



⟨RETHINK⟩ *Investment Banking*

December 2014 Market Update: *Defense Technology & Government Services*

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The majority of the completed Government Services transactions involve targets with annual revenue of less than \$50M. This sector is incredibly fragmented, largely due to the government's preferential awards, and it usually takes significant reinvestment and commitment of the shareholders to grow their business beyond this threshold. Therefore, most transactions involve targets with a contract portfolio comprised of (i) prime, F&O work; (ii) prime, small business set aside ("SBSA") contracts or other preferential awards; and (iii) subcontracts.

We are often asked if it is easier to market and sell a business with prime, SBSA contracts or subcontractor work. Unfortunately, the answer is not clear-cut and is largely case specific based on the target company's solutions and relationships.

All things being equal, a target with prime, F&O contracts will command greater buyer interest and a higher valuation than a firm with SBSA contracts and subcontractor work. These targets have proven that they can compete and win against the larger primes, which validates their future growth prospects, capabilities, customer relationships and competitive positioning. Moreover, there is minimal post-closing contract retention risk since there are no recertification requirements and the target company holds the direct relationship with its customers.

Targets that have relied on SBSA awards pose an increased risk profile for an acquirer and therefore require enhanced scrutiny. For each SBSA contract, buyers evaluate if the remaining option years will be exercised, and if the eventual recompetes will stay in the SBSA program or be competed on an F&O basis. There are many factors that buyers consider in this evaluation:

- **Barriers to Entry:** Is there real Intellectual Property ("IP"), domain expertise, or capabilities in areas of budget priority like Cloud, Big Data or Healthcare IT, that other contractors do not possess? What are the switching costs for the government?
- **Customer Relationship Length:** How long has the target been performing this work? Has the target retained the work through multiple contract iterations?
- **Competitive Landscape:** Are there other small businesses that could likely perform this work going forward? Who else bid on the contract? Was it a best value procurement or LPTA?
- **Margin Impact:** Are the margins sustainable in a F&O competition or will there be significant pricing pressure going forward?

Despite the contractual recertification requirements of prime, SBSA contracts, it is fairly unusual for a contracting officer to terminate a contract without exercising the remaining options years. However, based on the aforementioned considerations, it is important for sellers to accurately describe their key differentiators and outline a clear transition plan for each eventual recompetes so that they get credit for the full terminal value of the SBSA contracts.

Targets that have relied on subcontractor work also increase the risk profile for an acquirer but for slightly different reasons. Although there is no formal recertification requirement with the end customer, certain larger prime contractors may not "play well" with the prospective acquirer and slowly reduce the target's roll on the contract under new ownership. This is especially the case if the prime contractor feels threatened on the eventual recompetes by the new buyer, or if the prime is utilizing the target only to achieve contractual small business subcontracting requirements. However, if the target can demonstrate that they are "directed" by the end customer, this risk is largely mitigated and should provide the acquirer greater confidence in the eventual retention of the work. Buyers will also evaluate the same aforementioned factors (as SBSA contracts) to determine if the target is delivering a truly differentiated solution, since most larger strategic buyers view subcontractor work as more difficult to grow in the future.

While F&O work is obviously preferable, the value of SBSA contracts vs. subcontractor work largely varies by the buyer's perceived retention risk, and neither type is uniformly more desirable than the other. It is important for selling shareholders and their investment banking advisor to proactively address these concerns in the Confidential Information Memorandum and Management Presentation and articulate a clear retention and transition strategy.

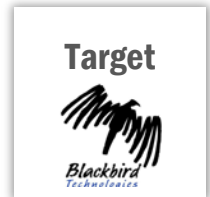
Raytheon Acquires Blackbird Technologies

On November 5th, Raytheon announced and closed the acquisition of Blackbird Technologies, a leading provider of persistent surveillance, secure tactical communications and cybersecurity solutions to the Intelligence Community (IC) and special operations market. The acquisition will join Raytheon's Intelligence, Information and Services (IIS) business.

Lynn Dugle, President of Raytheon Intelligence Information and Services says, "Blackbird expands Raytheon's already-established footprint in the Intelligence Community market while helping to grow our cyber operations and special missions support to the Department of Defense. "

We believe Raytheon pursued this transaction to gain access to Special Operations Command (SOCOM) projects and to expand their capabilities in intelligence, surveillance and reconnaissance ("ISR"), which are both focused growth markets for Raytheon. Blackbird boosts Raytheon's ability to provide SOCOM with end-to-end intelligence solutions.

Blackbird was acquired for \$420 million. The transaction is not expected to have a material effect on Raytheon's earnings.



Preferred Systems Solutions Acquires Government Contract Solutions

On December 10th, CM Equity Partners portfolio company Preferred Systems Solutions (PSS) acquired Government Contract Solutions, a supporter of high priority programs for customers at the forefront of federal spending initiatives. The Company has an established and growing presence with the Intelligence Community and Department of Homeland Security.

Scott Goss, CEO of PSS, said, "The acquisition of GCS, with an 18 year successful track record of outstanding customer support within the Intelligence and Civilian Federal communities, expands our commitment to those men and women."

The acquisition will strengthen PSS' position in IT, enterprise resource planning, program management and financial consulting services to the federal government. This transaction is another example of continued interest in pure-play solution driven IT companies by private equity-backed platforms.

This is PSS' third acquisition this year. PSS also acquired Envision Technical Services (ETS) in June and Global Services & Solutions (GSS) in August. Terms of the deal were not disclosed.



Vistrionix makes Three Acquisitions

On December 11th, Vistrionix announced the acquisitions of Agency Consulting Group, Objective Solutions Inc., and ExaTech Solutions.

ACG provides highly technical solutions in the areas of cloud computing analytics, critical systems infrastructure and specialized mission solutions in support of the National Security Agency (NSA), and is a primary architect of the Intelligence Community's edict to migrate applications, software and infrastructure to cloud-based, virtual environments.

OSI is an engineering solutions provider for the Intelligence Community in key mission areas, including big data, cloud, cyber and SIGINT.

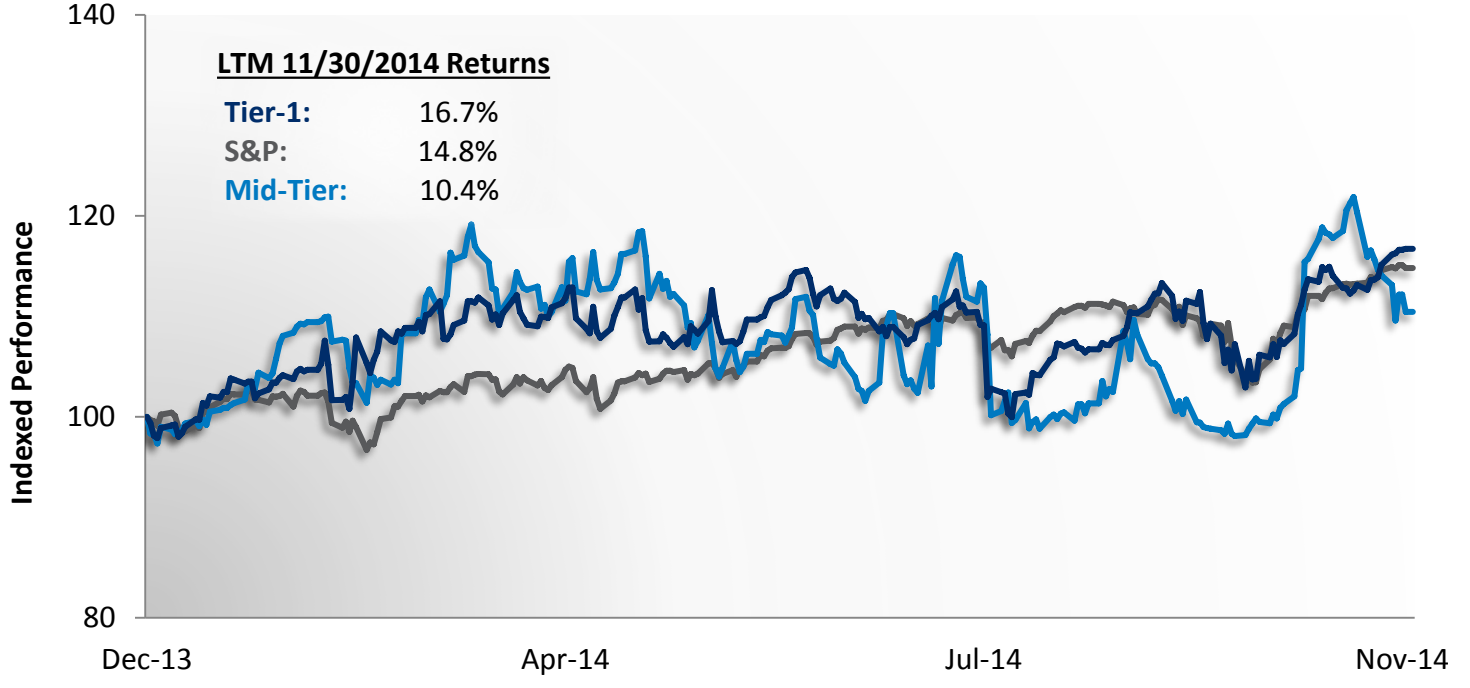
Finally, in its ExaTech announcement, Vistrionix stated that the acquisition provides them with access to "growth sectors such as big data analytics, cloud computing, cybersecurity and enterprise computing and mission IT."

The two recent NSA centric acquisitions, together with KSSI in 2013, create a 200+ FTE platform within a highly coveted market in the Intelligence Community. Companies like Vistrionix continue to covet niche acquisition targets with expertise in big data and cloud analytics.

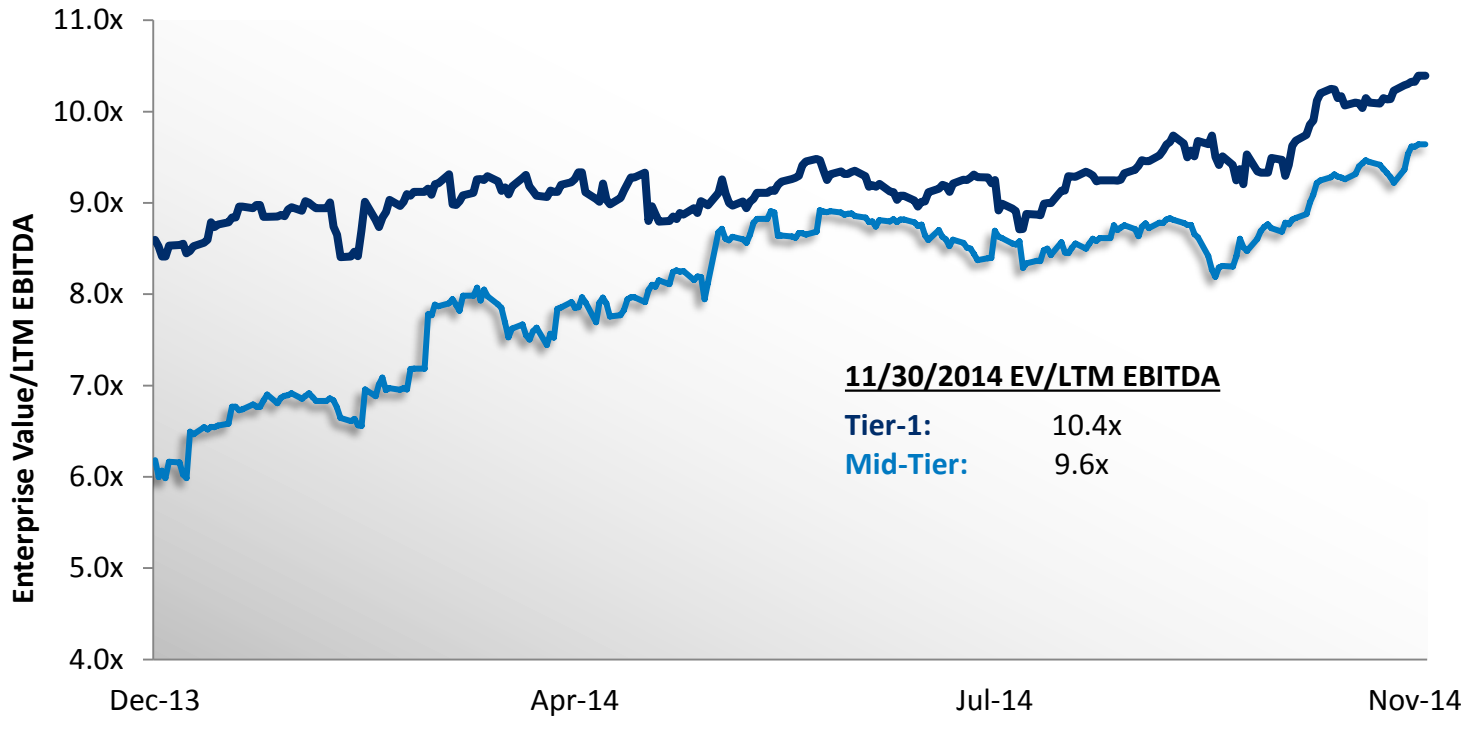
Terms of these transactions were not disclosed.



Last 12-Month Returns



Last 12-Month Enterprise Value / EBITDA



Source: CapIQ
Mid-Tier Index: BAH, LDOS, XLS, CACI, MANT, EGL, ICFI, KEYW, VSEC, NCIT
Tier-1 Index: BA, LMT, GD, RTN, NOC, LLL

Public Company Comparables



USD In Millions, excluding share prices										EV as a Multiple of							
Company	Price 11/30/14	Annual		% of High	Equity Value	Enterprise Value	LTM Rev.	LTM EBITDA	LTM		NTM		EBITDA Margin		Revenue Growth		
		High	Low						Rev.	EBITDA	Rev.	EBITDA	CY13A	CY14P	CY13A	CY14P	
Mid-Tier Federal Service Providers																	
Booz Allen Hamilton Holding Corporation	\$ 27.21	\$ 27.32	\$ 17.18	99.6%	\$ 4,022	\$ 5,426	\$ 5,300	\$ 515	1.0x	10.5x	1.0x	10.0x	10.0%	9.9%	(2.2%)	(5.8%)	
Leidos Holdings, Inc.	40.41	49.09	31.76	82.3%	2,992	3,966	5,340	380	0.7x	10.4x	0.8x	9.9x	6.3%	8.5%	(10.8%)	(12.3%)	
Exelis Inc.	17.94	21.44	15.30	83.7%	3,350	3,604	4,469	569	0.8x	6.3x	1.1x	7.1x	13.9%	13.6%	(12.8%)	(26.3%)	
CACI International Inc.	89.19	90.11	67.01	99.0%	2,123	3,240	3,515	335	0.9x	9.7x	0.9x	10.3x	9.2%	9.0%	(4.3%)	(3.1%)	
Science Applications International Corporation	50.63	51.88	30.19	97.6%	2,381	2,638	3,877	254	0.7x	10.4x	0.7x	10.1x	6.2%	6.7%	(13.8%)	(6.9%)	
ManTech International Corporation	30.12	31.32	26.09	96.2%	1,123	1,068	1,854	135	0.6x	7.9x	0.6x	8.3x	7.4%	7.0%	(10.5%)	(22.1%)	
Engility Holdings, Inc.	42.05	46.25	30.22	90.9%	740	1,055	1,377	116	0.8x	9.1x	0.7x	8.5x	9.1%	8.8%	(15.0%)	(0.5%)	
ICF International Inc.	38.78	44.34	30.33	87.5%	752	860	1,003	89	0.9x	9.6x	0.7x	6.8x	9.0%	9.4%	1.3%	10.8%	
The KEYW Holding Corporation	10.81	23.09	9.10	46.8%	406	482	286	13	1.7x	36.8x	1.5x	17.2x	7.0%	5.8%	22.7%	(1.4%)	
VSE Corp.	53.82	74.86	39.98	71.9%	288	370	451	63	0.8x	5.9x	0.9x	6.4x	13.6%	13.7%	(13.7%)	(8.1%)	
NCI, Inc.	11.99	13.12	5.87	91.4%	155	136	322	20	0.4x	6.8x	0.4x	6.6x	5.9%	6.9%	(9.8%)	(4.4%)	
									Mean	0.8x	11.2x	0.9x	9.2x	8.9%	9.0%	(6.3%)	(7.3%)
									Median	0.8x	9.6x	0.8x	8.5x	9.0%	8.8%	(10.5%)	(5.8%)
Tier 1 Prime Contractors																	
The Boeing Company	\$ 134.36	\$ 144.57	\$ 116.32	92.9%	\$ 95,789	\$ 94,764	\$ 90,079	\$ 8,582	1.1x	11.0x	1.0x	9.2x	9.4%	10.4%	6.0%	3.8%	
Lockheed Martin Corporation	191.56	192.94	135.39	99.3%	60,174	63,376	44,603	6,219	1.4x	10.2x	1.4x	9.8x	11.8%	14.5%	(3.9%)	(0.9%)	
General Dynamics Corporation	145.36	146.13	88.85	99.5%	48,171	46,977	30,825	4,282	1.5x	11.0x	1.5x	10.4x	13.6%	14.4%	(0.9%)	(2.0%)	
Raytheon Company	106.70	107.81	85.21	99.0%	32,903	33,696	22,553	3,410	1.5x	9.9x	1.5x	9.2x	14.1%	15.9%	(2.9%)	(4.0%)	
Northrop Grumman Corporation	140.93	142.51	107.21	98.9%	28,468	30,995	24,028	3,674	1.3x	8.4x	1.3x	8.9x	14.7%	15.3%	(2.2%)	(3.3%)	
L-3 Communications Holdings Inc.	124.60	127.27	99.33	97.9%	10,608	14,132	12,150	1,334	1.2x	10.6x	1.2x	10.6x	11.9%	11.0%	(3.9%)	(4.4%)	
									Mean	1.3x	10.2x	1.3x	9.7x	12.6%	13.6%	(1.3%)	(1.8%)
									Median	1.4x	10.4x	1.4x	9.5x	12.7%	14.4%	(2.6%)	(2.7%)
Defense System / Electronics Firms																	
Rockwell Collins Inc.	\$ 85.53	\$ 86.20	\$ 70.58	99.2%	\$ 11,371	\$ 13,220	\$ 4,979	\$ 1,117	2.7x	11.8x	2.5x	10.4x	22.5%	23.6%	(1.6%)	11.7%	
Harris Corporation	71.67	79.32	60.78	90.4%	7,496	8,676	4,976	1,072	1.7x	8.1x	1.8x	8.1x	22.1%	21.3%	(7.0%)	(0.9%)	
Teledyne Technologies Inc.	106.91	109.18	87.33	97.9%	3,908	4,404	2,368	356	1.9x	12.4x	1.8x	10.5x	14.2%	15.9%	9.9%	2.3%	
Cubic Corporation	51.45	56.08	40.69	91.7%	1,382	1,268	1,398	124	0.9x	10.3x	0.9x	9.2x	8.8%	9.1%	(3.4%)	4.8%	
Kratos Defense & Security Solutions, Inc.	5.14	9.18	4.81	56.0%	297	944	882	59	1.1x	15.9x	1.1x	9.7x	8.3%	9.2%	(1.9%)	(7.6%)	
Mercury Systems, Inc.	12.92	14.43	9.64	89.5%	438	389	212	19	1.8x	21.0x	1.7x	8.9x	2.4%	14.8%	(4.6%)	1.4%	
									Mean	1.7x	13.2x	1.6x	9.5x	13.0%	15.7%	(1.4%)	2.0%
									Median	1.8x	12.1x	1.7x	9.4x	11.5%	15.3%	(2.7%)	1.9%
Foreign Contractors																	
Airbus Group N.V.	\$ 60.93	\$ 71.29	\$ 51.05	85.5%	\$ 47,775	\$ 47,425	\$ 76,741	\$ 6,139	0.6x	7.7x	0.6x	6.3x	7.0%	9.7%	9.6%	(9.6%)	
BAE Systems plc	7.53	7.56	5.85	99.6%	23,726	25,525	27,358	3,287	0.9x	7.8x	1.0x	7.9x	11.2%	12.3%	3.0%	(5.5%)	
Finmeccanica SpA	9.70	9.81	6.03	98.9%	5,608	13,115	20,568	1,344	0.6x	9.8x	0.8x	6.3x	5.6%	11.2%	0.9%	(23.3%)	
Thales SA	53.06	62.18	45.27	85.3%	10,878	11,074	19,382	1,974	0.6x	5.6x	0.7x	5.9x	9.7%	11.4%	4.7%	(18.2%)	
Cobham plc	4.72	5.15	3.97	91.6%	5,326	5,817	3,010	747	1.9x	7.8x	1.9x	8.9x	24.2%	21.1%	4.3%	(4.0%)	
Serco Group plc	2.74	8.21	2.50	33.4%	1,474	2,391	7,171	373	0.3x	6.4x	0.3x	8.5x	6.2%	4.1%	7.6%	4.5%	
Ultra Electronics Holdings plc	27.36	31.08	25.69	88.0%	1,906	2,123	1,229	219	1.7x	9.7x	1.8x	10.1x	17.7%	18.2%	(0.2%)	(5.8%)	
QinetiQ Group Plc	3.10	3.73	2.99	82.9%	1,922	1,600	1,914	251	0.8x	6.4x	1.3x	7.8x	15.4%	14.8%	(9.6%)	(29.4%)	
									Mean	0.9x	7.6x	1.0x	7.7x	12.1%	12.8%	2.5%	(11.4%)
									Median	0.7x	7.7x	0.9x	7.8x	10.4%	11.8%	3.6%	(7.7%)
Commercial IT Firms																	
International Business Machines Corporation	\$ 162.17	\$ 199.21	\$ 159.80	81.4%	\$ 160,493	\$ 196,767	\$ 97,449	\$ 24,588	2.0x	8.0x	2.2x	7.8x	25.1%	25.4%	(4.6%)	(5.8%)	
Accenture plc	86.33	86.49	73.79	99.8%	54,173	49,829	30,002	4,685	1.7x	10.6x	1.6x	9.7x	15.4%	16.4%	2.5%	5.8%	
Xerox Corporation	13.96	14.15	10.26	98.7%	15,791	22,891	21,142	2,729	1.1x	8.4x	1.1x	6.9x	11.5%	14.0%	(1.4%)	(2.3%)	
Computer Sciences Corporation	63.38	65.52	52.06	96.7%	8,904	9,796	12,874	2,029	0.8x	4.8x	0.8x	4.5x	14.9%	17.0%	(9.3%)	(2.6%)	
Navigant Consulting Inc.	14.00	19.78	12.39	70.8%	679	833	745	117	1.1x	7.1x	0.9x	6.8x	16.8%	13.9%	1.7%	10.1%	
Unisys Corporation	26.72	36.05	18.72	74.1%	1,334	1,121	3,447	279	0.3x	4.0x	0.3x	3.2x	7.7%	9.9%	(6.7%)	(0.7%)	
Kforce Inc.	23.34	24.14	17.20	96.7%	714	726	1,259	62	0.6x	11.7x	0.6x	9.8x	4.6%	5.5%	6.4%	9.2%	
Black Box Corporation	23.18	30.52	19.34	76.0%	358	493	972	57	0.5x	8.7x	0.5x	8.0x	7.9%	5.3%	(4.4%)	1.5%	
									Mean	1.0x	7.9x	1.0x	7.1x	13.0%	13.4%	(2.0%)	1.9%
									Median	0.9x	8.2x	0.8x	7.3x	13.2%	14.0%	(2.9%)	0.4%

Source: Capital IQ

EV: Enterprise Value

LTM: Trailing Twelve Months

NTM: Next Twelve Months

Recent M&A Transactions

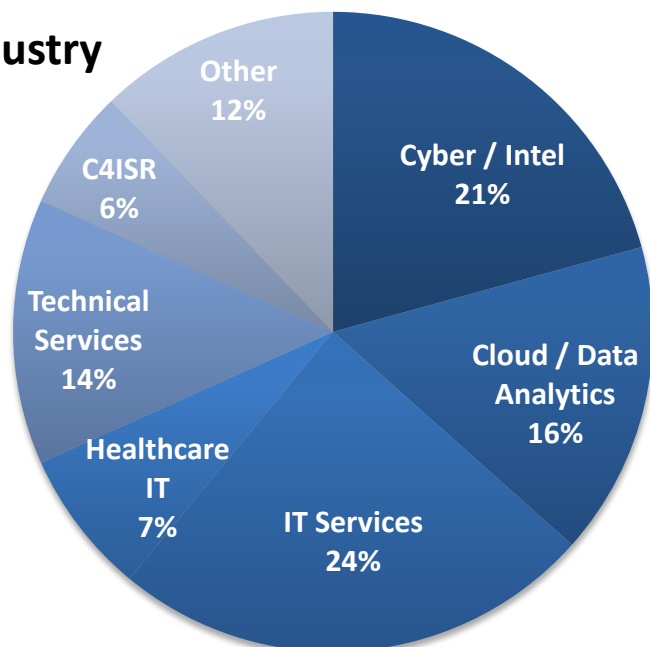


Close Date	Target Information		Buyer Information			EV Information		
	Name	Industry	Buyer	Buyer Classification	\$M	/LTM Rev	/LTM EBITDA	
Pending	TASC	C4ISR	Engility Holdings, Inc.	Public Strategic	1,100.0	1.0 x	7.9 x	
Pending	SilverSky	Cyber / Intel	BAE Systems	Public Strategic	232.5	N/A	N/A	
12/11/14	ExaTech Solutions	Cyber / Intel	Vistrionix	P/E Backed Strategic	N/A	N/A	N/A	
12/11/14	Agency Consulting Group	Cloud / Data Analytics	Vistrionix	P/E Backed Strategic	N/A	N/A	N/A	
12/11/14	Objective Solutions, Inc.	Cyber / Intel	Vistrionix	P/E Backed Strategic	N/A	N/A	N/A	
12/10/14	Government Contract Solutions	IT Services	Preferred Systems Solutions (PSS) (CM Equity)	P/E Backed Strategic	N/A	N/A	N/A	
12/02/14	Systems Made Simple	Healthcare IT	Lockheed Martin Corporation	Public Strategic	N/A	N/A	N/A	
11/20/14	DefenseWeb Technologies	Cloud / Data Analytics	Three Wire Systems	Private Strategic	N/A	N/A	N/A	
11/12/14	G4S Government Solutions, Inc. (USG Division)	Other	A&M Capital Advisors	P/E Backed Strategic	135.0	N/A	N/A	
11/05/14	Blackbird Technologies	C4ISR	Raytheon Company	Public Strategic	420.0	N/A	N/A	
10/29/14	Epidemico	Healthcare IT	Booz Allen Hamilton	Public Strategic	N/A	N/A	N/A	
10/24/14	Zemax	Other	Arlington Capital	P/E Backed Strategic	N/A	N/A	N/A	
10/22/14	Sotera Engineered Solutions	Technical Services	Outdoor Venture Corporation	Private Strategic	N/A	N/A	N/A	
10/22/14	Olson	IT Services	ICF International	Public Strategic	N/A	N/A	N/A	
10/20/14	Genova Technologies (Healthcare Unit)	Healthcare IT	Booz Allen Hamilton	Public Strategic	N/A	N/A	N/A	
10/17/14	Optimos, Inc.	IT Services	Acentia, LLC (Snow Phipps Group)	P/E Backed Strategic	N/A	N/A	N/A	
10/16/14	North American Aircraft Services, Inc. (NAAS)	Technical Services	Triumph Group	Public Strategic	N/A	N/A	N/A	
10/07/14	Impresa Aerospace	C4ISR	Twin Haven Capital	P/E Backed Strategic	N/A	N/A	N/A	
10/03/14	Digital Results Group	Cloud / Data Analytics	Novetta	P/E Backed Strategic	N/A	N/A	N/A	
10/03/14	Sentinel Applied Analytics, LLC	Cloud / Data Analytics	Novetta	P/E Backed Strategic	N/A	N/A	N/A	
10/03/14	Advanced Systems (General Dynamics Division)	C4ISR	MacDonald Dettwiler & Associates Ltd.	Public Strategic	N/A	N/A	N/A	
10/01/14	UNSi	IT Services	GTT	Public Strategic	37.8	N/A	N/A	
09/30/14	Signal Innovations Group, Inc.	Cyber / Intel	BAE Systems	Public Strategic	N/A	N/A	N/A	
09/29/14	Aerospace and Defense Display (Division of Barco NV)	C4ISR	Esterline Corp.	Public Strategic	188.9	N/A	N/A	
09/05/14	Global Net Services, Inc.	Healthcare IT	Information Innovators, Inc. (DFW Capital Partners, Inc.)	P/E Backed Strategic	N/A	N/A	N/A	
08/25/14	Sun Catalytix	Other	Lockheed Martin	Public Strategic	N/A	N/A	N/A	
08/18/14	Evolve Technology Group	Healthcare IT	ePlus	Public Strategic	N/A	N/A	N/A	
08/15/14	Global Services & Solutions, Inc.	Cyber / Intel	Preferred Systems Solutions	P/E Backed Strategic	N/A	N/A	N/A	
08/14/14	Zeta Associates	Cyber / Intel	Lockheed Martin Corporation	Public Strategic	N/A	N/A	N/A	
08/11/14	SigInt Technologies	Cyber / Intel	Novetta	P/E Backed Strategic	N/A	N/A	N/A	
08/11/14	Lighthouse Security Group	Cloud / Data Analytics	IBM Corp.	Public Strategic	N/A	N/A	N/A	
08/04/14	NetCentrics Inc.	Cyber / Intel	Haystack Technology, Inc.	P/E Backed Strategic	N/A	N/A	N/A	
08/04/14	MdotLabs	Cloud / Data Analytics	comScore	Public Strategic	4.5	N/A	N/A	
08/01/14	Barco Orthogon	Technical Services	Exelis	Public Strategic	N/A	N/A	N/A	
07/29/14	Global News Intelligence	Cyber / Intel	Novetta	P/E Backed Strategic	N/A	N/A	N/A	
07/29/14	Marbella Technologies	Healthcare IT	GetWellNetwork	Private Strategic	N/A	N/A	N/A	
07/01/14	JM Waller Associates	Other	Versar	Public Strategic	13.0	N/A	N/A	
07/01/14	Verizon Communications (Federal Network Systems)	IT Services	Jacobs Engineering	Public Strategic	N/A	N/A	N/A	
06/30/14	MicroTechnologies LLC (SIGCOM, Inc.)	Cyber / Intel	UNICOM Government	Private Strategic	N/A	N/A	N/A	
06/27/14	Ventura Solutions	Cyber / Intel	Boeing	Public Strategic	N/A	N/A	N/A	
06/12/14	Celestech	C4ISR	Exelis	Public Strategic	N/A	N/A	N/A	
06/11/14	Envision Technical Services	IT Services	Preferred Systems Solutions (PSS) (CM Equity)	P/E Backed Strategic	N/A	N/A	N/A	
06/02/14	National Security Partners	Cyber / Intel	Noblis	Private Strategic	N/A	N/A	N/A	
05/29/14	Astrotech Space Operations	Other	Lockheed Martin Corporation	Public Strategic	N/A	N/A	N/A	
05/27/14	7Delta	Healthcare IT	ManTech	Public Strategic	N/A	N/A	N/A	
05/12/14	RNSolutions	Healthcare IT	Dovel Technologies	Private Strategic	N/A	N/A	N/A	
05/09/14	nPulse Technologies	IT Services	FireEye	Public Strategic	N/A	N/A	N/A	
04/22/14	QinetiQ North America (Services and Solutions Group)	IT Services	The SI Organization (Veritas Capital)	P/E Backed Strategic	215.0	N/A	N/A	
04/21/14	Secure Mission Solutions (RLH Equity Partners)	Cyber / Intel	Parsons	Public Strategic	N/A	N/A	N/A	
04/02/14	LGS Innovations, LLC (Portfolio company of Alcatel-Lucent)	Cyber / Intel	Madison Dearborn Partners / CoVant	P/E Sponsor	200.0	N/A	N/A	

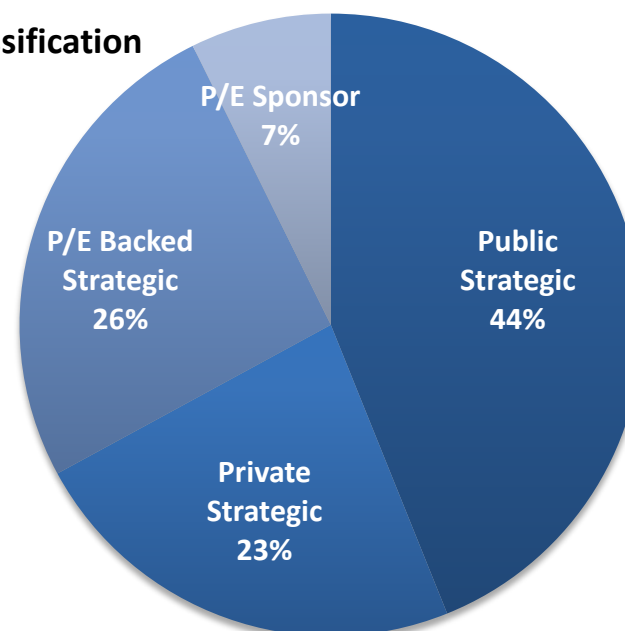
Recent M&A Transactions

Close Date	Target Information			Buyer Information		EV Information		
	Name	Industry	Buyer	Buyer Classification	\$M	/LTM Rev	/LTM EBITDA	
04/02/14	Viecore FSD	Cloud / Data Analytics	EOIR Technologies, Inc.	P/E Backed Strategic	N/A	N/A	N/A	
03/31/14	Avaya Government Solutions Inc.	IT Services	Camber Corporation (New Mountain Capital, LLC)	P/E Backed Strategic	100.0	N/A	N/A	
03/14/14	Industrial Defender, Inc.	Cyber / Intel	Lockheed Martin Corporation	Public Strategic	N/A	N/A	N/A	
03/10/14	SecureForce, LLC	Cyber / Intel	BRTRC Federal Solutions	Private Strategic	N/A	N/A	N/A	
03/05/14	Data Tactics Corporation	Cloud / Data Analytics	L-3 Communications Holdings Inc.	Public Strategic	N/A	N/A	N/A	
03/03/14	Intific, Inc.	IT Services	Cubic Corp.	Public Strategic	N/A	N/A	N/A	
02/28/14	Forgentum, Inc.	Healthcare IT	Fulcrum IT Services, LLC (Grindstone Partners, LLC)	P/E Backed Strategic	N/A	N/A	N/A	
02/28/14	EADS North America Test and Services Division	IT Services	Astronics Corp.	Public Strategic	53.0	0.75 x	N/A	
02/19/14	A&N Associates, Inc.	Other	Tangible Security, Inc.	Private Strategic	N/A	N/A	N/A	
02/19/14	Allied Technology Group, Inc.	IT Services	ManTech International Corp.	Public Strategic	45.0	N/A	N/A	
02/18/14	3 Phoenix, Inc.	C4ISR	Ultra Electronics Holding plc	Public Strategic	87.0	N/A	N/A	
02/18/14	Anaren, Inc.	Technical Services	Veritas Capital	P/E Sponsor	302.7	1.9 x	11.0 x	
02/10/14	Business Computer Applications, Inc.	Healthcare IT	Acentia, LLC (Snow Phipps Group)	P/E Backed Strategic	N/A	N/A	N/A	
01/31/14	Dynamics Research Corp.	IT Services	Engility Holdings, Inc.	Public Strategic	202.0	0.7 x	8.2 x	
01/30/14	ServiceMesh Inc.	Cloud / Data Analytics	Computer Sciences Corporation	Public Strategic	295.0	N/A	N/A	
01/27/14	Commonwealth Technology, Inc.	Cyber / Intel	MacAuley-Brown, Inc.	Private Strategic	N/A	N/A	N/A	
01/13/14	Entrust, Inc. (Portfolio company of Thoma Bravo, LLC)	Cyber / Intel	Datacard Group	Private Strategic	N/A	N/A	N/A	
01/07/14	Tactical Micro, Inc. (Relativity Capital, LLC)	Technical Services	Secure Communication Systems, Inc.	P/E Backed Strategic	N/A	N/A	N/A	
01/02/14	Twisted Pair Solutions, Inc.	C4ISR	Motorola Solutions, Inc.	Public Strategic	N/A	N/A	N/A	
12/30/13	ARINC Inc.	IT Services	Rockwell Collins, Inc.	Public Strategic	1,390.0	2.3 x	12.9 x	

Target Industry



Buyer Classification



Representative ACP Transactions

<p>Advised</p> <p>OPTIMOS. on its sale to</p> <p>ACENTIA ESSENTIAL TO THE MISSION</p> <p>portfolio company of SNOW Phipps</p>	<p>Advised</p> <p>VENTURA SOLUTIONS, INC.</p> <p>on its sale to</p> <p>BOEING</p>	<p>Advised</p> <p>KSSI</p> <p>on its sale to</p> <p>VISTRONIX, INC.</p>	<p>Advised</p> <p>A Confidential Tier 1 Defense Contractor on its divestiture of Certain IC SETA Assets to a Confidential Buyer</p>	<p>Advised</p> <p>Haystax Technology</p> <p>portfolio company of the edgewater funds on its acquisition of</p> <p>FlexPoint TECHNOLOGY</p>
<p>Advised</p> <p>Hawthorne SERVICES</p> <p>on its sale to</p> <p>The Berger Group</p>	<p>Advised</p> <p>NOVONICS</p> <p>on its sale to</p> <p>Camber</p> <p>portfolio company of</p> <p>NMC NEW MOUNTAIN CAPITAL</p>	<p>Advised</p> <p>PARADIGM Technologies, Inc.</p> <p>on its sale to</p> <p>ECS</p>	<p>Advised</p> <p>SOTECH</p> <p>ZLI INDUSTRIES</p> <p>on their sale to</p> <p>Ultra ELECTRONICS</p>	<p>Advised</p> <p>TexelTek, Inc. Global Intelligence Solutions</p> <p>on its sale to</p> <p>TASC</p> <p>portfolio company of</p> <p>General Atlantic</p> <p>KKR</p>
<p>Advised</p> <p>PMST®</p> <p>on its sale to</p> <p>KS INTERNATIONAL</p> <p>portfolio company of</p> <p>DC CAPITAL PARTNERS</p>	<p>Advised</p> <p>Zytel</p> <p>on its sale to</p> <p>SOTERA DEFENSE SOLUTIONS</p>	<p>Advised</p> <p>Applied Signal Technology, Inc.</p> <p>on its acquisition of</p> <p>SEISMIC</p>	<p>Advised</p> <p>capital city TECHNOLOGIES</p> <p>on its sale to</p> <p>ERNST & YOUNG Quality In Everything We Do</p>	<p>Advised</p> <p>Veritas Analytics Incorporated</p> <p>on its sale to</p> <p>Camber</p> <p>portfolio company of</p> <p>NMC NEW MOUNTAIN CAPITAL</p>
<p>Advised</p> <p>i2</p> <p>on its sale to</p> <p>Camber</p> <p>portfolio company of</p> <p>NMC NEW MOUNTAIN CAPITAL</p>	<p>Advised</p> <p>accelligence</p> <p>on its sale to</p> <p>A+</p> <p>portfolio company of</p> <p>COVANT</p>	<p>Advised</p> <p>DDK Technology Group, Inc.</p> <p>on its sale to</p> <p>ManTech International Corporation</p>	<p>Advised</p> <p>MAI McMurry Associates, Inc.</p> <p>on its sale to</p> <p>PARSONS</p>	<p>Advised</p> <p>KASEMAN</p> <p>on its sale to</p> <p>ELITE TRAINING AND SECURITY</p> <p>portfolio company of</p> <p>DC CAPITAL PARTNERS</p>

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 100 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
- ESOPs
- 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