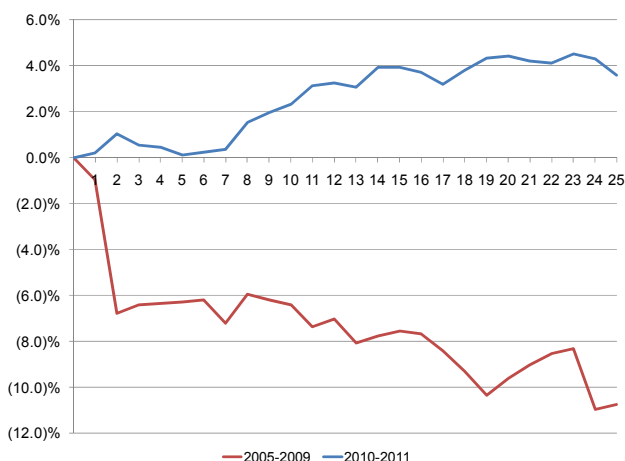
### Government Services Earnings Update<sup>(1)</sup>

	EPS (Latest Quarter Releases)		
	Estimated	Actual	Full Year Guidance
Booz   Allen   Hamilton	\$0.39	\$0.41	No Change
<b>CACI</b>	1.17	1.44	↑ 2.1%
<b>DRC</b>	0.27	0.27	No Change
<b>ICF</b>	0.45	0.45	↑ 3.0%
<b>KEYW</b>	0.04	0.00	Not Provided
<b>KRATOS</b>	(0.09)	(0.22)	↑ 8.7%
<b>ManTech</b>	0.96	0.99	No Change
<b>nci</b>	0.36	0.28	↓ (35.0)%
<b>SAIC</b>	0.33	0.36	No Change

### RECENT PERFORMANCE MIXED AS FIRMS CONTINUE TO REPOSITION

The government services industry trends remain challenging and dynamic as the industry continues to face uncertainty from deficit reduction plans and delayed / protested contract awards. The environment shows mixed EPS results. Booz Allen and ManTech both beat estimates by 5% and 3%, respectively. ManTech delivered 14% year-over-year revenue growth driven mainly by C4ISR and systems engineering programs. KEYW, Kratos, and NCI posted significantly less than expected earnings. Kratos's 138% year-over-year increase in interest expense reduced the importance of raised annual revenue and adjusted EBITDA guidance. NCI experienced greater costs on two fixed-priced contracts and a slowdown of awards causing the firm to cut future earnings guidance.

### Relative Stock Price Performance Following Announced Security Breach<sup>(1)</sup>



### INVESTORS GAINING COMFORT WITH INCREASINGLY COMMON SECURITY BREACHES

Though improved cybersecurity remains a focus across all industries, the number of publicly announced breaches continues to gain momentum in today's increasingly complex threat environment. Surprisingly however, despite the well-publicized nature of these breaches, market reaction has become less volatile compared to 2005 - 2009. Breaches occurring in 2010 - 2011 have largely resulted in a neutral reaction from the investor community. While the need for advanced security to combat complex threats has gained notoriety in the press, stock price performance has been relatively unaffected. A comparison of stock prices among these companies in the 25 days following an announced attack appears to signal that investors are unphased by this activity, or perhaps, the near certainty of security breaches in the current threat landscape has been priced in to stock price performance.

(1) Company filings, Capital IQ, and KippsDeSanto research

**Public Company Trading Analysis<sup>(1)</sup>**  
(\$ in millions, except per share amounts)

Defense Primes	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing Co.	\$58.93	73.1%	\$43,672.6	\$46,645.6	\$69,135.8	\$6,917.4	10.0%	\$78,825.3	\$8,202.2	10.4%	0.67x	6.7x	0.59x	5.7x
Lockheed Martin Corporation	69.38	84.2%	23,285.5	24,794.5	46,648.0	4,674.2	10.0%	47,609.1	5,322.0	11.2%	0.53x	5.3x	0.52x	4.7x
General Dynamics Corp.	58.23	74.4%	21,065.6	22,089.6	33,345.3	4,514.9	13.5%	34,773.6	4,715.4	13.6%	0.66x	4.9x	0.64x	4.7x
Raytheon Co.	40.15	75.6%	14,197.6	15,837.6	25,767.9	3,131.1	12.2%	26,275.7	3,379.7	12.9%	0.61x	5.1x	0.60x	4.7x
BAE Systems plc	4.16	67.7%	14,046.8	15,204.8	34,209.4	4,193.2	12.3%	35,153.3	4,331.8	12.3%	0.44x	3.6x	0.43x	3.5x
Northrop Grumman Corporation	50.04	69.0%	13,914.0	15,081.0	27,680.0	3,382.0	12.2%	27,257.9	3,699.0	13.6%	0.54x	4.5x	0.55x	4.1x
<b>Median</b>		<b>73.7%</b>	<b>\$17,631.6</b>	<b>\$18,963.6</b>	<b>\$33,777.3</b>	<b>\$4,354.1</b>	<b>12.2%</b>	<b>\$34,963.4</b>	<b>\$4,523.6</b>	<b>12.6%</b>	<b>0.58x</b>	<b>5.0x</b>	<b>0.57x</b>	<b>4.7x</b>

Defense Systems	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
ITT Corporation	\$43.84	68.5%	\$8,123.6	\$8,391.6	\$11,574.5	\$1,659.9	14.3%	\$12,001.7	\$1,738.9	14.5%	0.73x	5.1x	0.70x	4.8x
Rockwell Collins Inc.	44.92	66.8%	6,902.7	7,222.7	4,904.1	1,089.2	22.2%	5,234.5	1,200.6	22.9%	1.47x	6.6x	1.38x	6.0x
L-3 Communications Holdings Inc.	64.33	72.6%	6,779.6	10,458.6	15,493.8	1,897.0	12.2%	15,586.6	1,885.9	12.1%	0.68x	5.5x	0.67x	5.5x
FLIR Systems, Inc.	22.31	59.8%	3,563.6	3,328.0	1,614.8	412.8	25.6%	1,751.4	489.2	27.9%	2.06x	8.1x	1.90x	6.8x
Cobham plc	2.83	69.5%	3,146.5	3,753.8	3,144.4	684.8	21.8%	3,332.0	709.7	21.3%	1.19x	5.5x	1.13x	5.3x
Alliant Techsystems Inc.	58.04	72.6%	1,912.3	3,075.1	4,678.5	634.7	13.6%	4,750.0	665.3	14.0%	0.66x	4.8x	0.65x	4.6x
Teledyne Technologies Inc.	47.86	87.0%	1,760.4	2,059.7	1,961.8	285.8	14.6%	2,112.5	307.1	14.5%	1.05x	7.2x	0.97x	6.7x
Ultra Electronics Holdings plc	21.55	68.7%	1,476.9	1,493.2	1,221.6	210.3	17.2%	1,274.4	221.1	17.4%	1.22x	7.1x	1.17x	6.8x
Huntington Ingalls Industries, Inc.	28.64	67.0%	1,397.7	2,889.7	6,627.5	551.0	8.3%	6,745.3	584.6	8.7%	0.44x	5.2x	0.43x	4.9x
Cubic Corporation	39.40	67.5%	1,053.4	730.3	1,327.9	133.8	10.1%	1,405.6	153.6	10.9%	0.55x	5.5x	0.52x	4.8x
AeroVironment, Inc.	25.05	68.6%	549.8	361.0	330.1	56.0	16.9%	350.2	57.9	16.5%	1.09x	6.5x	1.03x	6.2x
Force Protection Inc.	3.51	58.5%	245.9	96.3	661.1	34.5	5.2%	733.0	62.5	8.5%	0.15x	2.8x	0.13x	1.5x
<b>Median</b>		<b>68.6%</b>	<b>\$1,836.3</b>	<b>\$2,982.4</b>	<b>\$2,553.1</b>	<b>\$481.9</b>	<b>14.5%</b>	<b>\$2,722.3</b>	<b>\$536.9</b>	<b>14.5%</b>	<b>0.89x</b>	<b>5.5x</b>	<b>0.84x</b>	<b>5.4x</b>

Defense Electronics / Comm.	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Thales	\$34.96	80.0%	\$6,944.9	\$7,343.2	\$18,339.7	\$1,648.0	9.0%	\$19,837.8	\$1,874.1	9.4%	0.40x	4.5x	0.37x	3.9x
Harris Corp.	34.71	65.0%	4,415.1	6,120.3	6,036.5	1,195.8	19.8%	6,500.9	1,321.7	20.3%	1.01x	5.1x	0.94x	4.6x
ViaSat Inc.	32.81	71.1%	1,382.2	1,710.6	857.9	161.6	18.8%	1,045.0	212.1	20.3%	1.99x	10.6x	1.64x	8.1x
Orbital Sciences Corp.	13.51	69.7%	789.8	631.3	1,371.5	112.7	8.2%	1,509.4	144.1	9.5%	0.46x	5.6x	0.42x	4.4x
Comtech Telecommunications Corp.	25.26	78.9%	657.8	268.8	471.1	89.0	18.9%	408.0	78.7	19.3%	0.57x	3.0x	0.66x	3.4x
Mercury Computer Systems, Inc.	13.98	63.8%	424.0	261.1	238.5	37.7	15.8%	293.9	56.3	19.2%	1.09x	6.9x	0.89x	4.6x
Globecom Systems Inc.	11.80	71.8%	264.6	235.1	311.0	38.5	12.4%	324.3	37.0	11.4%	0.76x	6.1x	0.72x	6.4x
<b>Median</b>		<b>71.1%</b>	<b>\$789.8</b>	<b>\$631.3</b>	<b>\$857.9</b>	<b>\$112.7</b>	<b>15.8%</b>	<b>\$1,045.0</b>	<b>\$144.1</b>	<b>19.2%</b>	<b>0.76x</b>	<b>5.6x</b>	<b>0.72x</b>	<b>4.6x</b>

Homeland Security	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group plc	\$14.92	62.4%	\$5,838.7	\$7,240.7	\$4,855.3	\$1,044.4	21.5%	\$5,105.3	\$1,129.0	22.1%	1.49x	6.9x	1.42x	6.4x
Mine Safety Appliances Co.	26.26	64.2%	961.8	1,296.7	1,168.9	160.1	13.7%	1,224.8	177.3	14.5%	1.11x	8.1x	1.06x	7.3x
OSI Systems, Inc.	34.00	75.1%	647.8	611.2	688.9	83.4	12.1%	745.7	84.9	11.4%	0.89x	7.3x	0.82x	7.2x
Analogic Corporation	45.48	77.1%	570.8	417.2	477.6	62.3	13.0%	469.0	61.6	13.1%	0.87x	6.7x	0.89x	6.8x
Federal Signal Corp.	4.47	57.4%	278.0	497.6	797.0	55.0	6.9%	842.8	85.8	10.2%	0.62x	9.0x	0.59x	5.8x
<b>Median</b>		<b>64.2%</b>	<b>\$647.8</b>	<b>\$611.2</b>	<b>\$797.0</b>	<b>\$83.4</b>	<b>13.0%</b>	<b>\$842.8</b>	<b>\$85.8</b>	<b>13.1%</b>	<b>0.89x</b>	<b>7.3x</b>	<b>0.89x</b>	<b>6.8x</b>

**Public Company Trading Analysis, cont.<sup>(1)</sup>**  
(\$ in millions, except per share amounts)

Aerospace Systems Suppliers	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Goodrich Corp.	\$81.14	81.4%	\$10,142.9	\$12,083.3	\$8,104.0	\$1,569.2	19.4%	\$8,900.3	\$1,742.3	19.6%	1.49x	7.7x	1.36x	6.9x
TransDigm Group Incorporated	85.63	90.1%	4,294.3	6,887.3	1,307.1	630.5	48.2%	1,451.0	701.1	48.3%	5.27x	10.9x	4.75x	9.8x
Meggitt plc	5.12	77.5%	3,967.0	5,328.6	2,216.9	657.6	29.7%	2,522.1	765.4	30.3%	2.40x	8.1x	2.11x	7.0x
Zodiac Aerospace SA	74.64	83.0%	3,959.9	5,060.0	3,948.4	620.5	15.7%	4,329.3	692.3	16.0%	1.28x	8.2x	1.17x	7.3x
BE Aerospace Inc.	30.39	70.9%	3,135.0	4,187.3	2,487.1	493.0	19.8%	2,810.1	580.6	20.7%	1.68x	8.5x	1.49x	7.2x
Triumph Group, Inc.	45.96	83.8%	2,253.7	3,455.8	3,468.0	522.5	15.1%	3,666.9	590.0	16.1%	1.00x	6.6x	0.94x	5.9x
Esterline Technologies Corp.	62.41	75.9%	1,907.0	2,132.3	1,786.9	311.4	17.4%	2,010.9	370.7	18.4%	1.19x	6.8x	1.06x	5.8x
HEICO Corp.	45.15	77.9%	1,883.4	2,027.6	755.0	153.9	20.4%	857.5	159.4	18.6%	2.69x	13.2x	2.36x	12.7x
AAR Corp.	22.26	70.3%	883.3	1,230.9	1,879.0	220.8	11.7%	2,005.3	257.0	12.8%	0.66x	5.6x	0.61x	4.8x
<b>Median</b>		<b>77.9%</b>	<b>\$3,135.0</b>	<b>\$4,187.3</b>	<b>\$2,216.9</b>	<b>\$522.5</b>	<b>19.4%</b>	<b>\$2,522.1</b>	<b>\$590.0</b>	<b>18.6%</b>	<b>1.49x</b>	<b>8.1x</b>	<b>1.36x</b>	<b>7.0x</b>

Aerospace Structures Suppliers	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Precision Castparts Corp.	\$140.77	82.1%	\$20,274.5	\$19,191.4	\$6,990.8	\$1,900.1	27.2%	\$8,224.9	\$2,319.9	28.2%	2.75x	10.1x	2.33x	8.3x
Spirit AeroSystems Holdings Inc	14.73	55.6%	2,104.3	3,150.7	4,737.0	519.0	11.0%	5,365.5	699.4	13.0%	0.67x	6.1x	0.59x	4.5x
Hexcel Corp.	19.55	76.1%	1,922.8	2,118.3	1,364.2	243.4	17.8%	1,502.8	278.4	18.5%	1.55x	8.7x	1.41x	7.6x
Senior plc	2.33	73.1%	937.3	1,038.4	987.3	162.4	16.4%	1,065.4	175.8	16.5%	1.05x	6.4x	0.97x	5.9x
LMI Aerospace Inc.	17.94	71.8%	213.1	205.7	262.7	37.7	14.4%	296.1	44.3	15.0%	0.78x	5.5x	0.69x	4.6x
<b>Median</b>		<b>73.1%</b>	<b>\$1,922.8</b>	<b>\$2,118.3</b>	<b>\$1,364.2</b>	<b>\$243.4</b>	<b>16.4%</b>	<b>\$1,502.8</b>	<b>\$278.4</b>	<b>16.5%</b>	<b>1.05x</b>	<b>6.4x</b>	<b>0.97x</b>	<b>5.9x</b>

Government Services	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
SAIC, Inc.	\$13.74	77.8%	\$4,853.1	\$5,422.1	\$11,179.9	\$1,040.1	9.3%	\$11,384.5	\$1,060.4	9.3%	0.48x	5.2x	0.48x	5.1x
Booz Allen Hamilton Inc.	15.65	75.5%	2,042.2	2,800.8	5,880.5	466.2	7.9%	6,333.4	511.8	8.1%	0.48x	6.0x	0.44x	5.5x
CACI International Inc.	48.81	73.4%	1,469.8	1,714.9	3,730.2	307.3	8.2%	3,975.3	325.8	8.2%	0.46x	5.6x	0.43x	5.3x
ManTech International Corporation	33.30	72.0%	1,223.4	1,216.4	2,989.5	267.2	8.9%	3,182.1	281.6	8.8%	0.41x	4.6x	0.38x	4.3x
QinetiQ Group Plc	1.83	80.3%	1,199.7	1,632.9	2,703.7	287.3	10.6%	2,721.4	293.4	10.8%	0.60x	5.7x	0.60x	5.6x
ICF International Inc.	19.71	70.1%	389.5	450.2	842.1	81.6	9.7%	925.2	90.6	9.8%	0.53x	5.5x	0.49x	5.0x
Kratos Defense & Security Solutions, Inc.	8.25	55.9%	284.2	700.1	762.5	99.3	13.0%	962.8	136.1	14.1%	0.92x	7.0x	0.73x	5.1x
The KEYW Holding Corporation	8.88	55.5%	232.4	257.9	213.6	22.4	10.5%	309.1	41.9	13.6%	1.21x	11.5x	0.83x	6.1x
NCI, Inc.	14.55	57.6%	200.3	269.8	571.4	36.2	6.3%	574.7	37.9	6.6%	0.47x	7.5x	0.47x	7.1x
Dynamics Research Corp.	10.36	60.3%	106.8	242.3	331.1	34.0	10.3%	405.6	45.6	11.2%	0.73x	7.1x	0.60x	5.3x
<b>Median</b>		<b>71.0%</b>	<b>\$794.6</b>	<b>\$958.3</b>	<b>\$1,772.9</b>	<b>\$183.3</b>	<b>9.5%</b>	<b>\$1,842.1</b>	<b>\$208.9</b>	<b>9.6%</b>	<b>0.51x</b>	<b>5.8x</b>	<b>0.48x</b>	<b>5.3x</b>

Engineering & Construction	Stock Price 08/19/11	% of 52 Week High	Market Cap	Enterprise Value	CY 2011E			CY 2012P			EV / CY 2011E		EV / CY 2012P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Jacobs Engineering Group Inc.	\$32.56	58.4%	\$4,153.1	\$3,941.8	\$10,829.9	\$651.4	6.0%	\$11,685.9	\$689.3	5.9%	0.36x	6.1x	0.34x	5.7x
Babcock International Group plc	9.40	77.5%	3,368.2	4,555.1	5,271.8	578.1	11.0%	5,687.5	632.0	11.1%	0.86x	7.9x	0.80x	7.2x
URS Corporation	31.75	65.7%	2,527.4	2,961.9	9,848.0	710.2	7.2%	10,399.8	755.2	7.3%	0.30x	4.2x	0.28x	3.9x
AECOM Technology Corporation	18.82	62.8%	2,248.0	3,117.5	8,270.0	549.0	6.6%	8,657.1	630.2	7.3%	0.38x	5.7x	0.36x	4.9x
Shaw Group Inc.	21.19	50.9%	1,530.8	1,461.5	6,051.8	158.2	2.6%	6,514.8	360.9	5.5%	0.24x	9.2x	0.22x	4.0x
Tetra Tech Inc.	18.35	67.6%	1,146.5	1,177.9	1,842.0	202.5	11.0%	1,960.9	220.9	11.3%	0.64x	5.8x	0.60x	5.3x
<b>Median</b>		<b>64.2%</b>	<b>\$2,387.7</b>	<b>\$3,039.7</b>	<b>\$7,160.9</b>	<b>\$563.5</b>	<b>6.9%</b>	<b>\$7,586.0</b>	<b>\$631.1</b>	<b>7.3%</b>	<b>0.37x</b>	<b>5.9x</b>	<b>0.35x</b>	<b>5.1x</b>

**Select Recent Aerospace / Defense M&A<sup>(1)</sup>**  
(\$ in millions)

Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA		EV / LTM	
							Margin	Revenue	EBITDA	EBITDA
08/05/11	TransDigm Group Incorporated	Schneller Holdings LLC	Manufactures proprietary, highly engineered laminates for commercial aircraft	\$288.5	\$84.0	NA	NA	3.43x	NA	
08/02/11	Dexter Apache Holdings, Inc.	Crystal Group Inc.	Designs and manufactures rugged, COTS custom-designed computers, displays, networking devices, embedded systems, and storage devices	NA	NA	NA	NA	NA	NA	
08/01/11	Astrium N.V.	Vizada SAS	Provides mobile satellite services such as voice and high-speed data, mobile IP broadband services, and aeronautical services	960.0	660.0	\$95.0	14.4%	1.45x	10.1x	
07/28/11	AKKA Technologies	Groupe Aeroconseil SAS	Provides aeronautical services including aeronautical and systems engineering, air transport, and customized assistance to aircraft manufacturers for their design, office, and customer support activities	NA	148.9	NA	NA	NA	NA	
07/28/11	Curtiss-Wright Corporation	ACRA Control, Ltd.	Supplies airborne data acquisition systems, telemetry ground stations, airborne recording and complete end-to-end system integration products to the defense and commercial aerospace industry	61.0	28.7	NA	NA	2.13x	NA	
07/28/11	KeyW Corporation	Flight Landata, Inc.	Produces agile airborne ISR solutions and Micro Terrain Intelligence to the U.S. Defense Department and the Warfighter	30.0	22.3	NA	NA	1.35x	NA	
07/26/11	Airbus Americas, Inc.	Metron Aviation, Inc.	Provides air traffic flow management, surface operations management, airspace design and research, as well as environmental analysis solutions	NA	NA	NA	NA	NA	NA	
07/22/11	Executive Beechcraft, Inc.	AVITAT Boca Raton Inc.	Provides fixed-base operator services including aircraft maintenance, fueling, hangaring, rental, and catering	21.0	NA	NA	NA	NA	NA	
07/21/11	Atlantic Aviation Corporation	Flightcraft, Inc.	Provides services for business aviation including maintenance, installations & service, and management & chartering	NA	NA	NA	NA	NA	NA	
07/20/11	telent GmbH	Cassidian France, Analogue Radio Business	Provides secure communication products through professional analog mobile radios including base stations and radio telephones	NA	NA	NA	NA	NA	NA	
07/15/11	Pteris Global Limited	AeroMobiles Pte Ltd	Designs and produces a variety of aircraft ground support equipment including passenger stairs, service platforms, and aircraft lavatory and water servicing trucks	NA	NA	NA	NA	NA	NA	
07/14/11	Achidatex Nazareth Elite Ltd.	Rabintex Industries Ltd., Assets	Comprised of intangible assets and armoring activity without any liability including a project to supply bullet proof vests to the Italian army	NA	NA	NA	NA	NA	NA	
07/14/11	ILFC	AeroTurbine business of AerCap	Provides used aircraft and engine products, including their acquisition, maintenance, management, and warehousing	NA	NA	NA	NA	NA	NA	
07/13/11	Torque Capital Group LLC	Triumph Precision Castings Company	Produces state-of-the-art investment castings, specializing in turbine engine rotating blades, vanes and other components	NA	NA	NA	NA	NA	NA	
07/10/11	Precision Castparts Corp.	Primus International	Provides complex components and assemblies, including swaged rods, advanced composites, and machined components to the global aerospace industry	900.0	NA	69.2	NA	NA	13.0x	
06/29/11	Saab AB	Sensis Corporation	Provides ATM solutions and surveillance technologies serving the global civil aviation and defence industries	155.0	200.0	NA	NA	0.78x	NA	
06/28/11	Plasan Sasa Ltd.	KaZaK Composites Inc.	Provides composite structures for the military, aerospace, marine, and commercial markets including mast trunks for submarines, pultrusion equipment, ship structures, and aircraft carrier stanchions	NA	NA	NA	NA	NA	NA	
06/22/11	Admiralty Partners, Inc.	GMA Cover Corporation	Provides high technology protection systems including concealment, aerial delivery, flexible fuel and water storage, vehicle soft-top systems, and tactical soft shelters	NA	NA	NA	NA	NA	NA	
06/15/11	Zodiac Aerospace SA	Heath Tecna, Inc.	Manufactures and sells aircraft interiors for airlines and OEMS in the United States and Internationally	NA	78.0	NA	NA	NA	NA	
06/15/11	Vaupell Holdings, Inc.	Russell Plastics Technology Company, Inc.	Supplies composite products and assemblies primarily for the aerospace and military markets	NA	NA	NA	NA	NA	NA	
06/14/11	General Dynamics Corporation	Fortress Technologies, Inc.	Provides secure wireless networking equipment for the U.S. military and other government customers	NA	NA	NA	NA	NA	NA	
06/14/11	Precision Castparts Corp.	GE Aviation, Tru-Form Rings Operations	Manufactures flash-welded and cold-rolled rings for jet engine and gas turbine applications, including spacer rings, combustion casings and liners, LPT casings, and fan cases	NA	NA	NA	NA	NA	NA	
06/13/11	Honeywell International, Inc.	EMS Technologies Inc.	Provides connectivity solutions for mobile networking, rugged mobile computers, and satellite communications	490.4	357.4	41.6	11.6%	1.37x	11.8x	

(1) Company filings, Capital IQ, and KippsDeSanto research

**Select Recent Government Services M&A<sup>(1)</sup>**  
(\$ in millions)

Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA		EV / LTM	
							Margin	Revenue	EBITDA	EBITDA
08/16/11	GTSI Corp	Information Systems Consulting Group Inc	Provides software development and support services to the Federal Civilian marketplace	NA	NA	NA	NA	NA	NA	NA
08/15/11	Dovel Technologies	ZapThink LLC	Provides practical advice, guidance, education, and mentorship solutions that assist companies in leveraging architecture to meet their business needs and presenting viable solutions to the market	NA	NA	NA	NA	NA	NA	NA
08/09/11	Sotera Defense Solutions	Software Pcess Technologies	Provides product driven enterprises with the knowledge and skill required to analyze, design, and develop system level software and web-based applications that are targeted for existing and emerging technologies	NA	NA	NA	NA	NA	NA	NA
08/01/11	Strategic Enterprise Solutions, Inc	Evolution Techonologies Inc	Brings emergency management and response capabilities and communications standards expertise to SE Solutions	NA	\$5.0	NA	NA	NA	NA	NA
07/25/11	CACI International, Inc.	Paradigm Holdings Inc	Provides information technology, information assurance, and business continuity solutions primarily to the United States Federal Government customers	\$61.5	55.0	NA	NA	1.12x	NA	NA
07/21/11	SAIC, Inc.	Vitalize Consulting Solutions, Inc.	Provides clinical, business, and information technology solutions for healthcare enterprises in the United States and Canada	NA	NA	NA	NA	NA	NA	NA
07/21/11	Boeing Company	Solutions Made Simple, Inc.	Provides data integration and data management services	NA	19.9	NA	NA	NA	NA	NA
07/20/11	Stratos Global Corp	Blue Ocean Wireless Limited	Provides mobile GSM connectivity services for seafarers	NA	NA	NA	NA	NA	NA	NA
07/18/11	General Dynamics	Network Connectivity Solutions, Corp. (NETCONN)	Provides enterprise IT services to the DISA and other DoD agencies	NA	NA	NA	NA	NA	NA	NA
07/12/11	Ayelet Investments LLC	Conmed Healthcare Management, Inc.	Leading full service provider of correctional facility healthcare services to county and municipal detention centers	57.2	62.2	\$3.7	5.9%	0.92x	15.5x	NA
07/12/11	H.I.G. Capital, LLC	Hart InterCivic Inc.	Delivers a deep-rooted level of credibility across the electoral process with field-proven products, services and support that successfully, dependably meet the rigorous demands of today's election procedures	NA	NA	NA	NA	NA	NA	NA
07/11/11	Moelis Capital Partners	CyberCore Technologies LLC	Focuses on cyber security, systems integration and secure supply chain management	NA	NA	NA	NA	NA	NA	NA
06/30/11	FedCap Partners, LLC	Point One, LLC	Provides cybersecurity policy development, as well as strategic planning and operations support to the U.S. Intelligence and Defense Community	NA	NA	NA	NA	NA	NA	NA
06/29/11	Kaseman, LLC	Sallyport Global Holdings, Inc.	Provides engineering and professional services, which includes fire protection, environmental remediation, power generation, and other support services such as base construction, base operations, and logistics	NA	NA	NA	NA	NA	NA	NA
06/20/11	CACI International, Inc.	Pangia Technologies, LLC	Software engineering, information technology and security, and advanced engineering services to organizations in the intelligence community, the department of defense, and the commercial sector	NA	NA	NA	NA	NA	NA	NA
06/06/11	MCR LLC	JB&A Inc.	Provides analytical and professional services to government agencies	NA	60.0	NA	NA	NA	NA	NA
06/03/11	Dynamics Research Corporation	High Performance Technologies	Provides architectural services for the information technology sector	128.7	97.0	11.9	12.3%	1.47x	12.0x	NA
06/02/11	TASC, Inc.	TexelTek, Inc.	Designs, develops, and markets data and company intelligence protection solutions	NA	NA	NA	NA	NA	NA	NA
05/31/11	Electronic Consulting Services, Inc.	OAK Management, Inc.	Provides program management, systems engineering, software development, and management consulting services	NA	NA	NA	NA	NA	NA	NA
05/27/11	Mount Knowledge Holdings, Inc.	C2 Technologies, Inc.	Provides performance enhancement solutions to civilian, defense, Federal government, commercial, and private-industry clients in the United States and internationally	NA	42.0	NA	NA	NA	NA	NA
05/19/11	Monument Capital	Persistent Sentinel LLC	Provides enhanced security and surveillance software products that automatically detect and analyze threats and protect assets	NA	NA	NA	NA	NA	NA	NA
05/19/11	Camber Corp.	EADS North America Defense Security and Systems Solutions	Provides information assurance and network solutions for commercial and government organizations	NA	NA	NA	NA	NA	NA	NA
05/11/11	CH2M HILL Companies, Ltd.	Booz Allen Hamilton, State and Local Government Transportation Business	Provides management consulting, system engineering, rolling stock consulting, asset management, train control and communications systems, system safety, and revenue system consulting throughout North America	28.5	50.0	NA	NA	0.57x	NA	NA

(1) Company filings, Capital IQ, and KippsDeSanto research

## Select Recent KippsDeSanto & Co. Advised Transactions



*has been acquired by*



**July 2011**

FedConcepts

*has been acquired by*



**February 2011**



*has been acquired by*



**December 2010**



*has been acquired by*



**December 2010**

EchoStorm® Worldwide  
Video and Data Management Technology

*has been acquired by*



**December 2010**

**COMFRAME**  
precision software innovation

*has been acquired by*



**December 2010**



*has been acquired by*



**November 2010**



*has been acquired by*



**November 2010**

Novii Design

*has been acquired by*



**September 2010**



*has been acquired by*




**September 2010**



*has been acquired by*



**August 2010**



**ALION**  
SCIENCE AND TECHNOLOGY

**\$310,000,000**  
*12% Senior Secured Notes*

**\$25,000,000**  
*Revolving Line of Credit*

**March 2010**

## **About KippsDeSanto & Co.**

KippsDeSanto is an investment banking firm focused on delivering M&A and financing expertise. Our solutions are focused on the technology sectors we know – Aerospace / Defense and Government Services. We are recognized for our depth of industry experience, knowledge of sector-specific transaction drivers, and long-standing relationships with industry participants.

We welcome the opportunity to have a more detailed discussion of developments in our focus industries. For more information, please contact us:

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