



ARONSON

CAPITAL PARTNERS

DECEMBER DEFENSE TECHNOLOGY & GOVERNMENT SERVICES MARKET UPDATE

Aronson Capital Partners, LLC
805 King Farm Boulevard, Suite 300
Rockville, Maryland 20850
Tel: (301) 231-6200
Fax: (301) 231-7630

Philip J. McMann
Partner

Tel: (301) 231-6202

pmcmann@aronsoncapitalpartners.com

Larry A. Davis
Partner

Tel: (301) 231-6225

ldavis@aronsoncapitalpartners.com

John H. Saunders
Partner

Tel: (301) 231-6209

jsaunders@aronsoncapitalpartners.com

Frantz E. Casseus
Associate

Tel: (301) 222-8291

fcasseus@aronsoncapitalpartners.com

Timothy P. Schmitt
Associate

Tel: (301) 222-8285

tschmitt@aronsoncapitalpartners.com

SELECTED M&A TRANSACTION SUMMARY

General Dynamics Corp. (NYSE: GD) acquires Force Protection, Inc. (NASDAQ: FRPT) for \$360M

General Dynamics' previously announced acquisition of Force Protection closed on December 20, 2011 following an early termination of the Hart-Scott-Rodino waiting period by the Department of Justice. Force Protection provides survivability solutions to support the armed forces of the United States and its allies. The company designs, manufactures, tests, delivers, and supports its blast and ballistic-protected products to increase survivability for the users. The \$5.52 per share cash tender offer represents a 31.1% premium on the unaffected close price ending November 4, 2011. The transaction enterprise value as a multiple of 2011E EBITDA is 5.5x. The TTM EBITDA multiple is 11.2x. General Dynamics has now completed seven acquisitions in 2011.

Ultra Electronics Holdings (LSE: ULE) acquires Special Operations Technology Inc. (SOTECH) and Zu Industries Inc. for \$115M

On December 5, 2011, Ultra Electronics acquired SOTECH and Zu Industries for a combined purchase price of \$115M. SOTECH offers turnkey communications surveillance systems, integrating proprietary and commercial-off-the-shelf ("COTS") data analytic and biometric tools to garner actionable intelligence from massive volumes of data extracted from mobile, fixed line, and broadband communications. Zu Industries provides cyber surveillance systems that are built on two proprietary software products that operate on commercial hardware: an integrated surveillance and intelligence system and voice biometric technology. The acquisitions are expected to enhance Ultra's transatlantic cyber intelligence and security offerings and provide a platform for exploiting growth opportunities with US government agencies that conduct global counter-terrorism and counter-narcotics missions. Aronson Capital Partners served as the exclusive financial advisor to both SOTECH and Zu in this transaction.

Sotera Defense Solutions, Inc. acquires Potomac Fusion, Inc.

On December 30, 2011, Sotera Defense Solutions, a portfolio company of Ares Management, completed its acquisition of Potomac Fusion, a developer of data fusion, data analytics, cyber, and visualization solutions for IC and DoD Tactical ISR mission systems operating in a cloud computing environment. Sotera CEO John Hillen stated: "With core values that match our own – commitment to the customer's mission and strong emphasis on agility, ingenuity, and innovation – Potomac Fusion is a natural addition to the Sotera team." Potomac Fusion is projecting revenues of \$40M for FY 2011. Terms of the deal were not disclosed.

PUBLIC COMPANY UPDATES

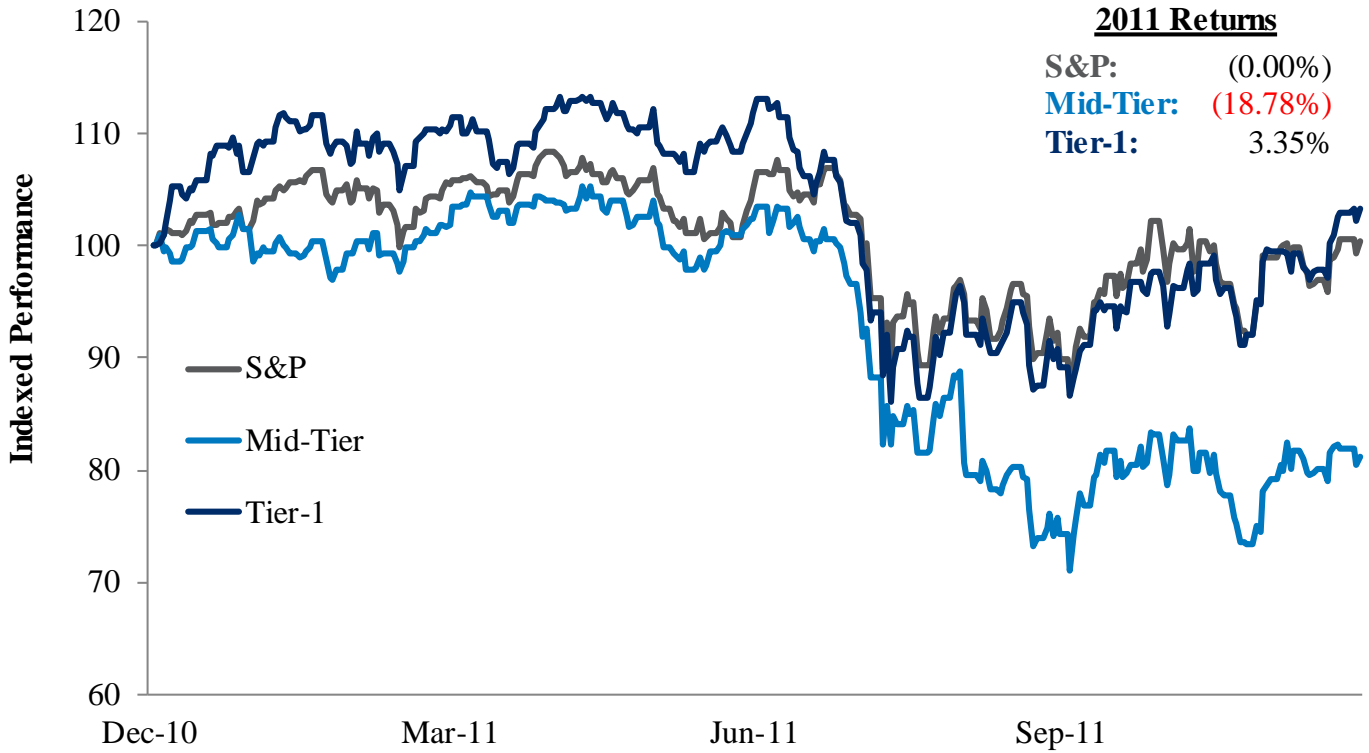
Highlights:

- Booz Allen Hamilton (BAH) announced on December 12, 2011 that its Board of Directors has approved a \$30M share repurchase program to be funded from cash on hand. CFO Sam Strickland commented that the company may reassess its M&A strategy in light of a strengthening cash position. Booz Allen has not made a public acquisition since 2003.
- KEYW Holding Corp. announced on December 7, 2011 that its Board of Directors has approved the repurchase of up to 2 million of its outstanding shares of common stock over the next 12 months. The company plans to use a combination of cash and debt under its existing credit facility to repurchase shares.
- Science Applications International Corp. (SAIC) announced on December 6, 2011 a \$232 million loss provision taken by the Company relating to investigations concerning the CityTime workforce management contract. Revenues for Q3 FY 2012 were \$2.81 billion with an operating loss of \$17 million, or -0.6% of revenue. Income from continuing operations excluding the loss provision was \$119 million, compared to \$151 million in Q3 FY 2011.

Executive Reshuffling:

- NCI, Inc. (NASDAQ: NCIT) announced on December 14, 2011 that Lucas J. Narel will become NCI's executive vice president, CFO, and treasurer as of January 1, 2012. Mr. Narel will succeed Brian J. Clark as assumes his new role as president of NCI.
- CACI International Inc. announced on December 12, 2011 that William M. Fairl, President of U.S. Operations, will retire effective September 1, 2012. The company's current COO, Daniel D. Allen, will assume the role of President of U.S. Operations beginning January 1, 2012, while Mr. Fairl will move to the position of Chief Development Officer until his retirement.
- CEO positions at SAIC and Computer Sciences Corporation (CSC) remain unfilled.

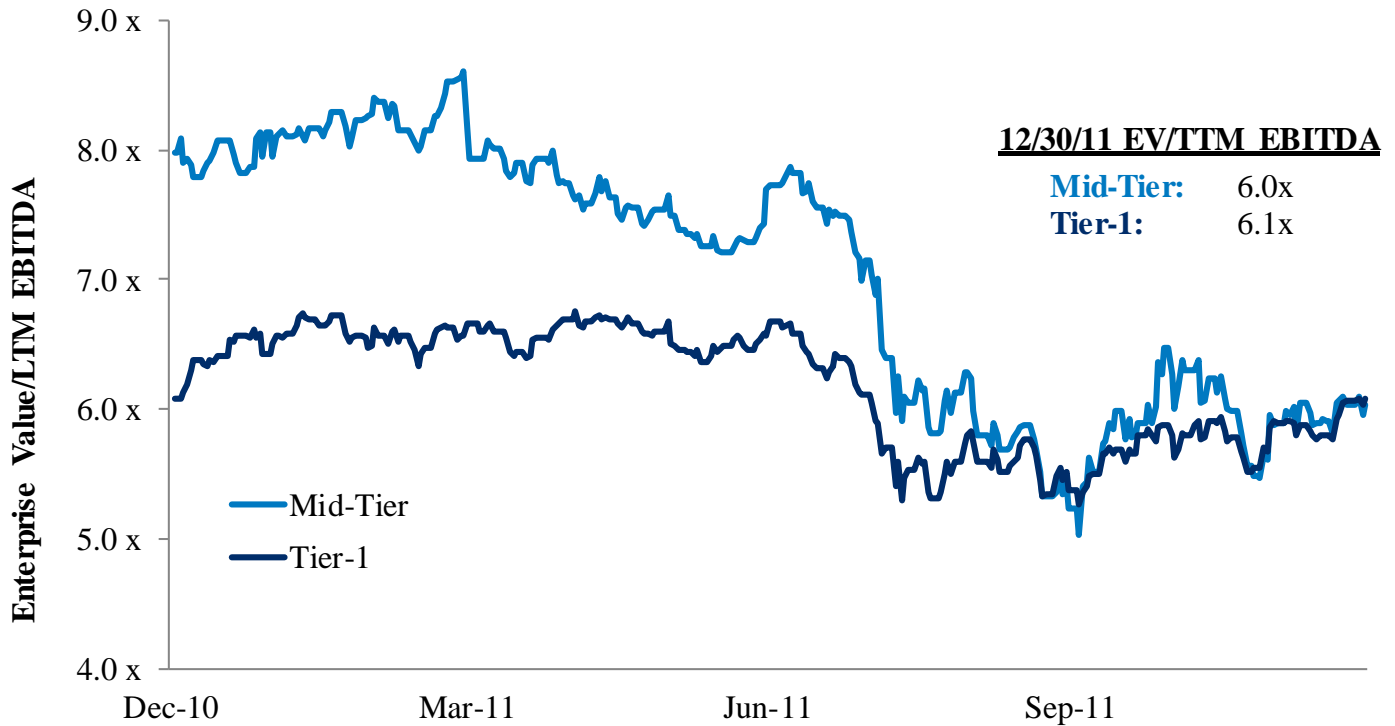
GOVERNMENT SERVICES INDUSTRY PERFORMANCE



Source: FactSet

Mid-Tier Index: BAH, CACI, CUB, DRCO, ICFI, KEYW, MANT, MRCY, NCIT, SAI

Tier-1 Index: BA, GD, HRS, LLL, LMT, NOC, RTN



Source: FactSet

Mid-Tier Index: BAH, CACI, CUB, DRCO, ICFI, MANT, MRCY, NCIT, SAI

Tier-1: BA, GD, HRS, LLL, LMT, NOC, RTN

Note: Mid-Tier index includes a proforma adjustment to DRCO for LTMEBITDA related to its HPTi acquisition in June '11

PUBLIC COMPANY COMPARABLES

(Dollars in Millions, excluding share prices)

Company	Price 12/29/2011	Equity Market Value	Enterprise Value	TTM Revenue	TTM EBITDA	EV as a Multiple of				Operating Margin		Revenue Growth		
						TTM		NTM		CY11E	CY12E	CY11E	CY12E	
						Revenue	EBITDA	Revenue	EBITDA					
Selected publicly traded companies - Mid-Tier														
SAIC Inc.	\$12.31	\$4,200	\$4,439	\$10,864	\$759	0.41x	5.8x	0.41x	4.7x	7.8%	8.9%	-0.4%	-0.6%	
Booz Allen & Hamilton Inc.	17.24	2,199	3,059	6,118	457	0.50	6.7	0.49	5.9	8.0	8.2	16.5	6.8	
CACI International	55.76	1,473	2,174	3,668	331	0.59	6.6	0.54	6.2	8.9	8.7	24.1	5.5	
ManTech Intl Corp	31.65	747	1,183	2,886	269	0.41	4.4	0.38	4.0	9.4	9.4	11.3	8.0	
Cubic Corporation	44.20	1,182	842	1,285	135	0.66	6.3	0.62	5.8	10.5	11.7	12.0	4.3	
ICF International Inc.	24.87	492	542	820	87	0.66	6.2	0.58	6.0	9.7	9.9	10.2	13.1	
KEYW Holding Corp.	7.50	196	265	170	18	1.56	14.7	1.06	9.3	9.2	11.2	82.3	24.7	
Dynamics Research Corp.	11.34	117	240	304	31	0.79	7.7	0.60	5.4	10.7	11.3	20.7	21.9	
NCI Inc.	11.90	103	225	614	44	0.37	5.1	0.44	6.8	6.4	6.6	-3.7	-8.8	
Mercury Computer Sys	13.64	418	244	226	33	1.08	7.4	0.84	4.2	18.6	19.5	26.9	32.3	
						Mean	0.70x	7.1x	0.60x	5.8x	9.9%	10.5%	20.0%	10.7%
						Median	0.62x	6.4x	0.56x	5.9x	9.3%	9.6%	14.3%	7.4%
Selected publicly traded companies - Tier 1 Primes														
Boeing Co.	\$74.11	\$55,081	\$59,113	\$65,730	\$6,988	0.90x	8.5x	0.76x	7.5x	10.6%	10.1%	6.8%	14.2%	
Lockheed Martin Corp.	81.52	26,377	29,666	47,082	4,469	0.63	6.6	0.64	6.3	10.1	10.5	1.7	-0.7	
General Dynamics Corp.	66.92	23,831	26,782	32,131	4,532	0.83	5.9	0.78	5.7	13.8	13.8	1.3	4.1	
Raytheon Co.	49.07	16,983	18,602	25,300	3,245	0.74	5.7	0.73	5.7	12.4	12.9	-0.2	0.1	
Northrop Grumman Corp.	58.89	15,387	17,476	28,513	3,853	0.61	4.5	0.67	5.0	14.0	13.2	-23.5	-1.7	
L-3 Communications	67.05	6,696	10,706	15,409	1,920	0.69	5.6	0.74	6.2	12.3	11.9	-2.3	-5.5	
Harris Corp.	36.20	4,192	6,465	5,980	1,132	1.08	5.7	1.02	5.0	20.3	20.7	19.2	3.2	
						Mean	0.78x	6.1x	0.76x	5.9x	13.4%	13.3%	0.4%	2.0%
						Median	0.74x	5.7x	0.74x	5.7x	12.4%	12.9%	1.3%	0.1%
Selected publicly traded companies - Foreign														
EADS	\$31.10	\$25,508	\$18,453	\$65,900	\$3,300	0.28x	5.6x	0.28x	3.6x	6.3%	7.9%	4.1%	7.3%	
BAE Systems PLC	4.35	14,089	16,066	32,572	3,648	0.49	4.4	0.50	4.2	12.1	12.1	-3.4	1.0	
Finmeccanica S.p.A.	3.62	2,091	9,562	25,330	601	0.38	15.9	0.43	4.8	1.3	8.8	-6.9	-1.6	
Serco Group PLC	7.28	3,622	4,155	6,680	501	0.62	8.3	0.54	6.9	7.6	7.8	7.0	8.5	
Cobham PLC	2.74	2,957	3,746	2,937	539	1.28	6.9	1.45	6.4	22.2	23.2	-3.8	-7.8	
QinetiQ Group PLC	2.06	1,360	1,600	2,530	255	0.63	6.3	0.69	5.8	12.6	11.9	-7.5	-0.7	
Ultra Electronics	22.16	1,528	1,542	1,096	185	1.41	8.3	1.23	6.9	18.0	17.8	2.9	11.3	
						Mean	0.73x	8.0x	0.73x	5.5x	11.4%	12.8%	-1.1%	2.6%
						Median	0.62x	6.9x	0.54x	5.8x	12.1%	11.9%	-3.4%	1.0%
Selected publicly traded companies - Commercial IT														
IBM Corp	\$186.18	\$219,435	\$243,272	\$106,448	\$25,996	2.29x	9.4x	2.20x	8.8x	24.4%	25.0%	7.2%	2.9%	
Accenture PLC	53.84	34,507	34,672	28,464	4,152	1.22	8.4	1.23	7.8	15.6	15.8	19.4	6.7	
Dell Inc.	14.76	26,516	21,404	62,096	5,933	0.34	3.6	0.34	3.8	9.6	8.8	17.2	1.5	
Xerox Corp.	7.97	11,055	20,288	22,638	4,030	0.90	5.0	0.87	5.6	14.5	15.1	5.3	2.0	
Computer Sciences Corp.	23.68	3,672	6,015	16,166	1,982	0.37	3.0	0.37	2.8	11.0	13.3	0.8	1.0	
Unisys Corp.	19.65	852	1,033	3,913	548	0.26	1.9	0.27	1.8	13.3	15.1	-2.6	-1.7	
Navigant Consulting Inc.	11.17	584	747	771	92	0.97	8.1	0.91	6.6	12.7	13.5	10.8	6.4	
Kforce Inc.	12.41	470	535	1,084	56	0.49	9.5	0.45	8.1	5.1	5.5	11.7	6.6	
						Mean	0.86x	6.1x	0.83x	5.7x	13.3%	14.0%	8.7%	3.2%
						Median	0.69x	6.6x	0.66x	6.1x	13.0%	14.3%	9.0%	2.4%

Source: FactSet

EV: Enterprise Value

TTM: Trailing Twelve Months

NTM: Next Twelve Months

RECENT INDUSTRY M&A TRANSACTIONS

Industry M&A Transactions							
Date	Buyer	Target	Target Business Description	EV(\$M)	EV/TTM Revenue Multiple	EV/TTM EBITDA Multiple	
Pending	Raytheon Co.	Henggeler Computer Consultants, Inc.	Programming services provider with expertise in Object-Oriented Analysis, Design/Devel. in C++ & Java; Enterprise Architecture; Framework Development; and Software Project Development	N/A	N/A	N/A	
Dec-11	Sotera Defense Solutions	Potomac Fusion, Inc.	Develops data fusion, data analytics, cyber and visualization solutions for U.S. IC and DOD Tactical ISR mission systems operating in a cloud computing environment	N/A	N/A	N/A	
Dec-11	Mercury Computer Systems	KOR Electronics and Paragon Dynamics	Specializes in radio frequency simulation and jamming technology for modern Electronic Warfare applications and provides exploitation solutions for the IC	\$70.0	1.8 x	10.2 x	
Dec-11	General Dynamics	Force Protection, Inc.	Provides survivability solutions to support the armed forces of the United States and its allies through the design, manufacture, and testing of blast and ballistic-protected products	240.0	0.4	11.2	
Dec-11	National Security Partners, LLC	Summit Solutions	Provides strategic planning, cybersecurity analysis, and intelligence systems engineering services to the federal government	N/A	N/A	N/A	
Dec-11	Ultra Electronics Holdings	Special Operations Technology, Inc.	Specializes in the development of turnkey communications surveillance systems integrating proprietary and commercial-off-the-shelf data analytic and biometric tools	38.4	N/A	N/A	
Dec-11	Ultra Electronics Holdings	Zu Industries, Inc.	Provides cyber surveillance systems built on an integrated surveillance and intelligence system and voice print analysis	76.6	N/A	N/A	
Dec-11	American Securities	Global Tel*Link	Specializes in communications solutions for the corrections industry, providing sophisticated inmate telecommunications services to correctional facilities nationwide	N/A	N/A	N/A	
Dec-11	ICF International, Inc.	Ironworks Consulting, LLC	Provides internet-focused consulting management services, including strategy and program management, compliance and governance, enterprise portal, and business intelligence	100.0	1.8	8.8	
Dec-11	IBM	DemandTec, Inc.	Provider of a collaborative optimization network of software services connecting retailers and consumer products companies enabling strategic marketing decision making	439.4	4.6	N/A	
Dec-11	Thales SA	Tampa Microwave, Inc.	Designs, develops, and manufactures satellite communications terminals and provides terminals with satellite communications engineering and customer support	N/A	N/A	N/A	
Dec-11	NICE Systems Ltd.	Merced Systems, Inc.	Develops sales performance management and service performance management software for on-premise, SaaS and hosted models	170.0	4.1	N/A	
Dec-11	Raytheon Co.	Pikeworks Corp.	Specializes in cybersecurity, software protection, anti-tamper, information operations, data protection, and forensics	N/A	N/A	N/A	
Dec-11	AuthenTec, Inc.	PeerSec Networks, Inc.	Provider of internet security solutions that provide authenticated, secure management features through public networks, WiFi hotspots, and unknown network topologies	N/A	N/A	N/A	
Nov-11	Omnipol A.A.	ERA	Develops and produces a variety of sensor technologies that can be used for surveillance and flight tracking	N/A	N/A	N/A	
Nov-11	ManTech International Corp.	Worldwide Information Network Systems, Inc. (WINS)	Specializes in network and infrastructure engineering, enterprise architecture, cyber security & systems development, and software development and integration for DOD, DOS, and other agencies	90.0	N/A	N/A	
Nov-11	Kratos Defense & Security Solutions, Inc.	SecureInfo Corporation	Pure-play cyber security company specializing in assisting defense, intelligence, and civilian customer identify, understand, document, manage, mitigate, and protect against cyber threats	19.5	N/A	N/A	
Nov-11	Parsons Corp.	Sparta, Inc. (Cobham Analytic Solutions)	Provider of advanced systems engineering, cyber security, and mission support services, primarily to DOD, DHS, and the intelligence community	350.0	1.2	11.7	
Nov-11	Grant Thornton International	Computer Technology Associates (Health Services Division)	Provides IT, financial management, and program management advisory and support services to civilian, military, and commercial health care organizations	N/A	N/A	N/A	
Oct-11	Salient Federal Solutions, Inc.	Dataline, LLC (Electronic Security Systems Division)	Designs, engineers, and installs consolidated emergency response systems including access control, alarm monitoring, intrusion detection, video surveillance, and asset tracking	N/A	N/A	N/A	
Sep-11	General Dynamics Corp.	Vangent, Inc.	Supports HHS, ED, DOL, DOS and DOD with health informatics and information exchange, electronic health records and data analytics, and business process outsourcing solutions	960.0	1.3	11.1	
				Mean	\$ 232.2	2.2 x	10.6 x
				Median	\$ 100.0	1.8 x	11.1 x

Source: Company Press Releases; FactSet; Infobase

EV: Enterprise Value


TTM: Trailing Twelve Months

©Aronson Capital Partners. All rights reserved. Securities transactions are executed by Aronson Capital Advisors, LLC (member FINRA-SIPC)


www.aronsoncapitalpartners.com | 301.231.6200 P | 301.231.7630 F | info@aronsoncapitalpartners.com | 805 King Farm Boulevard | Suite 300 | Rockville, Maryland 20850

REPRESENTATIVE ACP TRANSACTIONS

Advised



on its sale to



Advised



on their sale to



Advised



on its sale to



A portfolio company of



Advised



on its sale to



A portfolio company of



Advised



on its sale to



Advised



on its acquisition of



Advised



on its sale to



Quality In Everything We Do

Advised




on its sale to




A portfolio company of




Advised



on its sale to



A portfolio company of



Advised



on its sale to



A portfolio company of



Advised



on its sale to



A Wholly Owned Subsidiary of WC Holding, Inc.

Advised



on its sale to



Advised



on its sale to



Advised



on its sale to



Advised



on its sale to



Advised



on its sale to



WHO IS ARONSON CAPITAL PARTNERS?

Aronson Capital Partners is a leading financial advisor to government services and technology firms. We exercise our special domain expertise in the Defense, Intelligence, and Federal Civilian markets to achieve exceptional results for our clients. In addition to completing more than 45 transactions in the federal sector, our principals have decades of executive level, hands-on experience in the industry – a key differentiator that leads to success.

MERGERS & ACQUISITIONS:

- Sell-Side M&A
- Buy-Side M&A
- Private Equity Platform Acquisitions
- Management & Leveraged Buyouts
- Divestitures
- Asset Sales

CORPORATE FINANCE:

- Recapitalizations & Restructurings
- Common & Preferred Equity
- Senior Debt
- Subordinated Debt
- Convertible Debt
- Private Equity Investments
- Minority Equity Investments

FINANCIAL ADVISORY:

- Internal Capital Transaction Advisory
- Independent Corporate Valuations
- Fairness Opinions
- Strategic Alternatives Assessments