

MarketView

Fall 2016

Aerospace / Defense and Government Technology Solutions



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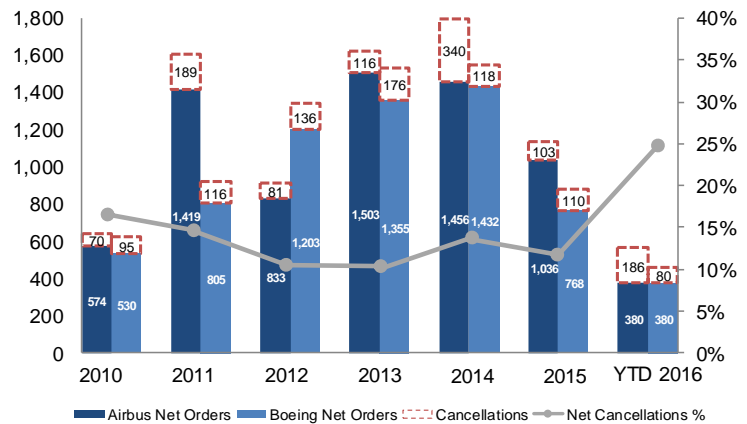
Select Recent KippsDeSanto & Co. Advised Transactions

| | | |
|---|--|---|
|  <p><i>has been acquired by</i></p>  <p>September 2016</p> |  <p><i>has been acquired by</i></p>  <p>August 2016</p> |  <p><i>has acquired</i></p>  <p>July 2016</p> |
|  <p><i>has been acquired by an unidentified party</i></p> <p>June 2016</p> |  <p><i>has been acquired by</i></p>  <p>May 2016</p> | <p>Miltec Corporation</p> <p><i>a subsidiary of</i></p>  <p><i>has been acquired by</i></p> <p>General Atomics</p> <p>March 2016</p> |
|  <p><i>subsidiaries of</i></p>  <p><i>have been acquired by</i></p>  <p><i>a subsidiary of</i></p>  <p>December 2015</p> |  <p><i>has been acquired by</i></p> <p>Gleason Research Associates Employee Stock Ownership Trust</p> <p>December 2015</p> |  <p><i>has been acquired by</i></p>  <p>December 2015</p> |
|  <p><i>has been acquired by</i></p>  <p>communications</p> <p>October 2015</p> |  <p><i>has been acquired by</i></p>  <p><i>a portfolio company of</i></p>  <p>September 2015</p> |  <p><i>has sold its H&LS and D&P business units to</i></p>  <p>August 2015</p> |

Operational / Funding Environment

During 3Q16, the aerospace sector showed a continuation of the mixed performance seen in 2Q16. The quarter began with passenger air traffic growth of 5.9% year-over-year (“YoY”) and air freight growth of 5.0% YoY. These growth rates represented the highest rates in five and 18 months respectively, despite uncertain economic conditions and sluggish global trade growth. In August, Airbus deliveries accelerated, overcoming a slow start to 2016 due to problems with engine and cabin parts suppliers. After delivering 61 jets in a month, 30% more than its historical record, Airbus is now on track to deliver a total of 645 jets in 2016, only five jets below its target of 650 for the year. Though Airbus deliveries are strong, the company suffered high order cancellations during September when airlines reneged on 88 A320s and 15 A330s, causing the 2016 net cancellation rate to rise. For net orders, Airbus booked 380 through 3Q16, compared to Boeing’s 380 in the same time period. Recently leaked Boeing internal sales forecasts revealed a revised 2016 sales forecast of 535 aircraft, down ~30% from its original forecast of 740 – 745 aircraft. Following the leak, the company maintained its previous statements not to lower prices; it later announced aircraft list prices would remain flat going into 2017 for the first time since the 2009 financial crisis. While the list price itself is largely symbolic as airlines negotiate steep discounts from Original Equipment Manufacturers (“OEM”), the decision is indicative of an overall slowdown in the aerospace sector. Despite Airbus maintaining strong performance in 3Q16, and both Airbus and Boeing receiving approval to sell jetliners to Iran, OEMs and business-jet makers, such as Bombardier and Textron, were affected by weakened global growth. For OEMs, lower oil prices allow airlines the option of flying older planes rather than upgrading to newer fuel-efficient models, while for business-jet manufacturers, discounts and incentives are becoming necessary to keep high net-worth individuals and businesses from cancelling or delaying orders. However, heading into the next quarter, this slump may be over. In the first week of 4Q16, Qatar Airways granted Boeing a \$18.6 billion contract for up to 100 aircraft, which comes after Qatar Airways CEO publicly criticized Airbus in June for delays with its A320.

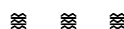
Airbus and Boeing Net Orders and Cancellations⁽¹⁾



Within the defense sector, Congress was unable to implement a new defense funding bill before the October 1st deadline. As a result, a three month Continuing Resolution (“CR”) is in effect, which provides the Obama administration the opportunity to enact GFY2017 funding following the CR. During the CR period, the House and Senate are continuing to work towards a reconciliation of proposed bills, with the House’s proposal to shift \$18 billion from current combat readiness to administrative operations as the largest point of contention. In the interim, the Armed Forces face the need to shift focus from modernization efforts to maintaining current combat needs, resulting in cost inefficiencies which keep short-term costs down but increase long-term spending. The CR is affecting ~60 Air Force program budgets which have been impacted by the ~\$1.3 billion shortfall compared to its requested government fiscal year (“GFY”) 2017 budget. New upgrade programs such as the MQ-9 Reaper unmanned system, C-130 cargo transport, and the B-52 and B-2 bomber fleets are currently underfunded, while other key programs such as the B-21 bomber and the KC-46A tanker are experiencing delays. Though the CR expires on December 9th, funding is expected to remain relatively in-line with GFY2016 levels, leading to short-term uncertainty, but a more stable long-term outlook.

The Federal government continues to prioritize the modernization of Information Technology (“IT”) capabilities and infrastructure. The Modernizing Government Technology Act passed through the House of Representatives in late September. The bill combines elements of the Modernizing Outdated and Vulnerable Equipment and IT (“MOVE IT”) Act with the IT Modernization Act and is structured to facilitate agencies’ replacement of legacy IT systems. This legislation provides individual working capital funds for each agency and establishes a central IT and Modernization Fund and Board. Ultimately, the bill builds on the success of Federal Information Technology Acquisition Reform Act (“FITARA”) by investing savings into retiring legacy systems and accelerating cloud adoption, while improving government-wide efficiency and cybersecurity. Related to IT modernization, the Obama administration’s plan to embed in-house digital service teams within Federal agencies has been slow to develop due to lack of sufficient funding since the GFY2016 budget request last February proposed spending \$105 million on these efforts. Currently, six out of 25 agencies have set up agreements with the Office of Management and Budget (“OMB”) to establish digital service teams, while two others expect to by the end of the year.

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(1) Company website disclosures through 3Q16

Capital Markets and Public Market Valuation Trends

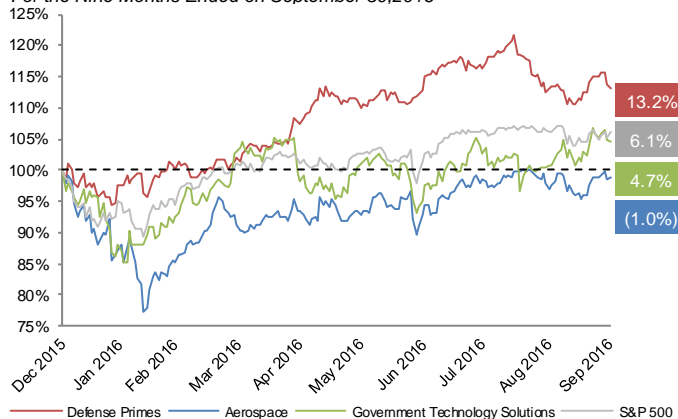
Aerospace stocks posted a 4.8% gain in the third quarter, extending the 4.6% second quarter rally, and further offsetting the 9.6% first quarter loss. The index is now down only 1.0% year-to-date (“YTD”) through September 30th. While the anticipated stabilization of sector valuations discussed in last quarter’s *MarketView* appears to be validated (Next Twelve Months (“NTM”) EBITDA multiples remained flat at 8.0x), the sector outlook remains cautiously optimistic, at best. Despite Airbus reporting record-high deliveries in August and airlines reporting near record-high load factors, slow orders at both Boeing and Airbus fueled speculation of near-term production cuts. AAR Corporation was the index’s biggest winner for the quarter (up 34.2%) after the State Department renewed its 11-year, \$10 billion International Narcotics and Law Enforcement Affairs Global Aviation Support Services contract. Conversely, Triumph Group had a particularly challenging quarter (down 21.5%), largely due to a 57% quarter-on-quarter drop in operating profit related to a union labor strike, restructuring charges, and a substantial inventory write-down.

YoY Q2 Revenue Comparison of Select Aerospace Companies⁽¹⁾

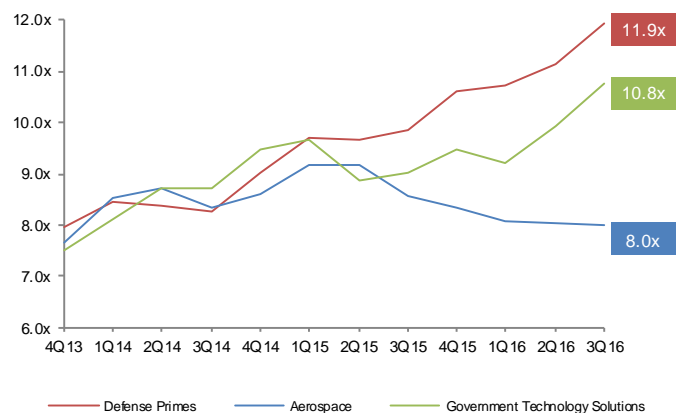
| (\$ in millions) | 2Q16 | 2Q15 | Δ% |
|------------------|----------------|----------------|---------------|
| Heico | \$356 | \$300 | 18.5% |
| TransDigm | 798 | 691 | 15.4% |
| B/E Aerospace | 753 | 701 | 7.5% |
| Esterline | 517 | 485 | 6.7% |
| Meggitt | 587 | 624 | (6.0%) |
| Bombardier | 4,309 | 4,620 | (6.7%) |
| LMI | 84 | 98 | (13.9%) |
| Average | \$1,058 | \$1,074 | (1.5%) |

Relative Stock Price Performance⁽¹⁾

For the Nine Months Ended on September 30, 2016

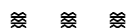


Median Quarterly EV / NTM EBITDA Multiples⁽¹⁾



After being up as much as 5.9% on the quarter, defense stocks subsequently fell, taking their first quarterly loss of 2016 (down 1.6%). Despite the quarter-ending share price slip, defense stocks were still up 13.2% YTD. Sector valuation growth continued, averaging 11.9x NTM EBITDA during the third quarter, up from 11.1x during the prior quarter. This multi-decade high serves as evidence of the continued rising tensions and pervasive threats around the world. By far, the index’s top-performer was General Dynamics (“GD”) which rose 11.4% during the quarter, up 13.0% YTD. GD’s gains stemmed from its record-setting financial performance (e.g., substantial margin expansion and increased full-year earnings guidance), as well as multiple operational achievements, such as the successful first voyage of the newest Virginia Class nuclear attack submarine. The primary drag on index performance this quarter came from its largest constituent, Lockheed Martin, which suffered its first quarterly drop of the year, down 3.4%, but still up 10.4% on the year. Lockheed was on its way to another successful quarter after the Air Force’s declaration of the F-35’s combat readiness, but retrenched after the Information Systems and Global Solutions sale closed and investors learned the outstanding share count was not reduced as much as previously anticipated.

Government technology solutions stock performance improved in 3Q16 (up 7.3%), outpacing the S&P 500, while returning overall index performance back to positive territory (4.7% YTD). Median industry valuations also climbed to 10.8x, well-above the recent multi-year high of 9.9x set in 2Q16. Strong market valuations and index performance stemmed from overall positive market conditions in addition to favorable budgetary trends, sizable M&A activity, and a number of large contract awards. Federal budgetary focus on IT modernization bolstered index performance, allowing companies such as SAIC and ICF to deliver particularly strong quarters, evidenced by new contract awards, substantial backlogs, and improved financial performance. SAIC shares rose 18.9% to reach 51.5% YTD as it continues to increase backlog and new award activity (\$2 billion contract backlog and record \$16.6 billion in submitted proposals awaiting award). ICF shares rose 8.4% in 3Q16, beating revenue expectations partly due to strong YoY growth from both Federal and commercial digital services growth within core verticals while expanding its presence in health IT and climate change research. Both SAIC and ICF continue to strategically grow capabilities in cyber, cloud, and digital services to capitalize on priority spending areas and position themselves for sustained growth, as demonstrated by ICF’s recent rebranding.



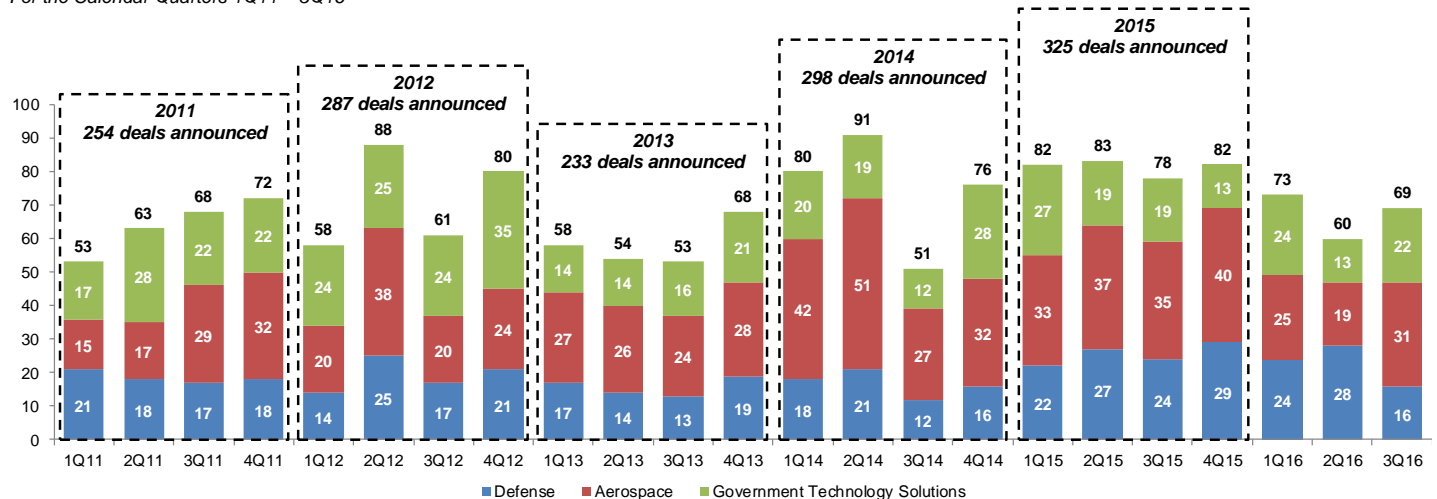
(1) S&P Capital IQ, company filings, and KippsDeSanto research

M&A Trends & Activity

A total of 69 deals were announced in the aerospace, defense, and government technology solutions sectors in 3Q16, nine fewer than in 3Q15. Of these transactions, 31 were in aerospace, 16 were in defense, and 22 were in government technology solutions.

M&A Transaction Volume⁽¹⁾

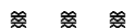
For the Calendar Quarters 1Q11 – 3Q16



After a slowdown in 2Q16, aerospace deal volume rebounded in 3Q16 to reach levels commensurate with 3Q15. Notable deals for the quarter include General Electric’s (“GE”) pending ~\$1.4 billion acquisition of Arcam AB and SLM Solutions Group and the clearing of Airbus and Safran’s joint acquisition of Arianespace, Europe’s leading rocket-launch company. GE’s acquisition highlights the company’s bullish sentiment towards 3-D printing and is expected to expand its capability to produce aircraft components at a much cheaper rate. Also, Airbus and Safran’s joint acquisition of Arianespace was approved by the European Union after Airbus and Arianespace agreed to place firewalls that would prevent information flows harmful to competitors. In addition, continued favorable debt market conditions have helped to support strong private equity (“PE”) activity within aerospace, representing ~50% of deals YTD (up from the ~35% of activity during the same period last year).

Defense acquisition volume in 3Q16 (16 deals) was below 3Q15’s pace of 24 deals. Select representative deals for the quarter include LightPath Technologies’ purchase of ISP Optics Corporation⁽²⁾, a manufacturer and provider of advanced infrared optical components, coatings, and subsystems, and L-3 Communications Corporation’s acquisition of Microo Limited, a provider of high-performance microwave, millimeter wave, and photonic technology for military aircraft and ships. Lastly, while divestiture activity saw a slight slowdown in 3Q16 (~10%) of deals, YTD activity remains on par with last year (~20%) as companies look to unload non-core assets.

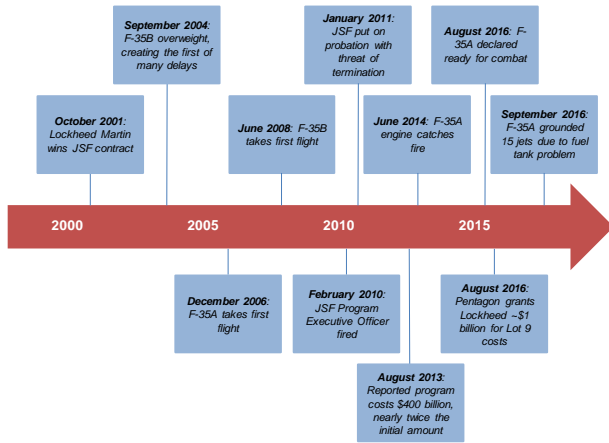
With 22 deals in the quarter and 59 deals in 2016 thus far, government technology solutions M&A activity is in line with volume in 2014 and 2015. The stable budget environment has ushered in a period of steady M&A activity despite uncertainty surrounding the macroeconomic environment and the upcoming presidential election. This is evidenced by deals such as KBRwyle’s \$300 million purchase of Honeywell Technology Solutions, which was KBR’s second major acquisition in the sector this year. Additionally, buyer focus on mission-critical capabilities and customers continues to be the rationale for many high-profile deals, including ASRC’s acquisition of Vistronix, which augmented ASRC’s analytic and cloud computing capabilities, as well as customer access within the Intelligence Community. Although private equity groups have been less active in the government technology sector in 2016, activity is expected to increase heading into 2017 as funds consider exit alternatives for longer-term hold portfolio companies that are benefiting from strong performance. Excluding Leidos’ acquisition of Lockheed Martin’s IS&GS business and NTT Data’s acquisition of Dell Services, overall divestiture dollar volume has been down for a second straight year. This trend may indicate acquisitive public buyers, such as CACI, CSRA, and KeyW, have moved past large deals and internally focused portfolio shaping.



(1) S&P Capital IQ, company filings, and KippsDeSanto research
(2) KippsDeSanto & Co. served as the exclusive financial advisor to ISP Optics Corporation

Defense Update

F-35 Joint Strike Fighter (“JSF”) Program Timeline

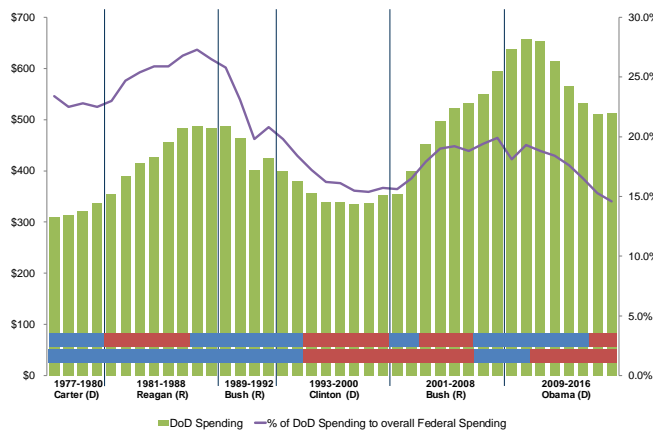


F-35 READY FOR COMBAT

The F-35 is now officially declared ready for combat, 15 years after Lockheed Martin won the original contract. Given the current national security environment, the F-35 provides the U.S. Air Force with urgently needed stealth, electronic warfare, and sensor fusion capabilities. The first F-35 formation can now be deployed anywhere in the world as a result of achieving the initial operational capability (“IOC”) milestone. To aid Lockheed across the finish line, the DoD recently approved ~\$1 billion of additional funding for costs accrued on the ninth batch of aircraft, helping the F-35 program overcome its past cost overruns and development issues. A total of 2,322 F-35A’s are expected to be purchased, with the Air Force accounting for 1,763 (~76%).

DoD Spending from 1977 – 2016⁽¹⁾⁽²⁾

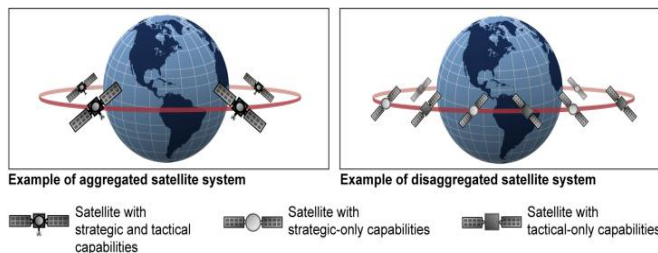
(\$ in billions)



CONGRESS’ INFLUENCE ON DOD SPENDING OVER THE PAST 40 YEARS

Over the past four decades, DoD spending has fluctuated as Congress and the White House changed between Democratic and Republican control. While the Democratic Party held a majority in the House and Senate between 1987 and 1994, defense spending declined ~22% and the percentage of DoD spending relative to total Federal spending decreased ~9%. Between 2001 and 2010, military spending more than doubled, and although this was largely under Republican administrations, this significant increase in DoD spending was also impacted by the September 11th terror attacks in 2001. After a decrease between 2010 and 2014, under primarily Democratic administrations, DoD spending stabilized as Republicans took control of Congress in 2015. Regardless of the outcome of the 2016 elections, the next administration will need to address the Budget Control Act for GFY2018-2021, making control of Congress essential to any negotiated increase in defense funding beyond GFY2017.

Disaggregation Explained Visually



Source: GAO (data and images); MapResources (maps). | GAO-15-7

DOD’S SPACE RENAISSANCE AND DISAGGREGATION

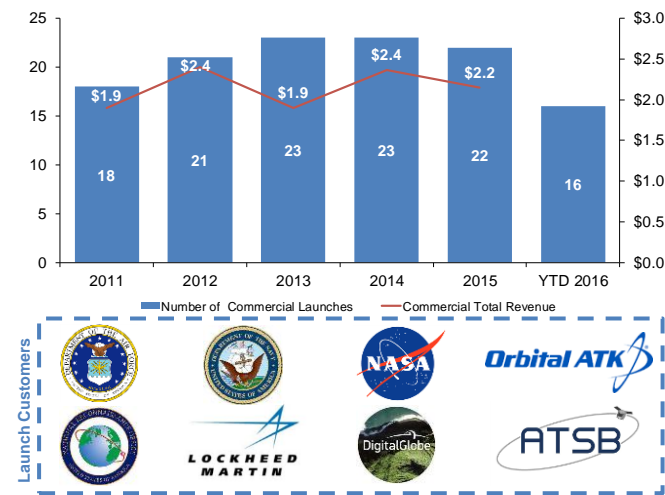
In response to growing threats from Russia and China, the White House plans to add up to \$8 billion to the defense budget through 2020 to address its aging space protection capabilities. This renewed focus on space is an attempt to improve outdated space capabilities. Lieutenant General Jay Raymond, Deputy Chief of Staff for Operations for the U.S. Air Force, has stated the nation is now in the middle of a space renaissance, given increasing emphasis on research and development for space disaggregation. Rather than relying on a few complex satellites for both strategic and tactical capabilities, disaggregation aims to use a larger number of smaller, less complex, and more focused satellites. The DoD plans to reach a conclusion in regards to the future makeup of the U.S. Air Force’s most valuable satellite programs before the end of the year, potentially leading to new procurements.

(1) The Office of Management and Budget historical data
(2) FY2009 Constant Dollars

Aerospace Update

Total Commercial Spaceflight Launches⁽¹⁾

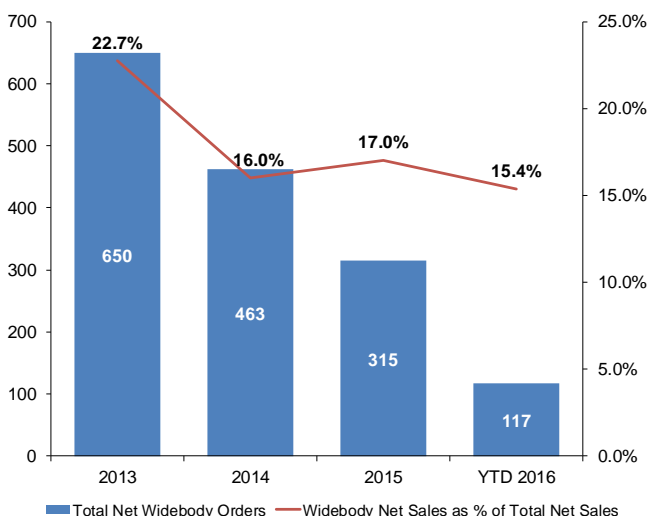
(in billions)



CONTINUED COMMERCIALIZATION OF SPACE

Commercial space providers such as SpaceX and Virgin Galactic continue to receive significant investment to enhance and refine their capabilities. This summer, the Air Force issued a Request for Proposal to launch its next GPS III satellite, the Federal Aviation Administration (“FAA”) approved Virgin Galactic to resume testing following a 2014 pilot fatality, and the National Aeronautics and Space Administration (“NASA”) selected SpaceX to deliver a crew to the International Space Station (“ISS”). Despite SpaceX’s recent success in winning the ISS delivery contract, the company has come under scrutiny after its launch failure on September 1st, when an unmanned rocket exploded during fueling. However, as one of SpaceX’s largest customers, NASA has stood behind the company saying “our partners learn from each success and setback.” SpaceX hopes to return the Falcon 9 to service by November.

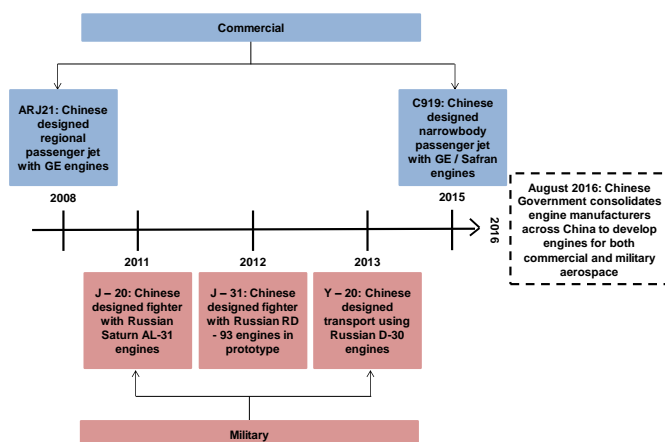
Widebody Net Orders⁽²⁾



WIDEBODY SALES LEADING TO PRODUCTION CUTS

Airbus and Boeing have experienced decreased orders for widebody jets, thus leading to production decreases. In July, after minimal new A380 orders, Airbus announced it will roughly halve production by 2018. Simultaneously, a leaked Boeing report showed the company only realized 20% of its internal widebody sales goal in 2016. At a recent investor conference, Boeing CEO Dennis Muilenburg explained the 777 program, which currently produces ~8 aircraft per month, has not procured enough orders to maintain a 7 per month delivery schedule for 2017 as originally targeted. A large driver in the decrease of widebody orders has been the influx of narrowbody demand. With new engine options introduced into the 737 MAX and A320neo, airlines are able to achieve similar cost metrics to larger widebody aircraft without the burden of filling a 400-person aircraft.

Chinese Aviation Design Highlights Timeline⁽³⁾












CONSOLIDATION OF CHINESE ENGINE MAKERS

In an effort to eliminate its military and commercial aircraft dependence on Russian and Western engines, the Chinese government has consolidated its domestic aircraft engine businesses into one large state-owned engine manufacturer, Aero Engine Corp of China (“AECC”), which has 95,000 employees and \$7.5 billion in capital. The Chinese government hopes this new consolidation will allow for a better flow of resources and human idea generation. After China’s new ARJ21 regional jet made its first passenger flight in June and the Chinese developed narrowbody C919 was introduced in November of 2015, the creation of the state-owned engine manufacturer marks the next step toward China’s aviation independence from foreign suppliers and manufactures. The Chinese government envisions AECC will eventually compete with companies like Pratt & Whitney and GE.

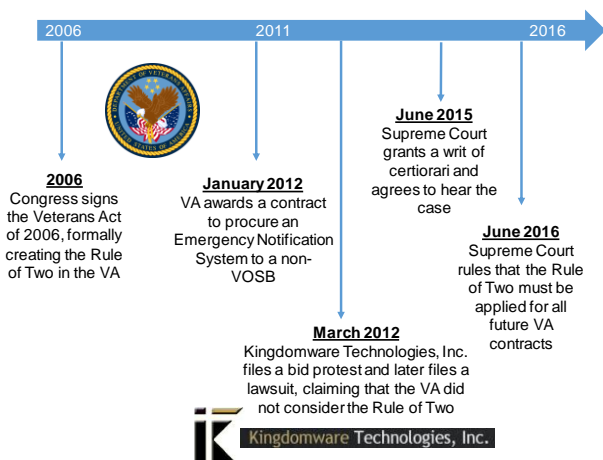
(1) 2011 - 2015 based on FAA report data; 2016: YTD 09/30/16 Launch Log
 (2) Company website disclosures through 3Q16
 (3) All aircraft dates based on first flight except for C919 (introduced date)

Government Technology Solutions Update

Government Technology Solutions Earnings⁽¹⁾













| Government | EPS (Latest Quarter Releases) | | | EPS Growth YoY |
|--|-------------------------------|----------|---------------|----------------|
| | Est. | Actual | Beat / (Miss) | |
| Booz Allen Hamilton 1Q 17: 07/27/16 | \$0.44 | \$0.46 | 4.5% | 4.2% |
|  4Q 16: 08/18/16 | \$1.58 | \$1.75 | 10.8% | 4.2% |
|  2Q 16: 08/01/16 | \$0.26 | \$0.34 | 32.3% | (33.3%) |
|  2Q 16: 08/02/16 | \$0.68 | \$0.69 | 1.0% | 9.5% |
|  2Q 16: 08/09/16 | \$0.03 | (\$0.01) | (133.3%) | 96.9% |
|  2Q 16: 07/28/16 | \$0.73 | \$0.68 | (6.8%) | (6.8%) |
|  2Q 16: 07/27/16 | \$0.35 | \$0.39 | 11.4% | 18.0% |
|  2Q 16: 07/27/16 | \$0.24 | \$0.23 | (2.1%) | 4.5% |
|  2Q 17: 09/08/16 | \$0.78 | \$0.85 | 8.7% | 28.8% |
|  2Q 16: 08/10/16 | \$0.56 | \$0.55 | (1.8%) | (1.8%) |

"Rule of Two" Timeline⁽²⁾



Representative Notable Transactions Since 2011^{(1) (3)}

(in millions)

| Announce Date | Buyer | Target | EV |
|---------------|---|---|---------|
| 03/28/16 |  |  | \$3,055 |
| 02/18/16 |  |  | 2,600 |
| 08/04/15 |  |  | NA |
| 06/11/14 |  |  | NA |
| 02/10/14 |  |  | ND |
| 08/31/11 |  |  | NA |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

(2) Cornell Law School Legal Information Institute, U.S. Supreme Court filings, Pillsbury Winthrop Shaw Pittman research

(3) KippsDeSanto & Co. served as the exclusive financial advisor to OnPoint

COMPANIES CONTINUE TO EXHIBIT STEADY GROWTH

Government technology solutions companies reported generally positive earnings for the second straight quarter. On average, companies beat earnings estimates by 2.8% and realized YoY earning increases of an average of 4.4%. Most significantly, Engility and ManTech beat EPS estimates by 32.3% and 11.4%, respectively. Engility's results were associated with strong improvements in its book-to-bill ratio, from 0.8x to 1.2x quarter-over-quarter. ManTech attributed positive earnings for the quarter to strong operating margins that were above analyst expectations and bookings of \$462 million. Moreover, ManTech's book-to-bill ratio of 1.3x was the highest experienced in the third quarter since 2008 and represented the fourth consecutive quarter at or above 1.0x.

RULE OF TWO IMPACTS VA PROCUREMENT

The U.S. Supreme Court ruled in *Kingdomware Technologies, Inc. v. United States* that the VA must apply the "Rule of Two" for all potential future contracts. The rule dictates that if two or more VOSBs or SDVOSBs would be able to meet the technical criteria for a contract, the contract must be set aside for those businesses; this includes procurements made through the VA Federal Supply Schedule ("FSS"). Currently, the VA awards 10-12% of its contracts to VOSBs or SDVOSBs. However, with this ruling, the VA is now mandated to consider the Rule of Two regardless of whether or not it has already met its annual set-aside goals. The ruling is expected to initially impact ~17% of the VA's procurements; however, that number may increase going forward. The VA argues this requirement will make the contract procurement process overly complex due to the amount of resources it would take to guarantee compliance with the rule.

COMMERCIAL SOFTWARE AND TECHNOLOGY BUYERS HIGHLY SELECTIVE IN GOVERNMENT M&A

Larger commercial software and technology companies are often viewed by Federal contractors as attractive buyers that can offer significant premiums for their businesses. Despite the logical fit from a high-end capability perspective (e.g., cyber, big data, cloud analytics), this has yet to translate into M&A in the sector. Such transactions are relatively rare given lack of appetite for Federal customer concentration and overall knowledge of government contracting. Since 2011, as evidenced by the representative transactions in the sector, large commercial software and technology companies have accounted for a relatively small portion of deals. The only commercial technology company that has been active in the Federal sector has been IBM; however commercial services companies, such as Accenture, have remained more active in the space.

Public Company Trading Analysis ⁽¹⁾

(\$ in millions, except per share amounts)

| Defense Primes | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|------------------|-------------------------|----------------------|-----------------|---------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Boeing | \$131.74 | 87.5% | \$82,183 | \$84,033 | \$94,075 | \$7,674 | 8.2% | \$94,841 | \$10,737 | 11.3% | 0.89x | 11.0x | 0.89x | 7.8x |
| Lockheed Martin | 239.72 | 89.8% | 70,366 | 83,906 | 48,600 | 6,793 | 14.0% | 48,815 | 6,883 | 14.1% | 1.73x | 12.4x | 1.72x | 12.2x |
| General Dynamics | 155.16 | 98.8% | 47,367 | 48,904 | 31,495 | 4,796 | 15.2% | 32,074 | 4,801 | 15.0% | 1.55x | 10.2x | 1.52x | 10.2x |
| Raytheon | 136.13 | 94.9% | 40,292 | 43,249 | 24,440 | 3,690 | 15.1% | 25,480 | 3,800 | 14.9% | 1.77x | 11.7x | 1.70x | 11.4x |
| Northrop Grumman | 213.95 | 95.5% | 38,206 | 43,457 | 23,792 | 3,428 | 14.4% | 24,787 | 3,616 | 14.6% | 1.83x | 12.7x | 1.75x | 12.0x |
| BAE Systems | 6.82 | 94.0% | 21,645 | 24,215 | 23,772 | 2,790 | 11.7% | 24,834 | 2,979 | 12.0% | 1.02x | 8.7x | 0.98x | 8.1x |
| Median | | 94.5% | \$43,830 | \$46,181 | \$27,968 | \$4,243 | 14.2% | \$28,777 | \$4,300 | 14.3% | 1.64x | 11.3x | 1.61x | 10.8x |

| Defense Systems | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|-------------------------------|-------------------------|----------------------|----------------|---------------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Safran | \$71.94 | 88.3% | \$29,950 | \$32,097 | \$20,224 | \$3,719 | 18.4% | \$20,720 | \$3,813 | 18.4% | 1.59x | 8.6x | 1.55x | 8.4x |
| L-3 Communications | 150.73 | 97.6% | 11,642 | 14,703 | 10,252 | 1,222 | 11.9% | 10,466 | 1,285 | 12.3% | 1.43x | 12.0x | 1.40x | 11.4x |
| Rockwell Collins | 84.34 | 88.7% | 10,958 | 13,156 | 5,339 | 1,286 | 24.1% | 5,553 | 1,362 | 24.5% | 2.46x | 10.2x | 2.37x | 9.7x |
| Huntington Ingalls Industries | 153.42 | 86.6% | 7,178 | 7,602 | 7,042 | 986 | 14.0% | 7,021 | 961 | 13.7% | 1.08x | 7.7x | 1.08x | 7.9x |
| Orbital ATK, Inc. | 76.23 | 80.3% | 4,464 | 5,997 | 4,456 | 668 | 15.0% | 4,623 | 707 | 15.3% | 1.35x | 9.0x | 1.30x | 8.5x |
| FLIR | 31.42 | 92.2% | 4,313 | 4,181 | 1,641 | 373 | 22.7% | 1,711 | 402 | 23.5% | 2.55x | 11.2x | 2.44x | 10.4x |
| Cobham | 2.18 | 54.3% | 3,700 | 4,867 | 2,569 | 494 | 19.2% | 2,649 | 546 | 20.6% | 1.89x | 9.9x | 1.84x | 8.9x |
| Kongsberg Gruppen | 15.52 | 84.9% | 1,844 | 2,167 | 2,058 | 216 | 10.5% | 2,054 | 242 | 11.8% | 1.05x | 10.0x | 1.05x | 9.0x |
| Cubic | 46.81 | 94.0% | 1,263 | 1,508 | 1,543 | 142 | 9.2% | 1,586 | 163 | 10.3% | 0.98x | 10.6x | 0.95x | 9.3x |
| AeroVironment | 24.41 | 75.2% | 561 | 337 | 249 | 2 | 1.0% | 287 | 26 | 9.0% | 1.35x | NM | 1.18x | 13.0x |
| Median | | 87.5% | \$4,389 | \$5,432 | \$3,513 | \$581 | 14.5% | \$3,636 | \$627 | 14.5% | 1.39x | 10.0x | 1.35x | 9.1x |

| Defense Electronics / Comm. | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|-------------------------------------|-------------------------|----------------------|----------------|---------------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Harris | \$91.61 | 97.4% | \$11,321 | \$15,352 | \$7,310 | \$1,552 | 21.2% | \$7,489 | \$1,624 | 21.7% | 2.10x | 9.9x | 2.05x | 9.5x |
| Teledyne | 107.93 | 97.6% | 3,741 | 4,361 | 2,200 | 352 | 16.0% | 2,290 | 394 | 17.2% | 1.98x | 12.4x | 1.90x | 11.1x |
| ViaSat | 74.65 | 94.3% | 3,679 | 4,672 | 1,496 | 340 | 22.7% | 1,587 | 366 | 23.0% | 3.12x | 13.8x | 2.94x | 12.8x |
| Ultra Electronics | 23.09 | 86.7% | 1,618 | 2,050 | 1,035 | 199 | 19.2% | 1,063 | 200 | 18.8% | 1.98x | 10.3x | 1.93x | 10.2x |
| Mercury Systems | 24.57 | 93.2% | 992 | 1,102 | 328 | 71 | 21.8% | 396 | 96 | 24.3% | 3.37x | 15.5x | 2.79x | 11.5x |
| Kratos Defense & Security Solutions | 6.89 | 90.9% | 416 | 844 | 659 | 42 | 6.4% | 680 | 56 | 8.3% | 1.28x | 20.1x | 1.24x | 15.0x |
| Comtech Telecommunications | 12.81 | 49.6% | 299 | 581 | 604 | 55 | 9.2% | 640 | 72 | 11.2% | 0.96x | 10.5x | 0.91x | 8.1x |
| Median | | 93.2% | \$1,618 | \$2,050 | \$1,035 | \$199 | 19.2% | \$1,063 | \$200 | 18.8% | 1.98x | 12.4x | 1.93x | 11.1x |

| Homeland Security | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|-------------------------|-------------------------|----------------------|----------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Smiths Group | \$19.06 | 98.9% | \$7,536 | \$8,853 | \$3,853 | \$713 | 18.5% | \$4,066 | \$762 | 18.7% | 2.30x | 12.4x | 2.18x | 11.6x |
| MSA Safety Incorporated | 58.04 | 99.0% | 2,178 | 2,534 | 1,178 | 212 | 18.0% | 1,226 | 225 | 18.3% | 2.15x | 11.9x | 2.07x | 11.3x |
| Smith & Wesson | 26.59 | 85.3% | 1,495 | 1,451 | 897 | 257 | 28.7% | 953 | 248 | 26.0% | 1.62x | 5.6x | 1.52x | 5.9x |
| OSI Systems, Inc. | 65.38 | 67.6% | 1,239 | 1,269 | 830 | 125 | 15.1% | 948 | 176 | 18.5% | 1.53x | 10.1x | 1.34x | 7.2x |
| Analogic | 88.60 | 93.9% | 1,099 | 980 | 522 | 86 | 16.5% | 558 | 97 | 17.4% | 1.88x | 11.3x | 1.76x | 10.1x |
| Median | | 93.9% | \$1,495 | \$1,451 | \$897 | \$212 | 18.0% | \$953 | \$225 | 18.5% | 1.88x | 11.3x | 1.76x | 10.1x |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

Public Company Trading Analysis, cont. (1)

(\$ in millions, except per share amounts)

| Aerospace Systems | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|-------------------|-------------------------|----------------------|----------------|---------------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| TransDigm | \$289.12 | 98.2% | \$15,400 | \$24,033 | \$3,305 | \$1,522 | 46.1% | \$3,587 | \$1,663 | 46.4% | 7.27x | 15.8x | 6.70x | 14.5x |
| Zodiac Aerospace | 24.36 | 83.6% | 6,749 | 8,512 | 5,757 | 495 | 8.6% | 6,029 | 671 | 11.1% | 1.48x | 17.2x | 1.41x | 12.7x |
| B/E Aerospace | 51.66 | 97.7% | 5,250 | 7,194 | 2,874 | 613 | 21.3% | 3,061 | 655 | 21.4% | 2.50x | 11.7x | 2.35x | 11.0x |
| Meggitt | 5.87 | 90.5% | 4,553 | 6,250 | 2,482 | 584 | 23.5% | 2,584 | 628 | 24.3% | 2.52x | 10.7x | 2.42x | 10.0x |
| HEICO | 69.20 | 92.3% | 4,261 | 4,914 | 1,413 | 330 | 23.4% | 1,512 | 355 | 23.5% | 3.48x | 14.9x | 3.25x | 13.8x |
| Esterline | 76.04 | 78.8% | 2,235 | 2,883 | 1,989 | 279 | 14.0% | 2,029 | 329 | 16.2% | 1.45x | 10.3x | 1.42x | 8.8x |
| Triumph Group | 27.88 | 59.0% | 1,381 | 2,894 | 3,747 | 404 | 10.8% | 3,558 | 483 | 13.6% | 0.77x | 7.2x | 0.81x | 6.0x |
| Astronics | 45.05 | 93.9% | 1,120 | 1,266 | 664 | 112 | 16.9% | 712 | 127 | 17.8% | 1.91x | 11.3x | 1.78x | 10.0x |
| AAR | 31.32 | 100.3% | 1,074 | 1,183 | 1,713 | 131 | 7.6% | 1,834 | 152 | 8.3% | 0.69x | 9.0x | 0.65x | 7.8x |
| Median | | 92.3% | \$4,261 | \$4,914 | \$2,482 | \$404 | 16.9% | \$2,584 | \$483 | 17.8% | 1.91x | 11.3x | 1.78x | 10.0x |

| Aerospace Structures | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|----------------------|-------------------------|----------------------|----------------|---------------------|----------------|--------------|--------------|----------------|--------------|--------------|--------------|-------------|--------------|-------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Spirit AeroSystems | \$44.54 | 79.3% | \$5,748 | \$6,146 | \$6,738 | \$981 | 14.6% | \$6,908 | \$1,108 | 16.0% | 0.91x | 6.3x | 0.89x | 5.5x |
| Hexcel | 44.30 | 91.7% | 4,097 | 4,766 | 2,024 | 459 | 22.7% | 2,160 | 507 | 23.5% | 2.35x | 10.4x | 2.21x | 9.4x |
| Senior | 2.98 | 84.1% | 1,251 | 1,527 | 1,149 | 166 | 14.4% | 1,205 | 175 | 14.6% | 1.33x | 9.2x | 1.27x | 8.7x |
| LMI Aerospace | 7.13 | 62.9% | 97 | 344 | 349 | 42 | 12.0% | 378 | 50 | 13.3% | 0.98x | 8.2x | 0.91x | 6.8x |
| Median | | 81.7% | \$2,674 | \$3,146 | \$1,587 | \$312 | 14.5% | \$1,683 | \$341 | 15.3% | 1.16x | 8.7x | 1.09x | 7.8x |

| Government Technology Solutions | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|--|-------------------------|----------------------|----------------|---------------------|----------------|--------------|-------------|----------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Leidos Holdings | \$43.28 | 72.7% | \$6,482 | \$6,905 | \$6,933 | \$592 | 8.5% | \$10,141 | \$975 | 9.6% | 1.00x | 11.7x | 0.68x | 7.1x |
| Booz Allen Hamilton | 31.61 | 99.0% | 4,696 | 6,124 | 5,595 | 530 | 9.5% | 5,810 | 572 | 9.8% | 1.09x | 11.6x | 1.05x | 10.7x |
| CSRA Inc. | 26.90 | 80.4% | 4,455 | 7,184 | 5,048 | 866 | 17.2% | 5,156 | 901 | 17.5% | 1.42x | 8.3x | 1.39x | 8.0x |
| Science Applications International Corp. | 69.37 | 95.7% | 3,068 | 4,013 | 4,545 | 338 | 7.4% | 4,627 | 349 | 7.5% | 0.88x | 11.9x | 0.87x | 11.5x |
| CACI International | 100.90 | 90.8% | 2,454 | 3,883 | 4,136 | 351 | 8.5% | 4,235 | 381 | 9.0% | 0.94x | 11.1x | 0.92x | 10.2x |
| ManTech International | 37.69 | 90.4% | 1,441 | 1,401 | 1,611 | 123 | 7.7% | 1,683 | 130 | 7.7% | 0.87x | 11.3x | 0.83x | 10.8x |
| Engility Holdings | 31.50 | 87.7% | 1,158 | 2,213 | 2,120 | 188 | 8.9% | 2,168 | 194 | 8.9% | 1.04x | 11.8x | 1.02x | 11.4x |
| ICF International | 44.32 | 97.5% | 841 | 1,148 | 1,186 | 116 | 9.8% | 1,232 | 127 | 10.3% | 0.97x | 9.9x | 0.93x | 9.0x |
| KEYW | 11.04 | 98.0% | 444 | 525 | 297 | 35 | 11.7% | 320 | 40 | 12.4% | 1.76x | NM | 1.64x | 13.2x |
| VSE Corp. | 33.99 | 88.9% | 367 | 622 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Vectrus, Inc. | 15.23 | 43.5% | 163 | 217 | 1,205 | 48 | 4.0% | 1,128 | 46 | 4.1% | 0.18x | 4.5x | 0.19x | 4.7x |
| NCI | 11.57 | 67.3% | 156 | 163 | 326 | 29 | 9.0% | 339 | 30 | 9.0% | 0.50x | 5.6x | 0.48x | 5.4x |
| Median | | 89.7% | \$1,300 | \$1,807 | \$2,120 | \$188 | 8.9% | \$2,168 | \$194 | 9.0% | 0.97x | 11.2x | 0.92x | 10.2x |

| Engineering & Construction | Stock Price 09/30/16 | % of 52 Week High | Market Cap | Enterprise Value | CY2016E | | | CY2017P | | | EV / CY2016E | | EV / CY2017P | |
|----------------------------|-------------------------|----------------------|----------------|---------------------|-----------------|--------------|-------------|-----------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | | | | | Rev. | EBITDA | Margin | Rev. | EBITDA | Margin | Rev. | EBITDA | Rev. | EBITDA |
| Babcock International | \$13.48 | 93.1% | \$6,810 | \$8,780 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Jacobs Engineering | 51.72 | 92.5% | 6,280 | 6,216 | 11,086 | 670 | 6.0% | 11,161 | 687 | 6.2% | 0.56x | 9.3x | 0.56x | 9.1x |
| AECOM | 29.73 | 82.1% | 4,569 | 8,444 | 17,856 | 1,026 | 5.7% | 18,550 | 1,157 | 6.2% | 0.47x | 8.2x | 0.46x | 7.3x |
| Tetra Tech | 35.47 | 97.9% | 2,037 | 2,251 | 1,992 | 215 | 10.8% | 2,080 | 250 | 12.0% | 1.13x | 10.5x | 1.08x | 9.0x |
| Median | | 92.8% | \$5,425 | \$7,330 | \$11,086 | \$670 | 6.0% | \$11,161 | \$687 | 6.2% | 0.56x | 9.3x | 0.56x | 9.0x |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

Select Recent Aerospace / Defense M&A⁽¹⁾

(\$ in millions)

| Announce Date | Buyer / Investor | Target | Target Description | EV | Revenue | EBITDA | | EV / LTM | |
|---------------|--|--|---|---------|-----------------------|--------|------|----------|------|
| | | | | | | Margin | Rev. | Margin | Rev. |
| 09/27/16 | S7 Group | Sea Launch S.A. | Provides cost effective, heavy lift launch services based on the Zenit-3SL launch system for the world's leading commercial satellite operators | NA | NA | NA | NA | NA | NA |
| 09/26/16 | Acorn Growth Companies | Raisbeck Engineering, Inc. | Provides systems that increase productivity and safety for business and airline aircraft through the infusion of advanced technology | NA | NA | NA | NA | NA | NA |
| 09/16/16 | Menzies Aviation, Inc. | Aircraft Services International Group, Inc. | Provides commercial aviation services to major airlines, airports, oil companies, and other partners worldwide | \$202.0 | NA | NA | NA | NA | NA |
| 09/12/16 | Golden Gate Capital | Tronair Parent, Inc. | Provides aircraft ground support equipment for the aerospace industry worldwide | NA | NA | NA | NA | NA | NA |
| 09/09/16 | MAG Aerospace Corporation | Air Fire Services, Inc. | Provides forest fire detection, aerial infrared detection, birddog, and aerial transportation services | 15.4 | NA | NA | NA | NA | NA |
| 09/08/16 | Broadcast Microwave Services, Inc. | Data911 | Provides modular information systems for military and law enforcement agencies | NA | NA | NA | NA | NA | NA |
| 09/07/16 | Aviation Technical Services | Texas Pneumatics Systems | Provides repair and overhaul services for commercial airlines | NA | NA | NA | NA | NA | NA |
| 09/07/16 | L-3 Communications Corporation | Micreo, Ltd. | Provides solutions for high-performance microwave, millimeter wave, and photonic technology | NA | NA | NA | NA | NA | NA |
| 09/06/16 | TransDigm Group, Inc. | Young & Franklin, Inc. | Provides and services turbine controls for the energy, oil and gas, and aerospace markets | 260.0 | \$75.0 ⁽²⁾ | NA | NA | 3.47x | NA |
| 09/06/16 | ESCO Technologies, Inc. | Westland Technologies | Provides custom-molded rubber parts for vibration and sound dampening, thermal insulation, and shock absorption in defense applications | NA | NA | NA | NA | NA | NA |
| 09/06/16 | GE Aviation | SLM Solutions Group AG | Provides metal-based additive manufacturing technology solutions worldwide | 761.4 | 97.2 | 6.9 | 7.1% | NM | NM |
| 09/06/16 | GE Aviation | Arcam AB | Provides additive manufacturing solutions for the production of metal components | 697.5 | 71.8 | 5.8 | 8.1% | NM | NM |
| 09/06/16 | Southern Research | Curved Skies | Provides sensor risk reduction studies for commercial and government clients and has a track record of transitioning systems to commercial capabilities | NA | NA | NA | NA | NA | NA |
| 08/29/16 | Groupe SOCOMORE S.A. | LORD Corporation's Aeroglaze and Chemglaze product lines | Provides absorptive polyurethane coatings designed for applications on substrates used in aerospace and other markets | NA | NA | NA | NA | NA | NA |
| 08/26/16 | Brixey & Meyer Capital | Stillwater Technologies, Inc. | Provides precision machining and resistance welding solutions to aerospace, defense, and other sectors | NA | NA | NA | NA | NA | NA |
| 08/24/16 | J.F. Lehman & Co. | Heavy Equipment Group of Oldenburg Group, Inc. | Provides complex, heavy equipment systems to meet mission critical requirements in harsh operating environments | NA | NA | NA | NA | NA | NA |
| 08/18/16 | AGI Holdings, LLC | Aircraft Appliances and Equipment (AAE), Ltd. | Provides, designs, repairs, and overhauls service equipment for aircraft and naval ships | NA | NA | NA | NA | NA | NA |
| 08/11/16 | Trident Maritime Systems | Callenburg Technology | Provides installation services for heating, ventilation, air conditioning, and electrical energy management solutions for the Navy | 64.0 | NA | NA | NA | NA | NA |
| 08/08/16 | Exchange Income Corporation | CarteNav Solutions, Inc. | Provides intelligence, surveillance, reconnaissance, and situational awareness software solutions for the maritime, land, and air environments to defense, security, and commercial clients | 12.3 | NA | NA | NA | NA | NA |
| 08/08/16 | LightPath Technologies, Inc. | ISP Optics Corporation ⁽³⁾ | Provides advanced infrared optical components, coatings, and subsystems | 18.0 | NA | NA | NA | NA | NA |
| 08/02/16 | Trijicon, Inc. | IR Defense Corporation | Provides optical aiming solutions for the commercial, military, and law enforcement markets | NA | NA | NA | NA | NA | NA |
| 08/02/16 | Shape Technologies Group, Inc. | Aquarese Industries S.A. | Provides advanced robotic waterjet machining, materials processing systems, and ultra-high pressure ("UHP") process solutions to aerospace and other industries | NA | NA | NA | NA | NA | NA |
| 08/02/16 | Wipro Infrastructure Engineering, Ltd. | H.R Givon, Ltd. | Provides metallic parts and assemblies for the aerospace industry | NA | NA | NA | NA | NA | NA |
| 08/02/16 | Accurus Aerospace Corporation | ZTM, Inc. | Provides large, complex metallic parts and assemblies for the global aerospace industry | NA | NA | NA | NA | NA | NA |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

(2) Based on 2016E Revenue

(3) KippsDeSanto & Co. served as the exclusive financial advisor

Select Recent Aerospace / Defense M&A, cont.⁽¹⁾

(\$ in millions)

| Announce Date | Buyer / Investor | Target | Target Description | EV | Revenue | EBITDA | | EV / LTM | |
|---------------|--|---|---|---------|---------|--------|--------|----------|--------|
| | | | | | | EBITDA | Margin | Rev. | EBITDA |
| 08/01/16 | Trimble Navigation, Ltd. | AXIO - Net GmbH | Provides satellite positioning services in Germany, Netherlands, Great Britain, and Denmark | NA | NA | NA | NA | NA | NA |
| 07/29/16 | Compass Diversified Holdings, LLC | 5.11, Inc. | Provides purpose-built tactical apparel and gear serving a wide range of global customers including law enforcement and military special operations | \$400.0 | \$293.0 | \$38.0 | 13.0% | 1.37x | 10.5x |
| 07/27/16 | ZS Fund L.P. | Amerijet Holdings, Inc. | Provides cargo and logistics solutions to the U.S. and internationally | NA | NA | NA | NA | NA | NA |
| 07/27/16 | Infinite RF Holdings | L-com, Inc. | Provides wireless components, cable assemblies, antennas, aeronautics connectivity solutions, and wireless sensors | NA | NA | NA | NA | NA | NA |
| 07/26/16 | Platte River Equity | CTS Engines, LLC | Provides a full spectrum of maintenance, repair, and overhaul ("MRO") services for established engine platforms | NA | NA | NA | NA | NA | NA |
| 07/25/16 | Smith & Wesson Holding Corporation | Crimson Trace Corporation | Provides laser sighting products and tactical lights for military, law enforcement, and civilian applications | 95.0 | 44.0 | 16.1 | 36.6% | 2.16x | 5.9x |
| 07/22/16 | ICV Partners, LLC | Universal Turbine Parts, Inc. | Provides aftermarket turboprop aircraft engines and engine parts | NA | NA | NA | NA | NA | NA |
| 07/20/16 | H-D Advanced Manufacturing Co. | Numeric Machine Company | Provides components used in drilling motors | NA | NA | NA | NA | NA | NA |
| 07/20/16 | Vector Space Systems | Garvey Spacecraft Corporation | Provides engineering, technical support, project management, and hardware prototyping services for space technologies and launch vehicle systems | NA | NA | NA | NA | NA | NA |
| 07/18/16 | Odyssey Investment Partners | Aero Precision Industries; Dac International, Inc.; NASAM, Inc. | Provides aftermarket OEM parts, avionics upgrade solutions, and high tech military / defense electronics | NA | NA | NA | NA | NA | NA |
| 07/15/16 | Centerra Group, LLC | The Development Initiative (TDI), Ltd. | Provides commercial and humanitarian landmine clearance, unexploded ordnance disposal, narcotics and explosive detection, canine services, risk education, and training | NA | NA | NA | NA | NA | NA |
| 07/15/16 | HNA Aviation Group Co. | SR Technics Ltd. [80% stake] | Provides integrated airline solutions, including maintenance on aircraft, engines, and components | NA | NA | NA | NA | NA | NA |
| 07/12/16 | AE Industrial Partners, LLC | Moeller Manufacturing Company, LLC | Provides precision machined turbine engine components for the gas turbine aircraft engine and power generation industries | NA | NA | NA | NA | NA | NA |
| 07/11/16 | Thales Alenia Space (JV of Thales S.A. and Finmeccanica SpA) | RUAG Holding AG, Opto-Electronics and Instruments Product Unit | Provides scientific satellite instruments and equipment for optical communications in space | NA | NA | NA | NA | NA | NA |
| 07/11/16 | Rolls-Royce Holdings plc | Industria de Turbo Propulsores S.A. [53% stake] | Provides engineering, research and development, manufacture and casting, assembly, and testing of aeronautical engines and gas turbines | 795.0 | NA | NA | NA | NA | NA |
| 07/11/16 | AGC AeroComposites, Inc. | North Coast Composites; North Coast Tool and Mold Corporation | Provides molds and tools for the aerospace industry including resin transfer molds, lay-up molds, compression molds, and plastic injection molds | NA | NA | NA | NA | NA | NA |
| 07/11/16 | Gooch & Housego | Kent Periscopes Ltd. | Provides periscopes, vehicle sights, and related equipment for land based Armored Fighting Vehicles ("AFVs") | 12.3 | NA | NA | NA | NA | NA |
| 07/11/16 | Gooch & Housego | Alfalight, Inc. | Provides high reliability, laser based, electro-optic systems for defense and security applications | 1.3 | NA | NA | NA | NA | NA |
| 07/11/16 | MB Aerospace Holdings, Ltd. | Vac-Aero, Poland | Provides protective and performance enhancing coatings for aero-engine and industrial gas turbine components | NA | NA | NA | NA | NA | NA |
| 07/08/16 | Precision Castparts Corporation | Shultz Steel Company | Provides large-scale, open-and-closed die forgings primarily for commercial aerospace and military aircraft applications | NA | NA | NA | NA | NA | NA |
| 07/07/16 | The MEL Group | Didsbury Engineering, Ltd. | Provides precision machining, fabrications, lifting, and confined space operations for military, civil, and industrial applications | NA | NA | NA | NA | NA | NA |
| 07/05/16 | MilDef AB | Bedriftssystemer AS | Provides rugged electronics and TEMPEST equipment to leading defense subcontractors in Norway | NA | NA | NA | NA | NA | NA |
| 06/30/16 | Undisclosed | Nabco, Inc. | Provides explosive chemical, biological, radiological, and nuclear containment mitigation systems | NA | NA | NA | NA | NA | NA |
| 06/30/16 | Royal Adhesives & Sealants, LLC | Bacon Adhesives, LLC | Provides conductive adhesives for demanding aerospace and defense communications | NA | NA | NA | NA | NA | NA |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

Select Recent Government Technology Solutions M&A⁽¹⁾ (\$ in millions)

| Announce Date | Buyer / Investor | Target | Target Description | EV | Revenue | EBITDA | | EV / LTM | |
|---------------|--|--|--|---------|------------------------|--------|--------|----------|--------|
| | | | | | | EBITDA | Margin | Rev. | EBITDA |
| 09/26/16 | Vista Equity Partners | GovDelivery, Inc. | Provides a digital marketing services for government organizations through the GovDelivery platform | \$153.0 | NA | NA | NA | NA | NA |
| 09/12/16 | Pro-Sphere Tek, Inc. | Global Emergency Resources, LLC | Provides software and technology solutions for healthcare and safety organizations such as web and mobile based, near real-time status tracking, and situational awareness systems | NA | NA | NA | NA | NA | NA |
| 09/08/16 | CALIBRE Systems, Inc. | Fusion Technology, LLC ⁽²⁾ | Provides enterprise talent management solutions and instructional systems design strategies for the intelligence community | NA | NA | NA | NA | NA | NA |
| 09/08/16 | Cybraics, Inc. | Caerus Associates | Provides big data analytics and cyber security services primarily for DoD customers | NA | NA | NA | NA | NA | NA |
| 09/02/16 | InfoTek Corporation | SilverRhino, LLC | Provides cybersecurity services to Federal agencies as well as limited commercial clients | NA | NA | NA | NA | NA | NA |
| 09/01/16 | Logistics Management Institute, Inc. | FourWinds Limited Company | Provides performance management, business analytics, and strategic communications expertise to agencies that perform national security missions | NA | NA | NA | NA | NA | NA |
| 08/19/16 | Assured Information Security, Inc. | Ross Technologies, Inc. | Provides IT consulting services; offers web development, software engineering, systems and network integration, and program and project management services | NA | NA | NA | NA | NA | NA |
| 08/17/16 | ASRC Federal Holding Company, LLC | Vistrionix Intelligence & Technology Solutions, LLC | Designs, develops, and delivers software and solutions to collect, ingest, process, analyze, and present large and complex data for critical mission sets of national significance | NA | NA | NA | NA | NA | NA |
| 08/13/16 | Management LBO, Apollo Global Management LLP | Constellis Group, Inc. | Provides operational support and risk management services to government and commercial clients | NA | NA | NA | NA | NA | NA |
| 08/09/16 | KBR, Inc. | Honeywell Technology Solutions, Inc. | Provides mission critical services and customized solutions to U.S. government clients via its Space, Mission Support, and Security Solutions divisions | 300.0 | \$600.0 ⁽³⁾ | NA | NA | 0.50x | NA |
| 08/09/16 | PlanetRisk, Inc. | Analytic Strategies, LLC | Provides consulting services and data analytics solutions to federal government clients | NA | NA | NA | NA | NA | NA |
| 08/05/16 | Tribalco, LLC | Intelligent Decisions' U.S. Army Communications & Transmissions division | Provides a suite of communications, including satellite, microwave, fiber optics, Over-the-Horizon, radio, and wireless | NA | NA | NA | NA | NA | NA |
| 08/04/16 | Mission Essential Personnel, LLC | Information Management Technology Corporation ⁽²⁾ | Provides information management system engineering, large system integration, software engineering, and information dissemination solutions | NA | NA | NA | NA | NA | NA |
| 08/01/16 | H.I.G. Capital, LLC | Symplicity Corporation | Provides IT solutions, including systems architecture and development as well as software engineering, to government and commercial clients | NA | NA | NA | NA | NA | NA |
| 08/01/16 | Emergency Communications Network, LLC | MIR3, Inc. | Provides intelligent notification and response software for business operations and government agencies | NA | NA | NA | NA | NA | NA |
| 07/25/16 | Dynamis, Inc. | Defense Group Inc.'s (DGI) Emergency and Security Management Solutions | Provides enterprise emergency and security management software to DoD and civilian first responder customers | NA | NA | NA | NA | NA | NA |
| 07/27/16 | Belcan, LLC | Intercom Consulting & Federal Systems Corporation | Provides enterprise-wide IT solutions for commercial and government clients around the world, including cyber security innovation and consulting services | NA | NA | NA | NA | NA | NA |
| 07/18/16 | Centerra Group, LLC | The Development Initiative, Ltd. | Provides commercial and humanitarian mine clearance, unexploded ordnance disposal, training, and remote logistics solutions primarily in Africa and the Middle East | NA | NA | NA | NA | NA | NA |
| 07/12/16 | Xator Corporation | Paragon Communications Solutions, Inc. | Provides tactical communications security, networking, and electronic countermeasures solutions | NA | NA | NA | NA | NA | NA |
| 07/12/16 | Halvik Corporation | SP Systems, Inc. | Provides scientific research, engineering, data analysis, real-time satellite data processing, and algorithm development solutions to the Federal government | NA | NA | NA | NA | NA | NA |
| 07/01/16 | Day & Zimmerman Group, Inc. | Hankins & Anderson, Inc. | Provides architectural and engineering services in designing secure, mission-critical facilities for the Federal government | NA | NA | NA | NA | NA | NA |
| 06/24/16 | Arlington Capital Partners | EOIR Technologies, Inc. | Provides advanced solutions in cloud computing, big data analytics, C4ISR, smart sensing, training and simulation, and rapid prototyping for the DoD | NA | NA | NA | NA | NA | NA |
| 06/14/16 | ManTech International Corporation | Oceans Edge Inc., Cyber Business | Provides cybersecurity solutions, including internal R&D, protocol analysis, penetration testing, and vulnerability analysis | 47.7 | NA | NA | NA | NA | NA |
| 06/13/16 | Xator Corporation | TSM Corporation | Provides training, engineering, and logistics support services primarily to Special Operations, DoD, and Law Enforcement customers | NA | NA | NA | NA | NA | NA |

(1) S&P Capital IQ, company filings, and KippsDeSanto research

(2) KippsDeSanto & Co. served as the exclusive financial advisor

(3) Based on 2016E Revenue

About KippsDeSanto & Co.

KippsDeSanto is an investment banking firm focused on delivering M&A and financing expertise. Our solutions are focused on the sectors we know – aerospace / defense and government technology solutions. 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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