

MarketView Winter 2014

Aerospace / Defense and Government Technology Solutions



Kipps DeSanto 
INVESTMENT BANKING

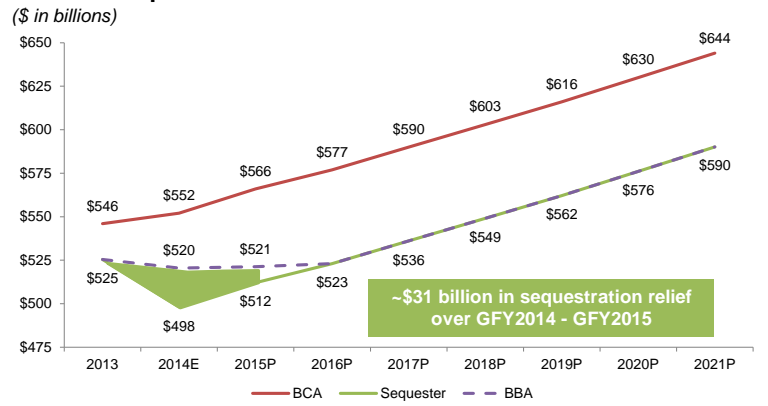
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Operational / Funding Environment

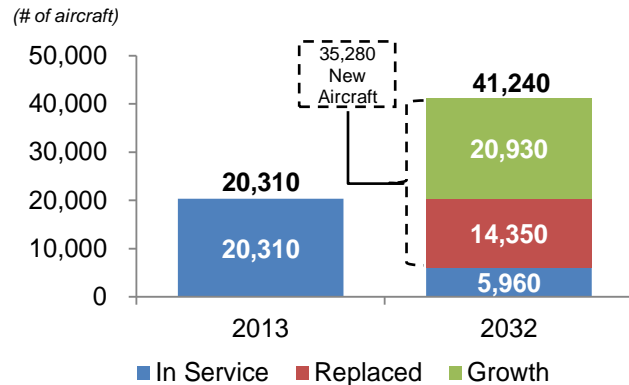
In a year marked by budget uncertainty, a government shutdown, and employee furloughs across both the private and public sector, 2013 came to a close with some progress through the signing of the Bipartisan Budget Act (“BBA”) of 2013. Crafted by Rep. Paul Ryan (R-Wis.) and Sen. Patty Murray (D-Wash.), the BBA calls for \$22 billion in deficit reduction and a \$63 billion reduction to a portion of sequestration cuts which are to take place in Government Fiscal Years (“GFY”) 2014 and 2015. The easing of sequestration is to be shared between defense and non-defense discretionary spending, each receiving a \$22.5 billion reduction in GFY2014 and \$9.0 billion reduction in GFY2015. Consequently, the Department of Defense (“DoD”) will be presented with a budget of \$520.5 billion in 2014 and \$521.3 billion in 2015, but more importantly it provides the much needed clarity for the DoD to finally balance accounts and make necessary adjustments to its force structure. This is also welcome news for defense contractors as the DoD will be able to scale back anticipated cuts it would have otherwise made to investment accounts, including technology, as well as operations and maintenance spending. While the BBA provides better visibility in the near-term, the long-term impact on actual programs could take years to manifest given sequestration cuts (which the BBA has delayed even further) are intended for budget authority, as opposed to actual outlays. Additionally, defense contractors still face an environment in which U.S. military operations in Iraq and Afghanistan are coming to a close and global defense spending is declining. As such, defense contractors in 2014 are expected to continue to make investments, whether through business development or acquisitions, to reposition themselves into adjacent and / or higher growth areas (e.g. C4ISR, foreign military sales) to seek additional operational efficiencies.

Though budget appropriations outlined in the BBA are mostly flat or down from GFY2013 to GFY2014, government technology solutions contractors are expected to benefit from budget visibility provided by a longer-term agreement. A common theme across appropriations is a decline in research and development (“R&D”) and procurement funding—budget pressure that may result in contractors seeking acquisitions to reposition toward the leading-edge of technology development and equipment modernization. For instance, the BBA includes \$1.2 billion for Homeland Security Science and Technology R&D, which is \$302 million below the President’s request. However, the bill outlines priority funding areas within Homeland Security that are expected to receive increased funding over GFY2013, such as Customs and Border Protection and Cybersecurity, with increases of \$111 million and \$36 million, respectively. The bill also realigns spending to support and enhance critical functions within Veterans Affairs (“VA”), such as disability claims processing. Discretionary funding for VA programs in the agreement is \$63.2 billion, or \$2.3 billion above the GFY2013 level. From a longer-term perspective, the bill maintains \$55.6 billion of advance GFY2015 funding for the VA, which demonstrates continued focus on supporting military troops as they return from operations abroad.

Defense Sequestration Relief: GFY2014 – GFY2015⁽¹⁾



Aircraft Fleet Evolution: 2013 - 2032⁽²⁾



As the defense and government sectors regain their footing, commercial aerospace is expected to continue experiencing a strong upcycle in 2014. According to the International Air Transport Association (“IATA”), 2014 will see the industry’s largest absolute profit of \$19.6 billion, resulting from projected revenues of \$743 billion. Two key trends that serve as primary drivers of the positive industry outlook include increased demand in passenger travel, particularly in emerging markets such as the Middle East and Asia Pacific, and the improvement of aircraft technology and fuel efficiency. The combination of these trends has led to an overwhelming need for new aircraft, with an estimated total of 35,280 new aircraft required over the next 20 years. This forecast is further substantiated by the performance of the

two major original equipment manufacturers (“OEMs”), Boeing and Airbus, both of which experienced record years in 2013 for aircraft orders, deliveries, and backlog. Given the long runway provided by such orders and backlog, and the emphasis on increased productivity and delivery rates, participants in aircraft production programs and the aerospace supply chain are also presented with sizable opportunities for growth.

(1) DoD and KippsDeSanto research
 (2) Source: Boeing Current Market Outlook 2013 - 2032

Capital Markets and Public Market Valuation Trends

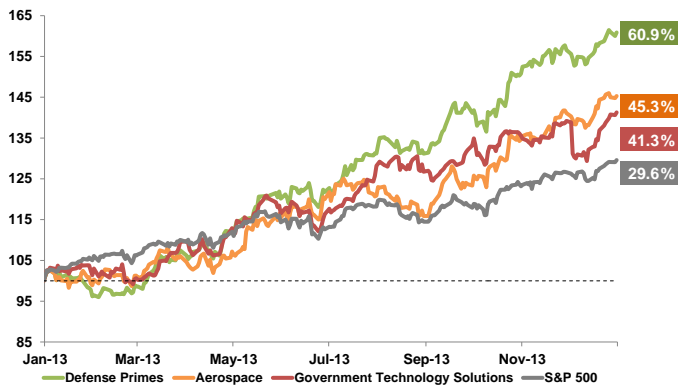
Following modest gains in 2012, the S&P ended 2013 with its largest annual gain since 1997, coming in at a new all-time high of 1,848, or up 29.6% for the year. All 10 sectors of the S&P registered double digit annual returns, a rare market feat. Equally impressive, the Dow Jones industrial average realized a 26.5% return, hitting 52 all-time highs along the way, and seeing its best year since 1998. Benefiting from the overall “rising tide,” as well as helping to support market-wide momentum, aerospace and defense shares both out-performed the broader market—albeit for very different reasons.

Defense stocks rose throughout the year, realizing 60.9% growth, as companies refocused their attention on core capabilities, streamlined their cost structures, and reshaped their portfolios. Additionally, as much of the negative sequestration pressures troubling 2012 had already been priced into the market, defense companies in 2013 were able to capture the full benefit of their renewed focus toward generating operational efficiencies within their organizations. Many successful companies, including Lockheed Martin (up 59.4% in 2013) and Raytheon (up 54.7% in 2013), proactively reduced staff and overhead costs, as well as increased process automation in order to maintain margins, despite stalled revenue. Further supporting defense stocks’ performance in 2013 was the signing of the BBA and the delayed bottom line impact of sequestration, due to the timing differences of budget authority and actual outlays.

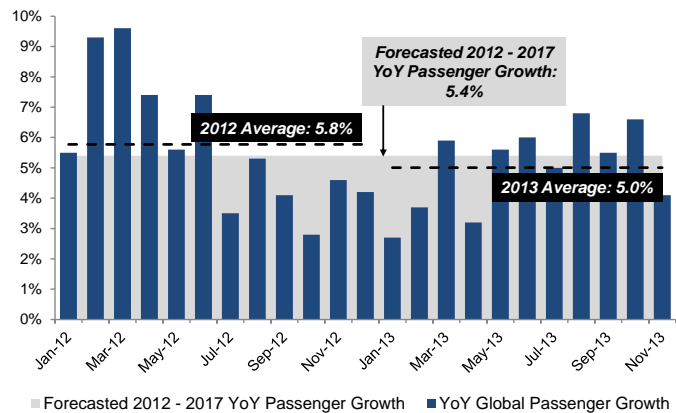
Aerospace stocks also saw an increase of 45.3%, driven by record setting production levels, both by the platform and supplier base, as well as the accelerated replacement cycle of obsolete aircraft. Although below 2012, year-over-year (“YoY”) global growth in passenger travel remained positive at ~5.0%, ultimately supporting the need for new aircraft production and requiring the entire supply chain to expand as it worked to keep up with higher production rates from the large OEMs. Furthermore, passenger traffic is expected to continue growing at a 5.4% compound annual growth rate from historical YoY passenger growth in 2012 through forecasted 2017. Additional sources of revenue and earnings growth within the aerospace industry came from improvements in aircraft equipment (e.g., fuel efficiency, navigation technology, and materials science) and continued growth in both Airbus and Boeing’s record orders, deliveries, and backlogs.

Relative Stock Price Performance⁽¹⁾

Year Ended December 31, 2013



Airline Passenger Traffic Growth Through 2017⁽²⁾



Similar to the aerospace and defense markets, government technology solutions public company stocks realized a robust 41.3% return in 2013, compared to 4.6% in 2012. While 2012 performance reflected investor uncertainty as to broader budgetary conditions and the impact of sequestration, public pricing in 2013 benefitted from companies’ strategic focus on core markets and earnings growth (in some cases encouraged by cost reductions), as well as several corporate reorganizations intended to enhance strategic positioning. Additionally, government technology solutions participants shared in the benefits of the aforementioned record breaking S&P gains. Leidos and SAIC announced earnings for fiscal 3Q14, marking the first release as separate entities. Of particular note, both companies indicated a focus on unlocking shareholder value through share repurchases; Leidos announced a 20 million share repurchase plan expected to be completed “in the near term,” while SAIC reiterated its intent to return excess cash to shareholders through a combination of repurchasing shares and distributing dividends. CACI recently raised full-year revenue guidance after announcing \$717 million in contract awards in its 2Q14, a 39.8% increase over awards received in 2Q13. On the whole, 2014 outlooks are expected to remain positive for government technology solutions companies due to increased budget and funding visibility.

(1) CapitalIQ and KippsDeSanto research
 (2) Source: IATA Airline Industry Forecast

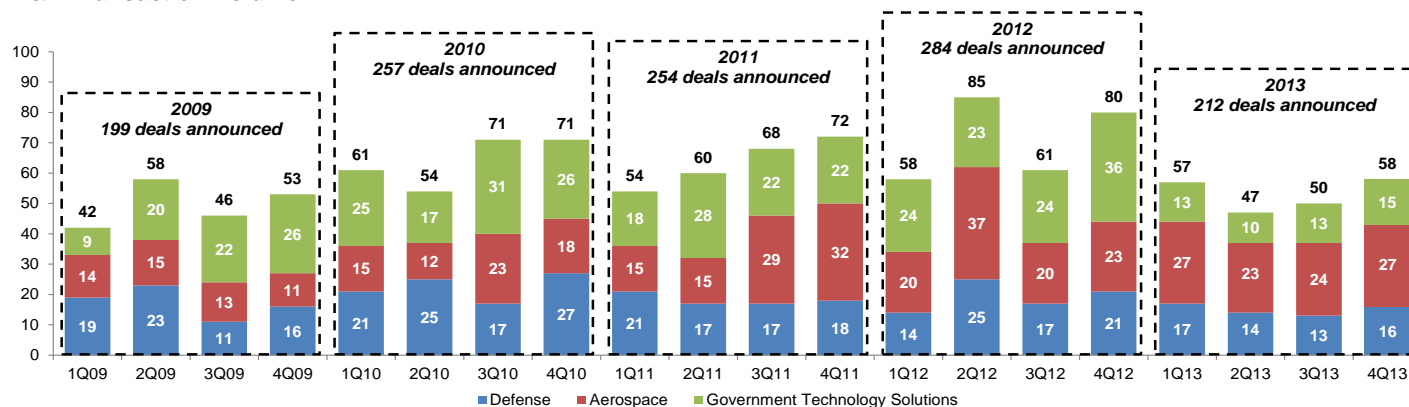
M&A Trends and Activity

M&A activity in the commercial aerospace and defense sectors in 2013 were markedly different. The year witnessed 101 announced aerospace transactions, supported by robust growth in the commercial sector, and only 60 announced defense transactions, limited by heavy government headwinds and budget uncertainty. Despite these mixed environments, both aerospace and defense companies remained attractive targets for many private equity investors. Financial sponsor activity accounted for 39% of all aerospace and defense transactions, up from 29% in 2012 and 21% in 2011. Additionally, 2013 witnessed the continuation of a trend that has prevailed in the aerospace and defense industry for several years: the predominance of middle-market sized deals. Overall, deals less than \$500 million in enterprise value accounted for 97% of 2013 aerospace and defense deals, with Rockwell Collins' acquisition of ARINC for \$1.4 billion and Textron's acquisition of Beechcraft, also for \$1.4 billion, representing the only deals over \$1 billion in enterprise value. International buyers acquiring U.S. defense and government technology solutions companies represented 3% of transactions in 2013, a relative decline from about 6% in 2012 and 11% in 2011, as international companies, like Airbus, have publicly stated intentions to discontinue acquisition growth strategies in the U.S.

Aerospace M&A activity in 2013 was flat from 2012, but remained near pre-recession highs. Much of this activity was driven by robust production forecasts of aircraft manufacturers and consolidation across the supply chain / part families. One such consolidation involves Triumph Group's acquisitions of Goodrich Pump & Engine Control Systems for \$200 million / 7.9x LTM EBITDA, Primus Composites (deal terms not disclosed), and General Donlee Canada for \$110 million / 12.4x LTM EBITDA. These purchases will expand Triumph's global customer base, as well as add to its product offerings and capabilities. Other serial acquirers in the aerospace and defense sector included Precision Castparts (three acquisitions in 2013 and two in 2014); Textron (three in 2013); and TransDigm (four in 2013).

In contrast, overall defense M&A volume fell from 77 announced deals in 2012 to only 60 in 2013, and mostly saw one time buyers; however, recent budget / funding clarity and expected industry consolidation should help the sector to rebound in 2014. Recent acquisitions that helped round out 2013 include Secure Communication Systems' acquisition of Tactical Micro, a provider of instrumentation and audio / video broadcasting and recording systems for military training ranges, as well as Veritas Capital's pending acquisition of Anaren, a provider of microwave components for wireless, space, and defense electronics providers.⁽¹⁾

M&A Transaction Volume⁽²⁾








2013 was a slow year for government technology solutions M&A activity. The combination of sellers struggling to forecast future performance, and a renewed focus on evaluating internal strategy among larger industry players, created a sizable valuation gap that inhibited deal success. Nevertheless, buyers across the market remained active with respect to priority customers and capabilities, especially those perceived to be growth-oriented and more insulated from budget pressures. For example, mid-size contractor Vistrionix acquired NetCentric Technology and Kimmich Software Systems Inc., two technology and engineering companies that provide big data analytics, cloud architecture, and cybersecurity services to the Intelligence Community. Similar motivators persist early in 2014, as can be seen by MacAulay-Brown's acquisition of Commonwealth Technology, Inc., a provider of high-end hardware and mission support solutions to defense and intel customers.⁽¹⁾ Larger players have also participated in recent consolidation, as companies look to improve positioning through access to key contract vehicles and well-funded programs, as exemplified by Engility's acquisition of Dynamics Research Corporation ("DRC") for \$11.50 a share, or approximately \$204.5 million. Engility paid a 59.7% premium over DRC's average one month stock price and ~8.3x FY2013E EBITDA, opening up access to a number of IDIQs within a broad range of customers, including the DoD, DHS, VA, and HHS. 2014 should see deal flow more in line with historical norms now that December's budget deal is in place, and we expect buyers to remain focused on well-funded customers and priority areas.

(1) KippsDeSanto & Co. acted as exclusive financial advisor to Tactical Micro, Inc. and Commonwealth Technologies, Inc.
(2) Capital IQ, company filings, and KippsDeSanto research

Defense Update

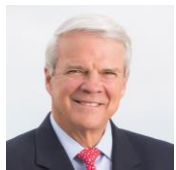
Defense Earnings Update⁽¹⁾

Defense	EPS (Latest Quarter Releases)			EPS Growth Y/Y
	Est.	Actual	Beat / (Miss)	
GENERAL DYNAMICS 4Q13: 12/31/13	\$1.75	\$1.76	0.6%	26.6%
 4Q13: 12/31/13	1.98	2.17	9.6%	(3.6%)
 4Q13: 12/31/13	1.95	2.04	4.6%	14.6%
 4Q13: 12/31/13	1.94	2.12	9.3%	(0.9%)
 4Q13: 12/31/13	1.35	1.58	17.0%	7.5%
 4Q13: 12/31/13	1.23	1.40	13.8%	19.7%

FOURTH QUARTER 2013 DEFENSE EARNINGS: CONSISTENT POSITIVE PERFORMANCE

Although the new BBA legislation arrived too late to have a direct impact on 4Q13 defense earnings, defense shares still performed relatively well against analyst estimates. Defense companies were able to keep previous operational efficiencies consistent throughout the quarter to keep costs low and profits high. Lockheed Martin's earnings, which exclude a non-cash goodwill impairment charge, were well above consensus estimates, as the company credited strong performance to record backlog in 2013, sales in international markets, and improved cost efficiencies. Raytheon also outperformed analyst estimates, citing strong performance from fourth quarter international sales and operating margin improvements through cost reducing facility consolidations.

2013 Contracting Leadership Changes⁽¹⁾




Allan McArtor
Airbus North America




Jerry DeMuro
BAE Systems, U.S. Business




Kenneth Asbury
CACI




Marilyn Hewson
Lockheed Martin



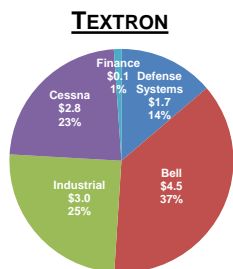

Thomas Kennedy
Raytheon

CHANGING OF THE GUARD AT LARGE DEFENSE CONTRACTORS

Amidst the many changes defense contractors have implemented in the budget environment, personnel changes have been just as prevalent. Many large defense contractors are now or will be under new leadership as the CEO rank has changed at several firms over the past year. At BAE Systems' U.S. business, Jerry Demuro succeeded Linda Hudson, the first woman to lead a major defense contractor. At Raytheon, Thomas Kennedy will replace William Swanson, who served as CEO since 2003. With declining government spending, a common trait has been to focus on experience, as the new leaders are faced with decisions that require deep understanding of the industry and their respective companies. Demuro spent 14 years at General Dynamics overseeing its information systems and technology group, while Kennedy previously served as Raytheon's Chief Operating Officer and Executive Vice President.

Defense as a Percentage of Total Revenue⁽¹⁾

(\$ in billions)



DEFENSE OFFERINGS

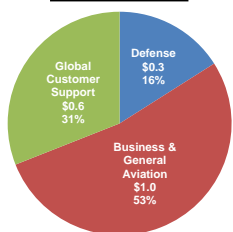


Shadow Unmanned Aircraft System



BattleHawk Munition System

BEECHCRAFT



DEFENSE OFFERINGS



T-6C Military Trainer



AT-6 Light Attack







TEXTRON'S ACQUISITION OF BEECHCRAFT: THE IMPORTANCE OF DEFENSE

Textron's \$1.4 billion acquisition of Beechcraft in late December significantly strengthens Textron's commercial aviation business, but the importance of Beechcraft's defense business to Textron should not go unnoticed. The deal, which is set to close in the first quarter of 2014, represents what analysts call a shift towards the consolidation within the U.S. defense industry. Beechcraft adds three significant defense platforms to Textron's portfolio in the T-6 trainer, the light attack AT-6 variant, and the C-12, a series of variants on Beechcraft's King Air prop-planes used for various missions. The acquisition marks the first major purchase of a company in the defense industry since sequester cuts took effect last spring and may be the first in a series of such transactions within the U.S. aerospace and defense industry after the recent budget deal that alleviates, but not completely eliminates, automatic spending cuts. As budgets decline, contractors may increasingly seek mergers and acquisitions to maintain profit margins.

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

Aerospace Update

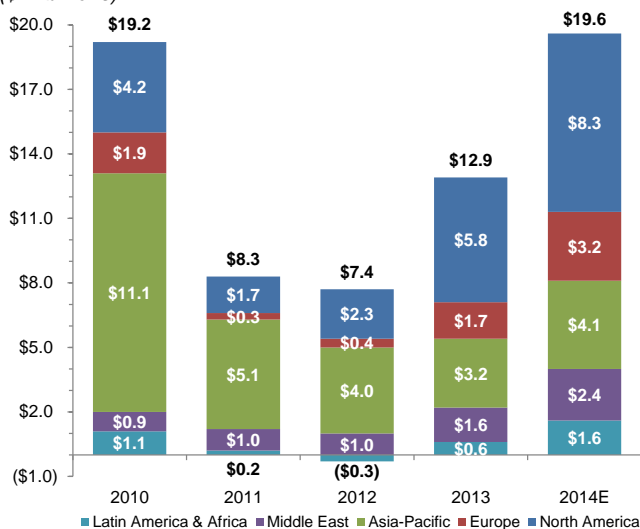
Aerospace Earnings Update⁽¹⁾

Aerospace	EPS (Latest Quarter Releases)			EPS Growth Y/Y
	Est.	Actual	Beat / (Miss)	
 4Q13: 12/31/13	\$0.91	\$0.90	(1.1%)	23.3%
 4Q13: 12/31/13	1.57	1.88	19.7%	46.9%
 4Q13: 12/31/13	0.46	0.46	0.0%	27.8%
 1Q14: 12/31/13	0.89	0.88	(1.1%)	17.3%
 1Q14: 12/31/13	0.95	0.98	3.2%	4.3%
 4Q13: 12/31/13	1.53	1.67	9.2%	29.5%

FOURTH QUARTER 2013 AEROSPACE EARNINGS: CONSISTENT POSITIVE YEAR ENDS

Aerospace companies closed out the year with mostly positive results riding the momentum of record numbers of deliveries, securing new orders, and managing backlogs. Most notably, Boeing easily beat consensus analyst estimates reporting earnings per share 19.7% above predictions. Driven by accelerated production rates in the fourth quarter, the company had strong revenue growth from a positive surge in deliveries, which led to the company's record 648 deliveries in 2013. Despite missing revenue estimates, United Technologies still posted earnings above analyst estimates, driven by fourth quarter increases in large commercial engine and commercial spares orders, as well as organic sales growth, positioning the company with good momentum entering 2014.

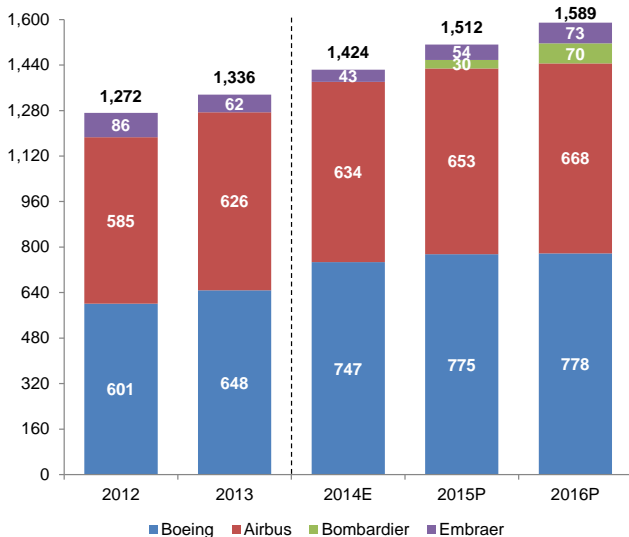
Airline Industry Historical and Projected Profitability⁽¹⁾ (\$ in billions)



RECORD YEAR EXPECTED FOR AIRLINE INDUSTRY IN 2014

With IATA forecasting a record \$19.6 billion in profit, 2014 will be the second consecutive year of strengthening profitability for the airline industry, beginning in 2013 when airlines posted a net profit of \$12.9 billion. Profitability is expected to increase across all regions, except in Africa, where it remains unchanged. The easing of fuel prices, increased passenger demand, improvements to navigation technology and materials science, and ancillary fees have all served as influences in the profitability gains. Additionally, airlines have made great strides toward improving their operations in the face of adverse business conditions. Mergers and joint ventures in particular have led to improved financial results, as well as more efficient connectivity options for consumers. For example, U.S. Airways and American Airlines, whose \$17 billion merger closed in December, reported combined 2013 earnings of \$2.0 billion and expect to capitalize on \$1.1 billion in synergies in 2015 alone.

OEM Aircraft Historical and Projected Deliveries⁽¹⁾⁽²⁾



2014 OEM OUTLOOK: FIRST DELIVERY AND ORDERS ON THE HORIZON

2014 looks to be an important year for three major aerospace OEMs and their newer model landmark aircraft, which continue to face stiff competition throughout the industry. Airbus is facing a crucial twelve months as it enters the second half of the A350-900 flight-test program where there is little room for error as Airbus expects the aircraft to receive its type certificate late in 3Q14 and in time for the first delivery to Qatar Airways in early 4Q14. Boeing's successful launch of its 777X at the Dubai Airshow now positions the company in an intense phase of program execution following a recent union vote to keep production facilities in the state of Washington. Bombardier is looking to lock down an entry-into-service date for its highly-anticipated CS100, which was recently pushed back again, now into mid-2015. With only 182 firm CS100 orders as of December, Bombardier will spend much of 2014 establishing its aircraft in the marketplace against aggressive competition.

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

(2) Models included: Boeing: 737, 747, 767, 777, and 787; Airbus: A320 Family, 330, 340, 350, 380; Embraer: E190/5; Bombardier: CSeries

Technology Solutions Update

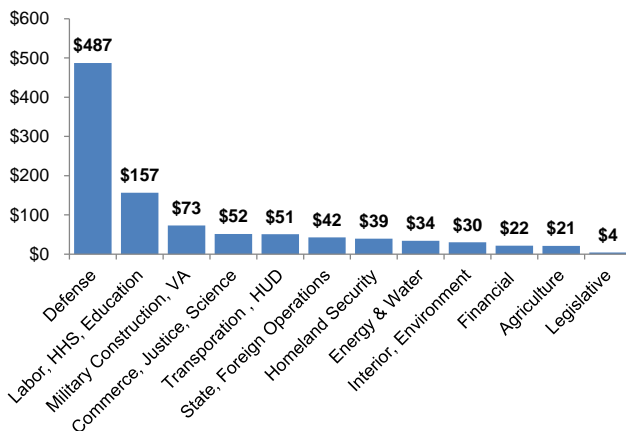
Government Technology Solutions Performance⁽¹⁾

	Stock Price Performance			
	10/01/13	12/31/13	% Change	% of 52 Wk High
Booz Allen Hamilton	\$19.02	\$19.15	0.7%	86.0%
CACI	69.70	73.22	5.1%	98.6%
ENGILITY	32.36	33.40	3.2%	94.9%
ICF	35.94	34.71	(3.4%)	95.6%
KEYW	13.31	13.44	1.0%	81.7%
KRATOS	8.35	7.68	(8.0%)	83.8%
leidos	47.28	46.49	(1.7%)	72.2%
ManTech	28.84	29.93	3.8%	98.3%
nci	5.70	6.62	16.1%	96.1%
QinetiQ	3.14	3.59	14.5%	97.8%
SAIC	33.80	33.07	(2.2%)	82.9%

INCREASED BUDGET CLARITY PROVIDES BOOST TO GOVERNMENT TECHNOLOGY SOLUTIONS STOCKS

The recent passage of the BBA deal provides some relief for contractors impacted by sequestration funding levels and gives further insight into the upcoming contract award environment. With this increasing visibility into government budgets, stocks increased an average of 2.4% in 4Q13. Notable movements include CACI, which was up 5.1% after announcing plans to pursue larger contract opportunities as part of a broader growth strategy associated with its acquisition of Six3 Systems. NCI was the biggest mover of the quarter, jumping 16.1% and approaching its 52 week high after issuing 4Q13 guidance above analyst estimates, along with several contract wins, including a position on DHS' multi-billion dollar EAGLE II IDIQ. Also, although performance was relatively flat, KEYW continues to trade at a premium, as investors recognize its position as the only "pure play" cyber / intel company in the public markets.

GFY2014 Discretionary Spending by Subcommittee⁽²⁾ (\$ in billions)



GFY2014 OMNIBUS PROVIDES STABILITY TO AN OTHERWISE AMBIGUOUS SPENDING ENVIRONMENT

The Omnibus bill passed in January marks the first time since 1989 that budget legislation includes all 12 of the annual agency spending bills. Most relevant to federal services providers, the bill provides clear budget parameters for key subcommittees through September 30, 2014. While appropriations are flat or down year-over-year, the certainty of a "long-term" budget agreement is a positive outcome for contractors' financial planning. Due to this enhanced visibility, government technology solutions providers may be inclined to make aggressive investments in targeted growth areas by way of M&A, as well as business development / bid and proposal efforts. With clear areas of focus (e.g., cybersecurity, health, national security), as well as areas of compromise (e.g., technology R&D, defense operation and maintenance), contractors may also fortify strategic plans, such as corporate realignment through divestitures.

FedRAMP Compliant Cloud Service Providers⁽³⁾

Infrastructure as a Service

Software as a Service

Concurrent Technologies Corporation

Platform as a Service

Provisional authorization under DoD requirements for Impact Levels 1 & 2

DOD STILL DEVELOPING APPROACH TO CLOUD INFRASTRUCTURE

In November 2013, the Defense Information Systems Agency ("DISA") announced the cancellation of a potential \$450 million procurement vehicle for the acquisition of cloud services. Nevertheless, in January, DISA assured commercial cloud providers that the Pentagon is still keen on implementing a cloud infrastructure, and that the cancellation reflected a lack of clarity in their acquisition approach. In December, the agency launched pilot programs aimed at testing security standards tied to the DoD's six "impact levels" of sensitive data. While DISA remains committed to utilizing FedRAMP-certified cloud service providers ("CSP"), CSPs would also have to comply with DoD standards. Given the small universe of FedRAMP certified providers, significant opportunities may be emerging for the cloud provider capable of meeting DoD's security requirements.

(1) Capital IQ, company filings, and KippsDeSanto research
 (2) U.S. House of Representatives Committee on Appropriations
 (3) Fed Biz Ops and KippsDeSanto research

Public Company Trading Analysis⁽¹⁾
(\$ in millions, except per share amounts)

Defense Primes	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$127.02	87.9%	\$94,932	\$89,431	\$90,466	\$9,423	10.4%	\$94,574	\$10,196	10.8%	0.99x	9.5x	0.95x	8.8x
Lockheed Martin	155.13	97.9%	49,486	53,021	44,781	6,286	14.0%	44,197	6,418	14.5%	1.18x	8.4x	1.20x	8.3x
General Dynamics	104.19	102.0%	36,821	35,428	30,083	4,225	14.0%	30,336	4,331	14.3%	1.18x	8.4x	1.17x	8.2x
Raytheon	94.27	98.4%	30,117	30,716	22,835	3,668	16.1%	22,410	3,983	17.8%	1.35x	8.4x	1.37x	7.7x
Northrop Grumman	114.97	95.3%	24,918	25,698	23,742	3,603	15.2%	23,100	3,622	15.7%	1.08x	7.1x	1.11x	7.1x
BAE Systems	7.04	91.1%	22,480	24,277	30,065	3,830	12.7%	30,668	3,810	12.4%	0.81x	6.3x	0.79x	6.4x
Median		96.6%	\$33,469	\$33,072	\$30,074	\$4,028	14.0%	\$30,502	\$4,157	14.4%	1.13x	8.4x	1.14x	7.9x

Defense Systems	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Safran	\$73.14	98.5%	\$30,456	\$32,842	\$21,276	\$3,789	17.8%	\$22,577	\$4,093	18.1%	1.54x	8.7x	1.45x	8.0x
Rockwell Collins	77.18	97.0%	10,305	12,446	5,170	1,176	22.7%	5,429	1,279	23.6%	2.41x	10.6x	2.29x	9.7x
L-3 Communications	113.02	101.0%	10,016	13,221	12,093	1,471	12.2%	11,870	1,480	12.5%	1.09x	9.0x	1.11x	8.9x
Cobham	4.92	96.0%	5,251	5,989	2,904	630	21.7%	3,010	645	21.4%	2.06x	9.5x	1.99x	9.3x
Huntington Ingalls Industries	92.89	94.8%	4,484	5,397	6,662	781	11.7%	6,662	842	12.6%	0.81x	6.9x	0.81x	6.4x
Alliant Techsystems	139.19	95.9%	4,430	6,355	5,170	726	14.0%	5,138	798	15.5%	1.23x	8.8x	1.24x	8.0x
FLIR	30.71	89.8%	4,350	4,195	1,541	378	24.5%	1,625	418	25.7%	2.72x	11.1x	2.58x	10.0x
Exelis	19.25	90.1%	3,599	3,939	4,754	628	13.2%	4,664	619	13.3%	0.83x	6.3x	0.84x	6.4x
Kongsberg Gruppen	21.99	97.1%	2,637	2,462	2,746	348	12.7%	2,917	373	12.8%	0.90x	7.1x	0.84x	6.6x
Cubic	50.66	89.0%	1,357	1,252	1,455	141	9.7%	1,489	174	11.7%	0.86x	8.9x	0.84x	7.2x
AeroVironment	29.72	94.3%	621	477	252	25	10.1%	300	36	11.9%	1.89x	18.7x	1.59x	13.4x
Median		95.9%	\$4,430	\$5,397	\$4,754	\$630	13.2%	\$4,664	\$645	13.3%	1.23x	8.9x	1.24x	8.0x

Defense Electronics / Comm.	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Harris	\$70.92	98.1%	\$7,574	\$8,915	\$5,005	\$1,085	21.7%	\$4,964	\$1,095	22.1%	1.78x	8.2x	1.80x	8.1x
Teledyne	90.50	93.8%	3,370	3,857	2,440	386	15.8%	2,559	418	16.3%	1.58x	10.0x	1.51x	9.2x
ViaSat	59.60	81.2%	2,642	3,202	1,495	293	19.6%	1,828	406	22.2%	2.14x	10.9x	1.75x	7.9x
Ultra Electronics	31.81	96.9%	2,213	2,286	1,274	233	18.3%	1,319	242	18.3%	1.79x	9.8x	1.73x	9.5x
Orbital Sciences	25.45	99.7%	1,539	1,442	1,471	161	10.9%	1,586	177	11.2%	0.98x	9.0x	0.91x	8.1x
Comtech Telecommunications	30.04	89.3%	483	336	359	60	16.8%	357	66	18.4%	0.94x	5.6x	0.94x	5.1x
Mercury Systems	10.38	86.9%	345	301	229	27	12.0%	246	34	13.9%	1.31x	10.9x	1.22x	8.8x
Median		93.8%	\$2,213	\$2,286	\$1,471	\$233	16.8%	\$1,586	\$242	18.3%	1.58x	9.8x	1.51x	8.1x

Homeland Security	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$23.01	91.4%	\$9,073	\$10,215	\$5,239	\$1,099	21.0%	\$5,450	\$1,163	21.3%	1.95x	9.3x	1.87x	8.8x
Mine Safety Appliances	48.12	86.9%	1,790	1,993	1,204	200	16.6%	1,281	234	18.3%	1.66x	10.0x	1.56x	8.5x
Analogic	95.01	96.9%	1,181	1,076	626	102	16.4%	686	NA	NA	1.72x	10.5x	1.57x	NA
OSI Systems	58.71	74.8%	1,170	1,205	927	183	19.7%	NA	NA	NA	1.30x	6.6x	NA	NA
Federal Signal	12.30	77.4%	771	877	903	94	10.4%	959	108	11.3%	0.97x	9.3x	0.91x	8.1x
Smith & Wesson	12.52	80.5%	683	734	606	146	24.1%	NA	NA	NA	1.21x	5.0x	NA	NA
Median		83.7%	\$1,176	\$1,141	\$915	\$164	18.2%	\$1,120	\$234	18.3%	1.48x	9.3x	1.56x	8.5x

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

Public Company Trading Analysis, cont.⁽¹⁾
(\$ in millions, except per share amounts)

Aerospace Systems	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Zodiac Aerospace	\$180.41	98.5%	\$9,858	\$10,973	\$5,795	\$983	17.0%	\$6,240	\$1,074	17.2%	1.89x	11.2x	1.76x	10.2x
TransDigm	172.38	97.8%	9,088	14,269	2,346	1,036	44.1%	2,518	1,145	45.5%	6.08x	13.8x	5.67x	12.5x
B/E Aerospace	79.49	89.9%	8,328	9,898	4,015	857	21.3%	4,455	985	22.1%	2.47x	11.5x	2.22x	10.1x
Meggitt	8.49	90.0%	6,767	7,835	2,830	841	29.7%	2,968	890	30.0%	2.77x	9.3x	2.64x	8.8x
Triumph Group	66.10	77.3%	3,483	5,079	3,830	620	16.2%	3,982	735	18.5%	1.33x	8.2x	1.28x	6.9x
Esterline	104.19	94.8%	3,301	3,822	2,083	372	17.8%	2,168	420	19.4%	1.84x	10.3x	1.76x	9.1x
HEICO	52.60	84.4%	2,973	3,511	1,179	272	23.1%	1,291	298	23.1%	2.98x	12.9x	2.72x	11.8x
Astronics	54.42	81.9%	971	1,102	488	86	17.6%	559	104	18.5%	2.26x	12.8x	1.97x	10.6x
AAR	26.26	83.2%	1,002	1,544	2,091	251	12.0%	1,959	253	12.9%	0.74x	6.1x	0.79x	6.1x
Median		89.9%	\$3,483	\$5,079	\$2,346	\$620	17.8%	\$2,518	\$735	19.4%	2.26x	11.2x	1.97x	10.1x

Aerospace Structures	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Precision Castparts	\$260.20	94.6%	\$37,788	\$41,101	\$10,373	\$3,225	31.1%	\$11,281	\$3,799	33.7%	3.96x	12.7x	3.64x	10.8x
Spirit AeroSystems	27.06	75.4%	3,839	4,586	6,606	826	12.5%	6,898	881	12.8%	0.69x	5.5x	0.66x	5.2x
Hexcel	42.02	90.4%	4,156	4,386	1,854	396	21.3%	2,034	447	22.0%	2.37x	11.1x	2.16x	9.8x
Senior	4.92	93.6%	2,046	2,146	1,356	227	16.8%	1,429	241	16.8%	1.58x	9.4x	1.50x	8.9x
LMI Aerospace	13.90	59.9%	175	470	426	58	13.7%	452	74	16.3%	1.10x	8.1x	1.04x	6.4x
Median		90.4%	\$3,839	\$4,386	\$1,854	\$396	16.8%	\$2,034	\$447	16.8%	1.58x	9.4x	1.50x	8.9x

Government Technology Solutions	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Leidos	\$44.76	91.3%	\$3,832	\$4,499	\$5,327	\$446	8.4%	\$5,404	\$512	9.5%	0.84x	10.1x	0.83x	8.8x
Booz Allen Hamilton	18.34	82.4%	2,637	3,908	5,344	513	9.6%	5,373	526	9.8%	0.73x	7.6x	0.73x	7.4x
QinetiQ	3.60	92.1%	2,342	2,149	2,010	262	13.0%	2,037	266	13.1%	1.07x	8.2x	1.06x	8.1x
SAIC	36.52	91.6%	1,762	2,110	3,874	259	6.7%	3,928	278	7.1%	0.54x	8.2x	0.54x	7.6x
CACI	71.96	90.0%	1,685	3,037	3,821	365	9.6%	3,800	363	9.6%	0.79x	8.3x	0.80x	8.4x
ManTech	28.43	91.4%	1,057	998	2,123	155	7.3%	2,086	155	7.4%	0.47x	6.4x	0.48x	6.4x
ICF International	33.76	93.0%	667	725	998	97	9.7%	1,076	109	10.1%	0.73x	7.5x	0.67x	6.6x
Engility	39.30	97.4%	670	889	1,385	124	9.0%	1,611	150	9.3%	0.64x	7.2x	0.55x	5.9x
KEYW	17.11	92.8%	622	704	350	43	12.2%	410	62	15.2%	2.01x	16.5x	1.72x	11.3x
Kratos Defense & Security Solutions	7.56	82.4%	414	1,009	976	107	10.9%	1,030	119	11.5%	1.03x	9.5x	0.98x	8.5x
NCI	7.07	95.7%	90	92	286	16	5.8%	293	16	5.6%	0.32x	5.6x	0.31x	5.6x
Median		91.6%	\$1,057	\$1,009	\$2,010	\$155	9.6%	\$2,037	\$155	9.6%	0.73x	8.2x	0.73x	7.6x

Engineering & Construction	Stock Price 02/07/14	% of 52 Week High	Market Cap	Enterprise Value	CY 2014E			CY 2015P			EV / CY 2014E		EV / CY 2015P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Babcock International	\$22.42	95.1%	\$8,065	\$9,044	\$5,241	\$625	11.9%	\$6,593	\$761	11.5%	1.73x	14.5x	1.37x	11.9x
Jacobs Engineering	59.84	89.5%	7,893	8,015	14,046	938	6.7%	15,002	1,027	6.8%	0.57x	8.5x	0.53x	7.8x
URS	47.80	85.7%	3,568	5,397	11,394	858	7.5%	11,848	881	7.4%	0.47x	6.3x	0.46x	6.1x
AECOM Technology	28.79	81.7%	2,819	3,445	8,181	488	6.0%	8,266	563	6.8%	0.42x	7.1x	0.42x	6.1x
Tetra Tech	28.38	90.1%	1,834	1,881	2,160	246	11.4%	2,296	NA	NA	0.87x	7.7x	0.82x	NA
Median		89.5%	\$3,568	\$5,397	\$8,181	\$625	7.5%	\$8,266	\$821	7.1%	0.57x	7.7x	0.53x	7.0x

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

Select Recent Aerospace / Defense M&A⁽¹⁾ (\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EBITDA				EV / LTM	
				EV	Revenue	EBITDA	Margin	Revenue	EBITDA
01/24/14	Insight Equity Holdings LLC	Midstate Berkshire Inc.	Provides precision contract machining, fabrication, and assembly services for the aerospace, defense, power, and oil and gas industries	NA	NA	NA	NA	NA	NA
01/21/14	Astronics Corporation	EADS North America Test & Services, Inc.	Provides engineered automatic test systems, subsystems and instruments for the semi-conductor, consumer electronics, commercial aerospace, and defense industries	\$53.0	\$70.0	NA	NA	0.76x	NA
01/16/14	Precision Castparts Corporation	Trans World Alloys Company; SOS Metals, Inc.	Provides raw materials and metal recycling services worldwide to aerospace companies and suppliers	NA	NA	NA	NA	NA	NA
01/13/14	Curtiss-Wright Corporation	Component Coating and Repair Services Ltd	Provides ultra-smooth and corrosion resistant coatings and precision airfoil repair services for aerospace and industrial turbine applications	24.5	NA	NA	NA	NA	NA
01/02/14	Motorola Solutions, Inc.	Twisted Pair Solutions, Inc.	Provides push-to-talk-over-broadband applications for secure, real-time communication used in critical solutions by military, government, and commercial organizations	NA	NA	NA	NA	NA	NA
12/30/13	Noranco, Inc.	Arnold Engineering, Inc.	Supplies complex machined parts, small to large complex assembly structures, and ground support equipment for commercial and military aircraft	NA	NA	NA	NA	NA	NA
12/26/13	Textron Inc.	Beechcraft Corporation	Designs, builds, and supports aircraft for militaries, governments, and individuals in the U.S. and internationally	1,400.0	1,800.0	\$150.0	8.3%	0.78x	9.3x
12/24/13	Secure Communication Systems, Inc.	Tactical Micro, Inc.	Provides instrumentation and audio / video broadcasting and recording systems for military training ranges	NA	NA	NA	NA	NA	NA
12/24/13	AMTEC Corporation	Chemring Energetic Devices, Inc. (Clear Lake Operations)	Provides research, design and development, manufacturing, and life-cycle support of energetic materials, devices, and systems for missiles, munitions, space, and ammunition	NA	NA	NA	NA	NA	NA
12/20/13	Esterline Technologies Corporation	Joslyn Sunbank Company, LLC	Provides connector accessories and conduit systems to aerospace, military, and commercial industries	45.0	NA	NA	NA	NA	NA
12/19/13	L-3 Communications Holdings Inc.	Mustang Technology Group, L.P.	Develops and manufactures radar-based sensors and systems used in precision-guided weapons, electronic warfare, unmanned systems, and other military applications	NA	36.0	NA	NA	NA	NA
12/17/13	Orolia SA	Techno-Sciences, Inc.	Provides COSPAS-search and rescue satellite aided tracking technology and support services to commercial and government clients worldwide	NA	NA	NA	NA	NA	NA
12/16/13	VEE One Group, Inc.	Airborne Systems, Inc.	Provides professional flight training and aircraft rental services, as well as fuel, ground support, aircraft sale, fixed-base operations, and maintenance services	NA	NA	NA	NA	NA	NA
12/13/13	Google Inc.	Boston Dynamics, Inc.	Provides dynamic robots and software for human simulation, including simulation-based training, UAV training, law enforcement, and mission-planning applications	NA	NA	NA	NA	NA	NA
12/12/13	Atlantic Aviation Corporation	Galaxy Aviation, Inc.	Provides fixed base operators in Florida, offering safety and service training, tow operation, maintenance, and other services	195.0	NA	NA	NA	NA	NA
12/11/13	CapitalWorks, LLC	Avtron Aerospace, Inc.	Provides electronic and hydraulic aircraft component test solutions for the global commercial and military aerospace markets	NA	NA	NA	NA	NA	NA
12/09/13	3P Equity Partners, LLC and Silver Sail Capital, LLC	Visioneering Inc.	Designs and manufactures high-quality fabrication, assembly, and automation tooling systems for the aerospace and defense industry	NA	NA	NA	NA	NA	NA
12/05/13	Astrodyne Corporation	Radius Power, Inc.	Provides electromagnetic interference ("EMI") and radio frequency interference ("RFI") filters for telecom, semi-conductor, industrial, and military customers	NA	NA	NA	NA	NA	NA
12/05/13	Astrodyne Corporation	LCR Electronics Inc., EMI / RFI Filters and Electronic Controls	Designs and manufactures EMI and RFI filter products for industrial, military, aerospace, and OEM customers worldwide	NA	NA	NA	NA	NA	NA
12/04/13	Golden Gate Capital	Safety Technology Holdings, Inc.	Manufactures biofidelic anthropomorphic test devices and sensor measurement systems	NA	NA	NA	NA	NA	NA
12/02/13	Telair International GmbH	PFW Aerospace GmbH, Cargo Loading System Assets	Provides cargo loading and baggage handling systems worldwide	NA	NA	NA	NA	NA	NA
12/02/13	TransDigm Group Incorporated	Airborne Systems, Ltd.	Provides personnel parachutes, cargo aerial delivery systems, emergency escape systems, naval decoys, and other related products	250.0	160.0	NA	NA	1.56x	NA
11/25/13	Winchester Electronics	Haverhill Cable and Manufacturing Corp.	Provides semi-rigid coaxial cable and cable assemblies for military, commercial, and satellite equipment	NA	NA	NA	NA	NA	NA
11/22/13	Textron Inc.	Mechtronix Systems Inc.	Designs and manufactures flight simulation training devices for general, business, and commercial aviation applications	NA	NA	NA	NA	NA	NA

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

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

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EBITDA				EV / LTM	
				EV	Revenue	EBITDA	Margin	Revenue	EBITDA
11/22/13	Tetron Inc.	OPINICUS Corporation	Engages in the design, development, installation, and maintenance of full flight simulators	NA	NA	NA	NA	NA	NA
11/19/13	The Jordan Company	ACR Electronics, Inc.	Provides safety and survival solutions to military, aviation, marine, and outdoor customers	NA	NA	NA	NA	NA	NA
11/19/13	NewSpring Mezzanine	Northeast Ship Repair, Inc.	Provides large vessel maintenance, repair, and overhaul services for U.S. Government and commercial customers	\$18.5	NA	NA	NA	NA	NA
11/19/13	Palm Beach Capital	CTS Engines, LLC (60% majority stake from Neff Capital)	Provides aircraft engine maintenance, repair, and overhaul services to owners and operators of jet engines worldwide	NA	NA	NA	NA	NA	NA
11/14/13	Liberty Hall Capital Partners	Precise Machining & Manufacturing, Inc.	Manufactures precision machined parts for aerospace, defense, commercial, and medical industries	NA	NA	NA	NA	NA	NA
11/07/13	Air Industries Group, Inc.	Miller Stuart Inc.	Manufactures electronic and electromechanical equipment, harness and cable assemblies, and printed circuit boards for military and commercial applications	NA	NA	NA	NA	NA	NA
11/05/13	Winchester Electronics	SRC Cables, Inc.	Manufactures and sells flexible and semi-rigid cable assemblies for defense, aerospace, medical imaging, and wireless communications companies worldwide	NA	NA	NA	NA	NA	NA
11/04/13	Astronics Corporation	PGA Electronic S.A.	Manufactures seat motion and lighting systems for business and first class aircraft seats	28.5	\$44.0	NA	NA	0.65x	NA
11/04/13	Veritas Capital	Anaren, Inc.	Provides components, assemblies, and subsystems for defense, wireless communications, satellite communications, and space electronics	381.0	157.9	\$27.6	17.5%	2.41x	13.8x
10/31/13	PROGRESSTECH Group of Companies	Spirit-Progresstech LLC (50% of JV from Spirit Aerosystems)	Provides engineering consulting and support services to the aerospace industry	NA	NA	NA	NA	NA	NA
10/28/13	Ultra Electronics Holdings plc	W&D Holdings Limited	Provides bespoke wireless products, radio networks, video monitoring, and wireless data platforms	9.7	NA	NA	NA	NA	NA
10/28/13	LitePoint Corporation	ZTEC Instruments, Inc.	Designs and manufactures modular digital oscilloscopes and function / arbitrary waveform generators	15.0	NA	NA	NA	NA	NA
10/28/13	TriMas Corporation	Mac Fasteners, Inc.	Manufactures and distributes stainless steel aerospace fasteners for OEMs, aftermarket repair companies, and commercial and military aircraft producers	34.0	17.5	NA	NA	1.94x	NA
10/24/13	ESI Group SA	CyDesign Labs, Inc.	Provides simulation, analysis tools, and physics-based modeling systems for the defense, aerospace, and automotive industries	NA	NA	NA	NA	NA	NA
10/23/13	Hong Kong Aircraft Engineering Company	TIMCO Aviation Services, Inc.	Provides aircraft maintenance, repair, overhaul, and line maintenance services to commercial airlines, aircraft leasing companies, and government and military sectors	388.8	362.0	26.0	7.2%	1.07x	15.0x
10/21/13	Aerospace Products International	Avionics International Supply, Inc.	Engages in the wholesale distribution of avionics parts and supplies to private and commercial repair facilities worldwide	NA	NA	NA	NA	NA	NA
10/21/13	Microsemi Corporation	Symmetricom Inc.	Provides timekeeping technologies, instruments, and solutions worldwide in GPS satellites and critical military and civilian networks	230.0	202.6	7.1	3.5%	1.14x	32.4x
10/11/13	LongueVue Capital, LLC	Ascent Aviation Services Corp.	Provides narrow body maintenance and storage services for aviation customers worldwide	NA	NA	NA	NA	NA	NA
10/10/13	Delta Information Systems, Inc.	Acroamatics, Inc.	Provides design and manufacturing services for advanced digital signal processing products	NA	NA	NA	NA	NA	NA
10/01/13	ORBCOMM Inc.	Comtech Sensor Enabled Notification System (SENS)	Provides secure tracking and messaging products and services to the government, defense, transportation, logistics, and oil & gas industries	NA	NA	NA	NA	NA	NA
10/01/13	Curtiss-Wright Corporation	Parvus Corporation	Designs and manufactures rugged small form factor computers and communications subsystems for the defense, aerospace, security, and industrial markets	38.0	23.0	4.86	21.1%	1.65x	7.8x
10/01/13	Communications & Power Industries LLC	Radant Technologies, Inc.	Designs, manufactures, and tests advanced composite radomes, reflector antennas, and structures for aerospace, defense, naval, and commercial applications	NA	NA	NA	NA	NA	NA
10/01/13	Astronics Corporation	AeroSat Corporation	Provides aircraft antenna systems for commercial transport, business jet, and military aircraft customers	12.0	13.0	NA	NA	0.92x	NA
09/23/13	The Safariland Group	Allen-Vanguard Corp., Explosive Ordnance and Crew Survivability	Provides Med-Eng brand of EOD bomb suits, remotely operated vehicles, customized blast attenuation seats, and thermal management systems	NA	NA	NA	NA	NA	NA

(1) 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	
						Margin	Revenue	EBITDA	EBITDA
01/27/14	Macaulay-Brown, Inc.	Commonwealth Technology, Inc.	Provides specialized hardware and mission support for defense, intelligence, and security community customers	NA	NA	NA	NA	NA	NA
01/24/14	AVX Learning	Adayana Government Group	Provides human capital development services such as learning, human performance, and management consulting solutions	NA	NA	NA	NA	NA	NA
12/23/13	Engility Holdings, Inc.	Dynamics Research Corporation	Provides management consulting, science, engineering, technical, and information technology services and solutions to the DOD, DHS, civilian agencies, and State governments	\$204.5	\$276.0	\$24.5	8.9%	0.74x	8.3x
12/20/13	Madison Dearborn Prartners / CoVant Group	LGS Innovations, LLC	Provides network research, products, and services to the DOD, civilian agencies, and advanced program communities to address communications challenges and mission requirements	100.0	NA	NA	NA	NA	NA
12/17/13	DataCard Corporation	Entrust, Inc.	Provides identity-based security solutions for government and law enforcement agencies, enterprises, and financial institutions	NA	NA	NA	NA	NA	NA
12/05/13	Vistrionix, Inc.	Kimmich Software Systems, Inc	Provides engineering services to the IC, primarily in the software engineering and systems engineering areas	NA	NA	NA	NA	NA	NA
12/03/13	Eagle Ray Inc.	Kore Federal	Provides federal government transformation and information technology solutions serving the DHS, IC and DoD agencies	NA	NA	NA	NA	NA	NA
11/18/13	Apprio, Inc.	Professional Consulting Services, Inc.	Provides quality training, org development and human capital consulting services to the federal government clients including the Department of Treasury, Department of Transportation, and NASA	NA	NA	NA	NA	NA	NA
11/13/13	A-T Solutions , Inc.	Greenline Systems, Inc.	Provides risk management solutions for maritime and cross-border movement of ships, cargo and people within the U.S. and internationally	NA	NA	NA	NA	NA	NA
11/12/13	Acentia, LLC	Information Systems Consulting Group Inc. (InfoSysCo)	Provides software development solutions and key institutional knowledge and expertise to the Federal Government financial-related customers	NA	NA	NA	NA	NA	NA
11/07/18	HyTrust Inc.	High Cloud Security, Inc.	Builds encryption and key management software that helps organizations lock down virtual machines and their data so they remain secure throughout lifecycle in the private, public cloud	NA	NA	NA	NA	NA	NA
11/01/13	Integrity Applications Incorporated	Pacific Defense Solutions, LLC	Provides engineering and scientific services in space surveillance for government and commercial customers	NA	NA	NA	NA	NA	NA
10/16/13	Dominion Business Solutions, Inc.	Integrated Business Consulting	Provides consulting services in the implementation of enterprise resource planning solutions in the federal industry, such as system design, configuration, and testing and strategic consulting	NA	NA	NA	NA	NA	NA
10/09/13	CACI International Inc.	Six3 Systems / GTCR	Provides communications intelligence, geospatial intelligence, threat warning, electronic warfare, electronic tagging and tracking, media forensics, cyber counterintel, and cyber analytics solutions	820.0	437.0	61.0	14.0%	1.88x	13.4x
10/01/13	Technical and Project Engineering, LLC (TAPE)	Strong Point Research	Provides mission-critical systems, applications, and engineering services in the areas of management, professional, and technical services	NA	NA	NA	NA	NA	NA
09/30/13	Triumph Enterprises, Inc.	CETECH, Inc	Provides information technical services, specializing in information technology security solutions and operation in automated systems environments	NA	NA	NA	NA	NA	NA
09/16/13	Riverside Partners	AMCAD	Provides software solutions to the broader government system including courts, jails, prosecutors, probation, parole, county clerks, recorders offices, and other government offices	NA	NA	NA	NA	NA	NA
09/11/13	Lockheed Martin Corporation	Amor Business Technology Solutions Limited	Provides business technology solutions, and professional and managed IT services catering to energy, transport, and public sectors	NA	93.0	NA	NA	NA	NA
09/04/13	AeroMetric	Quantum Spatial, Inc.	Provides water quality modeling services using remote sensing data such as aerial imagery and thermal infrared data and geospatial solutions for federal, civil, and private sector clients	NA	NA	NA	NA	NA	NA
09/03/13	Versar Inc.	Geo-Marine, Inc.	Provides engineering design, construction management, environmental planning and programming, and archeological services in the United States and internationally	6.5	20.0	NA	NA	0.33x	NA
08/30/13	Criterion Systems	TEM Solutions	Provides information technology services, primarily software development and infrastructure support, to federal agencies	NA	NA	NA	NA	NA	NA
08/23/13	Spry Methods, Inc.	James Secure Solutions, Inc. (JSS)	Provides cyber security, information assurance, solution engineering, and continuous monitoring services for the Intel Community, DoD, and federal law enforcement agencies	NA	NA	NA	NA	NA	NA
08/09/13	RGS Associates, Inc.	GRA, Inc.	Provides human capital management services addressing human resources and organizational improvement needs through consulting services and OTS customized training services	NA	NA	NA	NA	NA	NA
08/07/13	Computer Sciences Corp.	InfoChimps, Inc.	Provides tools and systems to manage and access data; offers Infochimps Platform, a solution for building, managing, and optimizing complex big data environments	NA	NA	NA	NA	NA	NA

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

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 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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