

MarketView **Winter 2016**

Aerospace / Defense and Government Technology Solutions



Kipps DeSanto 
INVESTMENT BANKING
8000 Towers Crescent Drive
Suite 1200
Tysons Corner, Virginia 22182
703.442.1400
www.kippsdesanto.com

Select Recent KippsDeSanto & Co. Advised Transactions

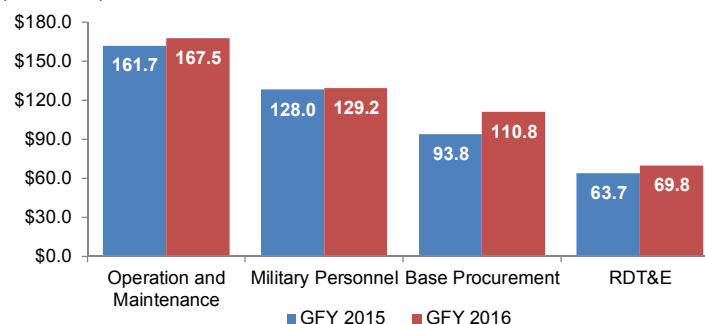
 <p>subsidaries of have been acquired by</p>  <p>December 2015</p>	 <p>has been acquired by</p> <p>Gleason Research Associates Employee Stock Ownership Trust</p> <p>December 2015</p>	 <p>has been acquired by</p>  <p>December 2015</p>
 <p>has been acquired by</p>  <p>October 2015</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>September 2015</p>	 <p>has sold its H&LS and D&P business units to</p>  <p>August 2015</p>
 <p>has sold a minority interest to</p> <p>Professional Project Services, Inc. Employee Stock Ownership Trust</p> <p>August 2015</p>	 <p>has been acquired by</p>  <p>July 2015</p>	 <p>a line of business of</p>  <p>has been acquired by</p>  <p>May 2015</p>
 <p>has been acquired by</p>  <p>April 2015</p>	 <p>has been acquired by</p>  <p>October 2014</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>October 2014</p>

Operational / Funding Environment

On October 26th, House leaders proposed the 2015 Bipartisan Budget Act (“BBA”), a measure that alleviates much of the impact of sequestration and boosts overall defense spending. The legislation was later approved by the Senate and President Obama. The 2015 BBA proposes total defense budgets, including the Overseas Contingency Operations (“OCO”) account, of \$607.0 billion and \$610.0 billion for Government Fiscal Year (“GFY”) 2016 and GFY2017, respectively, representing Year-over-Year (“YoY”) growth of 6.6% and 0.5%. The 2015 BBA is a two-year deal providing additional visibility into funding and spending levels over the near-term and through the 2016 presidential election. Overall, the budget deal increases federal spending by \$80.0 billion over the next two years, and provides an additional \$32.0 billion for OCO. However, beyond GFY 2017, the sequester-level spending caps imposed by the Budget Control Act of 2011 fall back into place. Meanwhile, the Department of Defense (“DoD”) is in the process of finalizing its GFY2017 budget plan. Pentagon officials have noted the DoD is preparing to slow down programs in production and reduce research and development funds in an effort to preserve end-strength and readiness levels. A shift in focus to cutting modernization programs and maintaining troop levels and readiness indicates end-strength reductions may have reached their limit.

Defense Funds in GFY2016 Omnibus Bill⁽¹⁾

(\$ in billions)



From a contract standpoint, the U.S. Air Force announced the award of its high-profile Long Range Strike Bomber (“LRS-B”) contract. Northrop Grumman beat out a Boeing and Lockheed Martin team to win the \$55.0 billion contract for the next-generation bomber. Pending the result of a Boeing and Lockheed protest, the contract award solidifies Northrop’s position in the combat aircraft market. The Air Force has since indicated it intends to purchase 100 LRS-Bs. Lockheed’s protest of the U.S. Army’s Joint Light Tactical Vehicle (“JLTV”) contract award to Oshkosh was dismissed by the Government Accountability Office (“GAO”) following Lockheed’s decision to file a “Notice of Post-Award Bid Protest” with the U.S. Court of Federal Claims.

The National Business Aircraft Association (“NBAA”) conference, held in Las Vegas, NV in November, highlighted mixed sentiments surrounding the business jet market. One noteworthy takeaway from the conference was various suppliers and Original Equipment Manufacturers (“OEMs”) are witnessing a weaker larger-cabin market, while small / midsize cabin markets are expecting growth. Weaknesses in the larger-cabin market can be attributed to oversupply, while much of the decline in demand for new business jets can be attributed to a slowdown in emerging markets that represent significant sources of demand (e.g., China, Russia, and Brazil). Despite weakened demand, orders have not yet collapsed and OEMs continue to describe an operating environment that is challenging, yet stable.

Increased funding from the recently passed BBA has helped fuel a continued shift to priority government information technology (“IT”) spending areas for GFY2016. Despite IT budget growth across the Federal market, there is heightened scrutiny in agencies’ funding allocations towards the most cost-effective and mission-critical programs. Civilian agencies’ IT spending is forecasted to grow at a modest 1.3% compounded annual growth rate (“CAGR”) through GFY2021, with the Department of Treasury and Department of Veteran Affairs (“VA”) anticipated to show the highest levels at 2.2%. Key growth drivers include prioritization of cybersecurity and cross-agency initiatives in an attempt to better manage costs and increase the implementation of modernized capabilities. The budget authorizes \$4.5 billion in GFY2016 civilian funding specifically allocated to enhancing cybersecurity capabilities, including funding the CyberStat program and execution of the Federal Information Security Modernization Act (“FISMA”). Additionally, the acquisition and integration of new technologies still pose challenges for agencies attempting to close the technology gap resulting from recent budget constraints’ effects on sidelining critical projects. In an attempt to simplify the acquisition process for new technologies, the Office of Management and Budget (“OMB”) recently published Circular A-130, providing new guidance for Federal IT purchases. The Circular prioritizes the acquisition of scalable, interoperable, and existing capabilities, rather than the development of agency-specific solutions. These cross-agency initiatives share the dual benefit of cutting costs by sharing services across agencies, while also providing a more integrated and effective set of capabilities across Federal departments. As agencies continue to acquire new technology in an effort to meet evolving capability demands, IT budget growth provides new opportunities for contractors to tackle integration challenges and provide robust and comprehensive solutions for Federal clients.



(1) Bloomberg Government

Capital Markets and Public Market Valuation Trends

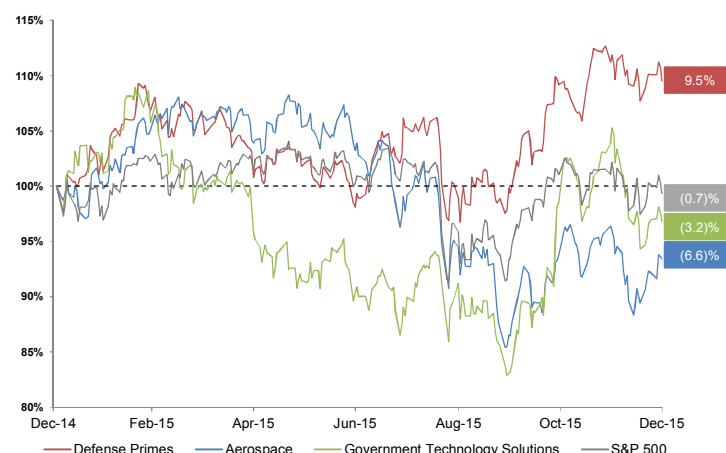
Following a difficult 2014 in the capital markets, major aerospace companies continued to struggle in 2015. Aerospace shares fell 6.6% in 2015, compared to the 0.7% decline of the S&P 500. However, median enterprise value (“EV”) / next twelve months (“NTM”) EBITDA multiples remained relatively flat from 10.5x at the end of 2014 to 10.6x at the end of 2015. Aerospace share prices were negatively impacted by numerous factors, including a slow-down in growth among emerging markets, a downtick in fleet retirements given sharp falls in the price of oil, skepticism surrounding the long-term sustainability of current production levels, and the recent Federal Reserve interest rate hike. Bombardier (down 73.0% Year-to-Date (“YTD”)), responded to the softness in demand by announcing a production cut of the Global 5000 and Global 6000, the company’s biggest and most expensive aircraft. Sluggish economic growth, particularly in European and Asian markets, is motivating a more conservative approach to aircraft purchasing, while encouraging investment in retrofits and upgrades for existing aircraft with a focus on connectivity, which should ultimately boost aftermarket prices. Despite an unfavorable operating environment, global airline profits (enhanced by low oil prices) are at record highs, OEM backlogs remain strong, and air traffic continues to grow. Given strong operational performance, steady order flow, and robust backlogs, both Boeing (up 11.3%) and Airbus (up 34.8%) sustained profit growth and generated positive returns.

Defense primes were up 9.5% in 2015. Median valuations were also up for defense companies, which are now trading at a multiple of 10.9x NTM EBITDA. The strong performance comes on the tail of earnings releases, which beat expectations, and is in part due to the visibility provided by an improving fiscal situation and the continued escalation of geopolitical threats. Sector growth was led by L-3 Communications whose portfolio-shaping initiatives resulted in the divestiture of low-growth, low-margin assets and the acquisition of accretive higher-margin businesses. In addition, the company experienced growth in its DoD customer sales, which are expected to increase another 5.0% next year. Sector growth was also aided by Northrop Grumman, which is trading 25.0% higher than its 2014 forward multiple of 9.3x. The growth experienced in 2015 is expected to continue throughout 2016 as several transformational programs get underway, to include the LRS-B Program.

During 2015, government technology solutions stocks declined 3.2%. Within the sector, several companies noted difficulty in predicting contract Request for Proposal (“RFP”) and award timing. SAIC noted long procurement cycles in the range of 12 - 24 months. These elongated procurement processes, impacted by delays and protests, hampered forecasting ability, allocation of Bid and Proposal (“B&P”) dollars, and forward hiring. Additionally, headwinds impacted 3Q15 performance, as the market reacted to Federal budgetary uncertainty prior to the signing of the budget deal for GFY2016 and GFY2017. The budget deal brought renewed confidence due to greater visibility into future funding streams, as government technology solutions stocks gained 4.5% from November 2nd to November 5th, the week of the announced deal. While the sector performed in line with the broader market in 2015, there were large stock price performance disparities between sector underperformers and overperformers. NCI’s share price was up 34.7% in 2015, in part due to 4.3% expected revenue growth, compared to a 4.6% decline in 2014. During its earnings calls, NCI also noted expectations of a pick-up of revenue momentum in 1Q16. Booz Allen shares were up 16.2% in 2015 and generated 0.4% revenue growth compared to a 5.2% decline in 2014. Though the company’s EBITDA margins were down 50 basis points, Booz Allen noted additional expenses were related to investments in an attempt to accelerate FY17 and FY18 growth. In contrast, companies such as KeyW and Vectrus incurred 41.4% and 23.7% stock price declines in 2015, respectively, due to revenue and margin headwinds. Despite varying stock performance, NTM EBITDA multiples expanded in 2015. With the median NTM EBITDA multiple increasing by 1.2x between 2014 actuals and 2015 estimates, markets have displayed optimism about future earnings beyond last year’s expectations.

Relative Stock Price Performance⁽¹⁾

For the Year Ended in December 31, 2015



❖ ❖ ❖

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

M&A Trends & Activity

There were 311 deals announced for the year, with 140 transactions in the aerospace sector, 99 in defense, and 72 in government technology solutions. During 2015, the aerospace sector saw several transformational deals, defense deals, while up nearly 50%, remained concentrated around specialty areas, and government technology solutions continued to see positive trends fueled by heightened budget visibility and a more fragmented, competitive environment.

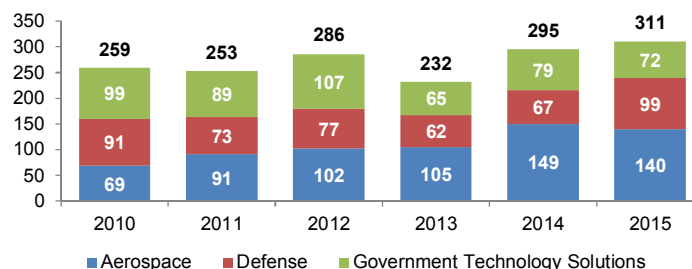
The aerospace industry experienced a year of robust activity across the sector with significant focus on components, avionics, and subsystems, as well as maintenance, repair, and overhaul ("MRO") and logistics support. Strong OEM activity throughout the year drove supply chain consolidation aimed at addressing the increased demand and anticipation of tighter delivery schedules, as seen in TransDigm's acquisition of Breeze-Eastern Corporation, and Berkshire Hathaway's acquisition of Precision Castparts Corp. ("PCC"). Rockwell Collins focused its M&A efforts around internet connectivity and satellite communications with the acquisitions of International Communications Group and Pacific Avionics. Additionally, large premiums were paid within the industry for transformational deals. Key examples included Berkshire's acquisition of PCC at 14.0x last twelve months ("LTM") EBITDA, Meggitt's acquisition of EDAC Composites at 15.5x LTM EBITDA, and Solva's acquisition of Cytec Industries at 20.8x LTM EBITDA.

The defense sector experienced strong M&A activity in 2015, with a heavy emphasis around highly-selective priority mission areas. Command, Control, Communications, Computers, and Intelligence, Surveillance, and Reconnaissance ("C4ISR") were top of mind throughout the year, as evidenced in L-3's acquisition of ForceX, Inc.⁽²⁾ and Cubic's acquisitions of TeraLogics⁽²⁾ and GATR Technologies. High valuations and an uncertain budget outlook for the majority of the year prompted companies to actively manage their portfolios, leading to a high rate of divestitures, as well as strategic acquisitions in high-growth, specialty areas with diversified revenue sources. Examples include Lockheed Martin's acquisition of Sikorsky from United Technologies, Ultra Electronics' acquisition of Kratos Defense & Security Solutions' Electronics Products Division, and Honeywell's acquisition of the Satellite Equipment Business of COM DEV International.

Government technology solutions M&A in 2015 remained in line with 2014 levels, showing continued confidence in the sector after two years of improved budget and funding clarity. Cybersecurity and intelligence remained priority focus areas, accounting for ~25.0% of all deal activity as buyers sought to align themselves with well-funded customers and missions. Raytheon and Accenture continued their acquisitive strategy with Foreground Security and FusionX, while CACI expanded further into the intelligence arena with its \$550.0 million purchase of L-3 National Security Solutions. 2015 also included an increased appetite and meaningful size premiums for larger deals, as strategics looked to bolster profitability and competitiveness. The percentage of deals over \$100.0 million has increased significantly since 2012, and the larger deals boasted the more robust multiples, including CSC Government's acquisition of SRA and SAIC's purchase of Scitor. Furthermore, with large prime contractors narrowing focus back to their core platforms by divesting their services businesses, contractors face continued opportunity to consolidate and potentially enhance competitiveness, which should provide strong momentum for deal volume heading into 2016.

M&A Transaction Volume⁽¹⁾

For the Calendar Years 2010 – 2015



2015 M&A Trends

AEROSPACE & DEFENSE

- Aerospace priority focus areas included components / avionics / subsystems and MRO / logistics support
- Defense deals were focused around highly-selective priority mission areas, to include defense electronics and C4ISR

GOVERNMENT TECHNOLOGY SOLUTIONS

- Cybersecurity and intelligence were priority focus areas
- Private equity stayed active (both buyers and sellers), fueled on the buy side by robust debt markets and a multitude of cash flow generative businesses to target
- Stronger appetite and meaningful size premium for larger deals

2016 M&A Predictions

AEROSPACE & DEFENSE

- Aerospace activity is predicted to plateau at the high levels seen throughout the last two years
- Divestiture activity among the defense primes is expected to continue as companies focus on portfolio shaping initiatives

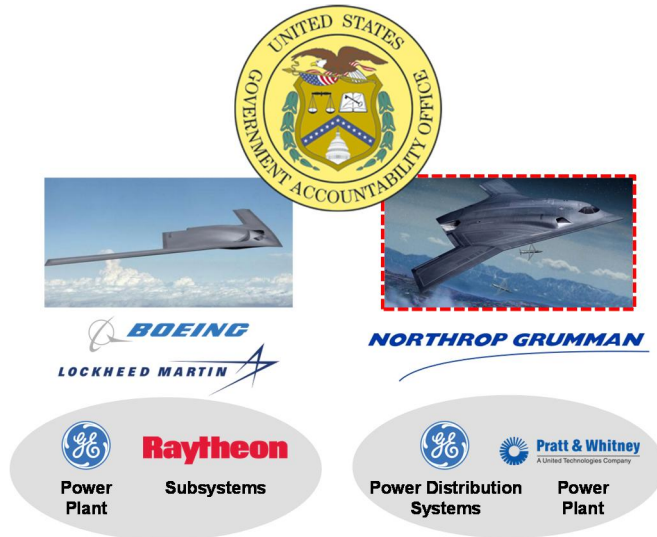
GOVERNMENT TECHNOLOGY SOLUTIONS

- Increasingly competitive and fragmented market should pressure companies towards M&A in order to catalyze near-term growth and cash flow generation
- Continued focus on either (i) customers, (ii) capabilities, and (iii) scale, or some combination of all three

(1) S&P Capital IQ, company filings, and KippsDeSanto research
(2) KippsDeSanto served as the exclusive financial advisor

Defense Update

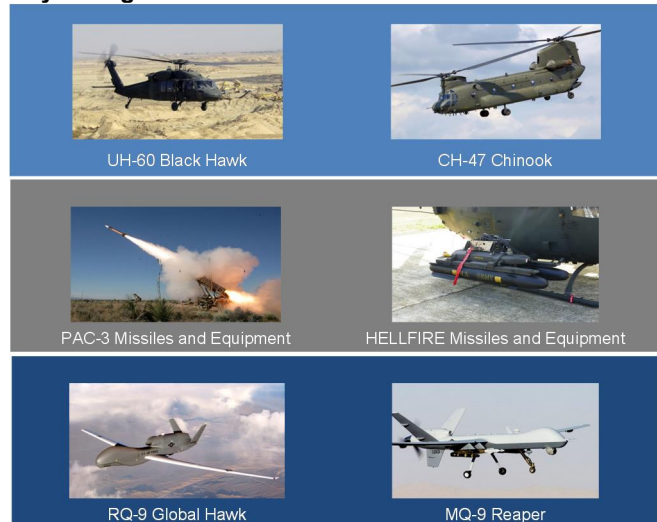
LRS-B Subcontractor Prospects



NORTHROP GRUMMAN WINS HIGHLY ANTICIPATED LRS-B AWARD

Northrop Grumman was awarded the Air Force's LRS-B contract, the largest military aircraft contract since the Joint Strike Fighter ("JSF") award to Lockheed Martin in 2001. Northrop beat out the team of Boeing and Lockheed Martin to build the next-generation replacements for the Air Force's B-52 and B-1. The Boeing-Lockheed Martin team countered with a formal protest against the \$80.0 billion initial production contract, further delaying the start of one of the highest-priority Air Force programs. The Air Force refused to disclose the names of the second and third tier LRS-B suppliers for security reasons, but emerging details from sources with knowledge of the program may help observers piece together the subcontractors involved. The GAO's decision on whether to approve Boeing and Lockheed's protest will ultimately determine which subcontractors develop the building blocks of the next-generation bomber.

Key Foreign Interest Areas



INCREASE IN FOREIGN MILITARY SALES

The Defense Security Cooperation Agency ("DSCA") announced Foreign Military Sales ("FMS") rose to \$47.1 billion in 2015, compared to \$32.1 billion in 2014 and \$23.6 billion in 2013. The FMS increase was attributed to the war against the Islamic State and growing security tensions around the world. Several large purchases fueled a dramatic jump in the FMS total, with robust demand for helicopters and air and defense missile systems. General Dennis Via of the Army Materiel Command said FMS is "a growing business", as Eastern European countries are seeking to expand weapon system, communication, and ISR capabilities. International customers are also ramping up Unmanned Aerial System ("UAS") capabilities, with recent purchases by Japan and Spain, as a result of improved restrictions on foreign drone sales.

Contest Milestones



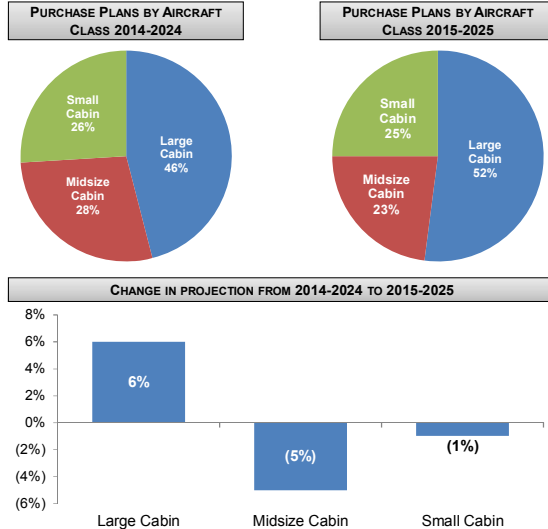
- December 2012: DoD announces a re-opening of the Evolved Expendable Launch Vehicle ("EELV") program to competition beginning in 2015
- December 2013: The Air Force awards EELV award to ULA
- April 2014: SpaceX files a bid protest in the Court of Federal Claims
- July 2014: The Air Force certifies SpaceX's Falcon 9 launch system, following three successful flights
- January 2015: SpaceX drops its bid protest as a result of the Air Force expanding the number of competitive opportunities for launch services
- November 2015: ULA drops out of Pentagon Rocket Contest
- December 2015: Lawmakers lift ban on Russian rockets
- December 2015: SpaceX successfully tests the Falcon 9 rocket

PENTAGON ROCKET CONTEST

United Launch Alliance ("ULA"), a joint venture between Boeing and Lockheed Martin, regained eligibility to compete in the U.S. Air Force's space-launch program. ULA was temporarily restricted from competition due to its dependence on Russian-built RD-180 engines. Congress initially banned future use of Russian engines for U.S. national security launches in the National Defense Authorization Act for 2015 in response to Russia's actions in Ukraine, leaving Space Exploration Technologies ("SpaceX") as the sole entrant to competition. However, new language in the 2016 spending bill offers limited relief from the ban, providing ULA access to four more engines and ensures robust competition and continued access to space. A final contract award for the 2018 GPS 3 satellite launch is expected in March.

Aerospace Update

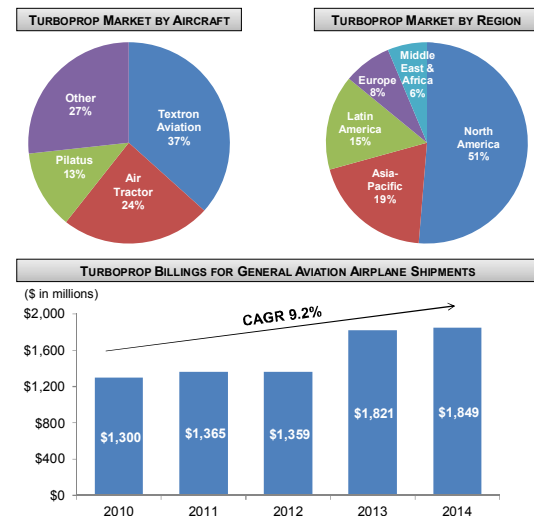
Business Jet Market Outlook⁽¹⁾



MIXED SIGNALS IN THE BUSINESS JET MARKET

The annual NBAA conference showed mixed signals surrounding the business jet market, as suppliers and OEMs are witnessing a weaker market for larger-cabin business jets, but are expecting growth for small / midsize business jets. In contrast, Textron Aviation is betting big on the larger business jet market with the unveiling of two new aircraft by 2020, the Citation Longitude (super-midsize-cabin) and the Citation Hemisphere (large-cabin). Previously, Textron's niche was around small / midsize business jets, but the company has been looking to gain more exposure in the large-cabin market. The 2008 economic downturn created a bifurcation of the business jet market where large-cabin jets have become more stable. However, looking forward, there is no clear indication to which direction the business jet market and submarkets will trend.

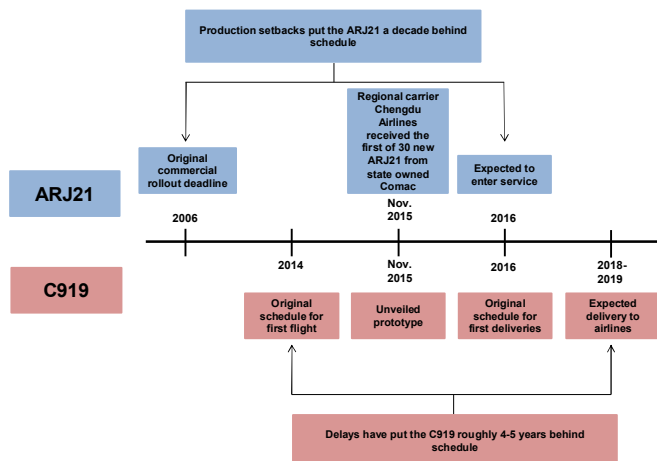
Turboprop Market Snapshot⁽²⁾



GENERAL ELECTRIC CHALLENGES PRATT & WHITNEY IN THE TURBOPROP ENGINE MARKET

The turboprop engine market, long dominated by Pratt & Whitney ("P&W"), is now seeing increased competition, as General Electric ("GE") announced its plans to launch a series of advanced turboprop engines. This announcement follows GE's selection by Textron to power the company's next-generation single-engine turboprop aircraft. The partnership with Textron is vital for GE's efforts to disrupt the market, as Textron accounts for more than half of all general aviation aircraft in use today and roughly 37.0% of the turboprop market.⁽²⁾ However, GE will face the challenge of competing with the dominating market position P&W has established over the past 50 years, having sold more than 50,000 engines for smaller planes. Looking ahead, GE will develop its new turboprop engine at a \$400.0 million center it is building in Europe, with the goal to grow its turboprop segment to \$1.0 billion in annual revenue by 2020.

Timeline of the ARJ21 and C919



CHINA'S LONG AWAITED ENTRY INTO COMMERCIAL AVIATION







Commercial Aircraft Corporation of China ("COMAC") is set to enter the commercial aviation market nearly a decade behind schedule, as it delivered the first of 30 new Advanced Regional Jet for the 21st Century ("ARJ21") to regional carrier Chengdu Airlines. COMAC also unveiled a prototype of its single-aisle C919 airliner, which is expected to be delivered to airlines in three years. The aircraft, which does not have U.S. or European certification, will dominate China's market when it first launches because of the Chinese government's control of aircraft purchases. However, China's goal for the C919 is to rival Boeing and Airbus' dominance in commercial aviation, which will require both foreign certification and a consistent track record of aircraft performance. If successful, the C919 could significantly impact the landscape of commercial aviation.

(1) Honeywell Aviation Outlook

(2) General Aviation Manufacturers Association

Government Technology Solutions Update

Government Technology Solutions Notable Deals⁽¹⁾

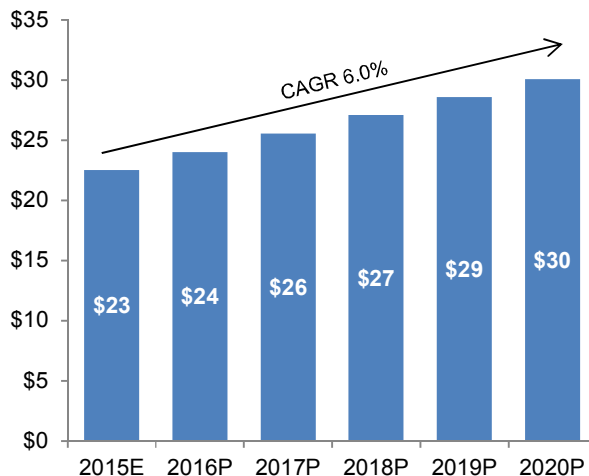
	<ul style="list-style-type: none"> Formed CSRA, the largest pure-play services provider in the Federal space The new company will have enhanced capabilities and greater scale
Booz Allen Hamilton 	<ul style="list-style-type: none"> SPARC is expected to add \$50 million in annual revenue in FY2017 The transaction will improve Booz's agile, cloud, and mobile capabilities, and access to the HIT market
	<ul style="list-style-type: none"> A \$790 million transaction, it will allow SAIC to strategically expand within the Intelligence Community ("IC")
	<ul style="list-style-type: none"> A \$550 million transaction, it will enhance CACI's capabilities related to defense and intelligence, especially in big data and cybersecurity
	<ul style="list-style-type: none"> Delivers additional contract vehicles and customer access, especially within the U.S. Armed Forces Expands Maximus's software modernization, development, and management capabilities
accenture 	<ul style="list-style-type: none"> Improves Accenture's agile development, data analytics, cloud, and mobile capabilities Expands Accenture's footprint within VA and DHS

COMPANIES CONTINUE TO TURN TO M&A TO SECURE GROWTH AND COMPETITIVE ADVANTAGES

Companies are looking to M&A for growth and to establish competitive advantages in an evolving landscape. Maximus's acquisitions of Remploy and Acentia in April contributed almost half of the Company's 33.0% revenue growth in 4Q15, and led to a small, but strategic contract win within DoD.⁽²⁾ Booz Allen acquired SPARC in November to enhance its agile capabilities and Health Information Technology ("HIT") market presence. Following the acquisition and its 2Q16 earnings report, Booz Allen's stock traded near its 52-week high. Further, the recent merger of CSC Government and SRA formed the new publiccompany, CSRA, which began trading in November. CSRA is the largest pure-play services provider in the Federal space, with enhanced cloud and cybersecurity capabilities.

EHR Global Market Size⁽³⁾

(\$ in billions)

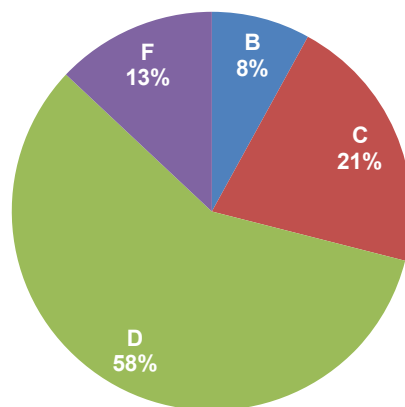


ELECTRONIC HEALTH RECORDS ("EHR") SET TO BE A KEY AREA OF GROWTH IN FEDERAL HEALTH

Federal agencies are increasingly seeking effective EHR systems to meet evolving patient needs. The global EHR market is set to grow from \$22.5 billion in 2015 to \$30.1 billion in 2020, representing a CAGR of 6.0%. Helping to fuel this growth, the Federal Government has used the HITECH⁽⁴⁾ Act to allocate \$27.0 billion to incentivize the adoption of EHR systems through at least 2018. Additionally, DoD has made the modernization of EHR a top priority, recently awarding a Leidos-led team the 10-year, \$4.3 billion Defense Healthcare Management Systems Modernization ("DHMSM") contract.⁽⁵⁾ This increasing emphasis on EHRs comes as the aging population is demanding more patient-focused care and technologies are rapidly changing access to big data and patient information. As a result, companies with EHR capabilities and / or access to customers looking to improve their EHR systems may be prime targets for M&A activity.

FITARA Scorecard Grades Breakdown⁽⁶⁾

Total Agencies Graded: 24



FEDERAL IT ACQUISITION REFORM ACT ("FITARA") GRADES, AND THEIR EFFECT ON M&A

In order to address IT capability gaps, the Federal Government enacted FITARA as part of the 2014 National Defense Authorization Act. Its IT procurement and implementation standards have the potential to dramatically affect contractors and M&A activity within the Federal market. As part of FITARA, the House Committee on Oversight and Government Reform grades agencies based on their implementation of FITARA's IT security standards, which will affect agency IT strategies. In addition, these grades may influence how the work of contractors at Federal agencies is judged. From an M&A perspective, contractors may find their attractiveness to a potential buyer impacted by an agency's FITARA grade, and as such, FITARA ratings may be another method for acquisitive parties to perform diligence on a potential target's contract performance.

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



Public Company Trading Analysis⁽¹⁾

(\$ in millions, except per share amounts)

Defense Primes	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$144.59	91.0%	\$96,873	\$96,116	\$95,060	\$9,974	10.5%	\$97,258	\$11,117	11.4%	1.01x	9.6x	0.99x	8.6x
Lockheed Martin	217.15	95.3%	66,729	71,841	44,735	6,591	14.7%	46,164	7,108	15.4%	1.61x	10.9x	1.56x	10.1x
General Dynamics	137.36	89.3%	43,423	43,464	31,787	4,632	14.6%	32,538	4,822	14.8%	1.37x	9.4x	1.34x	9.0x
Raytheon	124.53	95.8%	37,496	40,313	23,019	3,515	15.3%	23,487	3,745	15.9%	1.75x	11.5x	1.72x	10.8x
Northrop Grumman	188.81	97.3%	34,436	39,671	23,758	3,510	14.8%	24,023	3,632	15.1%	1.67x	11.3x	1.65x	10.9x
BAE Systems	7.37	91.0%	23,323	26,335	27,010	3,186	11.8%	27,452	3,331	12.1%	0.97x	8.3x	0.96x	7.9x
Median		93.2%	\$40,460	\$41,889	\$29,399	\$4,074	14.7%	\$29,995	\$4,284	15.0%	1.49x	10.3x	1.45x	9.6x

Defense Systems	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Safran	\$68.82	87.5%	\$28,657	\$30,890	\$18,819	\$3,344	17.8%	\$19,773	\$3,556	18.0%	1.64x	9.2x	1.56x	8.7x
Rockwell Collins	92.30	92.9%	12,120	14,001	5,339	1,280	24.0%	5,645	1,367	24.2%	2.62x	10.9x	2.48x	10.2x
L-3 Communications	119.51	89.9%	9,368	13,069	11,646	1,332	11.4%	11,718	1,386	11.8%	1.12x	9.8x	1.12x	9.4x
Huntington Ingalls Industries	126.85	88.1%	5,959	6,593	6,962	889	12.8%	7,032	936	13.3%	0.95x	7.4x	0.94x	7.0x
Orbital ATK, Inc.	89.34	96.1%	5,256	6,739	4,405	606	13.8%	4,641	667	14.4%	1.53x	11.1x	1.45x	10.1x
Cobham	4.18	81.1%	4,729	6,675	3,451	715	20.7%	3,575	737	20.6%	1.93x	9.3x	1.87x	9.1x
FLIR	28.07	81.5%	3,877	3,715	1,564	375	24.0%	1,659	405	24.4%	2.37x	9.9x	2.24x	9.2x
Kongsberg Gruppen	16.38	87.9%	1,956	2,736	2,118	254	12.0%	2,157	266	12.3%	1.29x	10.8x	1.27x	10.3x
Cubic	47.25	87.0%	1,274	1,212	1,432	138	9.7%	1,483	157	10.6%	0.85x	8.8x	0.82x	7.7x
AeroVironment	29.47	96.2%	687	481	270	12	4.4%	286	13	4.6%	1.78x	40.8x	1.68x	36.8x
Median		88.0%	\$4,992	\$6,634	\$3,928	\$660	13.3%	\$4,108	\$702	13.8%	1.59x	9.9x	1.51x	9.3x

Defense Electronics / Comm.	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Harris	\$86.90	96.8%	\$10,811	\$15,573	\$5,321	\$1,307	24.6%	\$6,683	\$1,435	21.5%	2.93x	11.9x	2.33x	10.9x
Teledyne	88.70	79.3%	3,144	3,785	2,456	404	16.5%	2,549	425	16.7%	1.54x	9.4x	1.48x	8.9x
ViaSat	61.01	85.4%	2,952	3,770	1,442	350	24.2%	1,552	395	25.5%	2.61x	10.8x	2.43x	9.5x
Ultra Electronics	29.14	96.7%	2,039	2,275	1,134	206	18.2%	1,216	230	18.9%	2.01x	11.0x	1.87x	9.9x
Mercury Systems	18.36	91.8%	638	559	241	45	18.8%	255	52	20.4%	2.32x	12.4x	2.19x	10.8x
Comtech Telecommunications	20.09	55.4%	324	174	328	55	16.8%	NA	NA	NA	0.53x	3.2x	NA	NA
Kratos Defense & Security Solutions	4.10	57.6%	242	655	853	74	8.7%	793	66	8.3%	0.77x	8.8x	0.83x	9.9x
Median		85.4%	\$2,039	\$2,275	\$1,134	\$206	18.2%	\$1,384	\$312	19.6%	2.01x	10.8x	2.03x	9.9x

Homeland Security	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$13.85	75.6%	\$5,474	\$6,767	\$4,568	\$883	19.3%	\$4,642	\$920	19.8%	1.48x	7.7x	1.46x	7.4x
OSI Systems, Inc.	88.66	91.6%	1,749	1,723	975	193	19.8%	NA	NA	NA	1.77x	8.9x	NA	NA
MSA Safety Incorporated	43.47	79.7%	1,623	1,835	1,114	175	15.7%	1,184	204	17.2%	1.65x	10.5x	1.55x	9.0x
Smith & Wesson	21.98	91.4%	1,199	1,321	600	NA	NA	640	144	22.5%	2.20x	NA	2.06x	9.2x
Analogic	82.60	89.5%	1,025	894	555	83	15.0%	599	96	16.0%	1.61x	10.7x	1.49x	9.3x
American Science & Engineering	41.38	71.7%	297	210	137	20	14.6%	150	NA	NA	1.53x	10.5x	1.39x	NA
Median		84.6%	\$1,411	\$1,522	\$788	\$175	15.7%	\$640	\$174	18.5%	1.63x	10.5x	1.49x	9.1x

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

Public Company Trading Analysis, cont.⁽¹⁾⁽²⁾
(\$ in millions, except per share amounts)

<u>Aerospace Systems</u>	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2015E EBITDA	Margin	Rev.	CY2016P EBITDA	Margin	EV / CY2015E Rev.	EBITDA	EV / CY2016P Rev.	EBITDA
TransDigm	\$228.45	93.3%	\$12,265	\$20,053	\$2,865	\$1,252	43.7%	\$3,135	\$1,394	44.5%	7.00x	16.0x	6.40x	14.4x
Zodiac Aerospace	23.87	61.3%	6,597	8,016	5,541	770	13.9%	6,030	995	16.5%	1.45x	10.4x	1.33x	8.1x
B/E Aerospace	42.37	65.6%	4,429	6,297	2,809	598	21.3%	2,863	627	21.9%	2.24x	10.5x	2.20x	10.0x
Meggitt	5.53	63.1%	4,283	5,402	2,589	709	27.4%	2,698	760	28.2%	2.09x	7.6x	2.00x	7.1x
HEICO	54.36	85.3%	3,429	3,938	1,257	284	22.6%	1,362	303	22.3%	3.13x	13.9x	2.89x	13.0x
Esterline	81.00	67.2%	2,398	3,088	1,930	317	16.4%	2,186	387	17.7%	1.60x	9.7x	1.41x	8.0x
Triumph Group	39.75	56.2%	1,960	3,525	4,028	617	15.3%	4,030	655	16.2%	0.88x	5.7x	0.87x	5.4x
Astronics	40.71	52.6%	1,039	1,225	717	136	18.9%	771	152	19.8%	1.71x	9.0x	1.59x	8.0x
AAR	26.29	76.8%	922	993	1,628	129	7.9%	1,771	166	9.4%	0.61x	7.7x	0.56x	6.0x
Median		65.6%	\$3,429	\$3,938	\$2,589	\$598	18.9%	\$2,698	\$627	19.8%	1.71x	9.7x	1.59x	8.0x

<u>Aerospace Structures</u>	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2015E EBITDA	Margin	Rev.	CY2016P EBITDA	Margin	EV / CY2015E Rev. EBITDA	EV / CY2016P Rev. EBITDA		
Spirit AeroSystems	\$50.07	86.3%	\$6,828	\$6,926	\$6,739	\$1,058	15.7%	\$6,943	\$1,080	15.6%	1.03x	6.5x	1.00x	6.4x
Hexcel	46.45	84.9%	4,389	4,942	1,896	432	22.8%	2,071	485	23.4%	2.61x	11.4x	2.39x	10.2x
Senior	3.39	63.5%	1,421	1,650	1,381	225	16.3%	1,457	234	16.1%	1.19x	7.3x	1.13x	7.0x
LMI Aerospace	10.07	68.1%	133	404	381	44	11.5%	401	49	12.2%	1.06x	9.2x	1.01x	8.3x
Median		76.5%	\$2,905	\$3,296	\$1,638	\$329	16.0%	\$1,764	\$360	15.8%	1.13x	8.3x	1.07x	7.7x

<u>Government Technology Solutions</u>	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2015E EBITDA	Margin	Rev.	CY2016P EBITDA	Margin	EV / CY2015E Rev.	EBITDA	EV / CY2016P Rev.	EBITDA
CSRA Inc.	\$30.00	89.7%	\$4,918	\$5,088	\$5,405	\$856	15.8%	\$5,503	\$847	15.4%	0.94x	5.9x	0.92x	6.0x
Booz Allen Hamilton	30.85	98.4%	4,580	5,994	5,278	516	9.8%	5,416	563	10.4%	1.14x	11.6x	1.11x	10.7x
Leidos Holdings	56.26	94.5%	4,056	4,566	4,917	378	7.7%	5,085	427	8.4%	0.93x	12.1x	0.90x	10.7x
CACI International	92.78	89.1%	2,249	3,231	3,321	306	9.2%	3,473	327	9.4%	0.97x	10.6x	0.93x	9.9x
Science Applications International Corp.	45.78	81.8%	2,081	3,020	4,411	306	6.9%	4,672	337	7.2%	0.68x	9.9x	0.65x	9.0x
Engility Holdings	32.48	66.3%	1,193	2,282	2,161	210	9.7%	2,370	239	10.1%	1.06x	10.8x	0.96x	9.5x
ManTech International	30.24	85.8%	1,136	1,095	1,603	121	7.6%	1,643	125	7.6%	0.68x	9.0x	0.67x	8.8x
ICF International	35.56	81.3%	684	1,010	1,183	116	9.8%	1,266	128	10.1%	0.85x	8.7x	0.80x	7.9x
VSE Corp.	62.18	74.0%	334	604	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
KEYW	6.02	47.8%	240	344	314	13	4.0%	343	26	7.5%	1.10x	NM	1.00x	13.4x
Vectrus, Inc.	20.89	61.9%	221	305	1,124	43	3.8%	1,180	47	4.0%	0.27x	7.1x	0.26x	6.5x
NCI	13.65	79.5%	182	194	335	27	8.0%	342	28	8.1%	0.58x	7.2x	0.57x	7.0x
Median		81.5%	\$1,164	\$1,688	\$2,161	\$210	8.0%	\$2,370	\$239	8.4%	0.93x	9.5x	0.90x	9.0x

<u>Engineering & Construction</u>	Stock Price 12/31/15	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2015E EBITDA	Margin	Rev.	CY2016P EBITDA	Margin	EV / CY2015E Rev. EBITDA	EV / CY2016P Rev. EBITDA		
Babcock International	\$14.98	88.1%	\$7,563	\$9,709	\$7,504	\$1,011	13.5%	\$8,099	\$1,106	13.7%	1.29x	9.6x	1.20x	8.8x
Jacobs Engineering	41.95	86.9%	5,163	5,364	12,055	737	6.1%	12,370	803	6.5%	0.45x	7.3x	0.43x	6.7x
AECOM	30.03	84.8%	4,547	8,693	18,827	1,131	6.0%	19,541	1,224	6.3%	0.46x	7.7x	0.44x	7.1x
Tetra Tech	26.02	92.3%	1,536	1,596	1,809	210	11.6%	1,895	NA	NA	0.88x	7.6x	0.84x	NA
Median		87.5%	\$4.855	\$7.029	\$9,779	\$874	8.9%	\$10.234	\$1.106	6.5%	0.67 x	7.6x	0.64x	7.1x

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

(2) FY2016E ending March 31, 2016 used as a proxy for CSRA's CY2015E financials

Select Recent Aerospace / Defense M&A⁽¹⁾

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						EBITDA	Margin	Rev.	EBITDA
12/22/15	Kongsberg Maritime	Ship Modelling & Simulation Centre AS (SMSC)	Provides maritime courses and simulation of marine operations	NA	NA	NA	NA	NA	NA
12/21/15	Apax Partners	Commercial Satellite Communication Business of Airbus Group SE	Provides satellite communication services for the maritime, mining, energy, and other markets	NA	NA	NA	NA	NA	NA
12/21/15	HEICO Corporation	Robertson Fuel Systems	Designs, develops, and manufactures primary and auxiliary fuel systems for rotary and fixed winged aircraft and ground combat vehicles	\$255.0	NA	NA	NA	NA	NA
12/21/15	Cubic Corporation	GATR Technologies	Provides inflatable satellite communication antennas and terminals that enable deployment and high-bandwidth communications in remote and hard-to-reach areas	232.5 ⁽²⁾	NA	NA	NA	NA	NA
12/21/15	Cubic Corporation	TeraLogics ⁽³⁾	Provides real-time Full Motion Video processing, exploitation, and dissemination ("PED") for the DoD, Intelligence Community, and commercial customers	39.0 ⁽²⁾	NA	NA	NA	NA	NA
12/16/15	Mercury Systems	Lewis Innovative Technologies	Provides electronic engineering design services for military and commercial customers	NA	NA	NA	NA	NA	NA
12/15/15	Gentex Corporation	Aegisound, LLC	Provides products that significantly improve hearing protection, safety, and communications in high noise environments	NA	NA	NA	NA	NA	NA
12/14/15	M/A-COM Technology Solutions Inc.	Aeroflex Holding Corp., Diode Business	Provides joint Army and Navy certified diodes and transistors	38.0	NA	NA	NA	NA	NA
12/11/15	Digital Barriers plc	Brimtek, Inc.	Provides state-of-the-art technical surveillance solutions to the U.S. defense, homeland security, federal law enforcement, and IC	45.0 ⁽³⁾	\$40.0	\$3.5	8.8%	1.13x	12.9x
12/10/15	Trescal S.A.	Laboratory MCI	Provides calibration services for aeronautics and defense applications	NA	NA	NA	NA	NA	NA
12/10/15	Trescal S.A.	Quality Systems Laboratory	Provides calibration and validation services for aeronautics and life science applications	NA	NA	NA	NA	NA	NA
12/09/15	Strat Aero US Holdings, Inc.	Aero Kinetics Aviation, LLC	Delivers aerospace and defense technology services, engineering solutions, and maintenance services	2.8	NA	NA	NA	NA	NA
12/08/15	Tronair, Inc.	Eagle Industrial Truck Manufacturing LLC	Provides tow tractors and tugs for commercial aviation and military customers	NA	NA	NA	NA	NA	NA
12/04/15	Moog, Inc.	Linear Mold and Engineering, Inc.	Specializes in metal additive manufacturing for aerospace, defense, energy, and industrial markets	NA	NA	NA	NA	NA	NA
12/03/15	Tech Industries	Majority of Precision Aerospace, Inc. & Precision Components Company	Provides structural components and subassemblies to aerospace and defense prime contractors; Provides cylinder assemblies for Textron Lycoming aircraft engines	NA	NA	NA	NA	NA	NA
12/02/15	UTC Aerospace Systems	N2 Imaging Systems, LLC	Designs and manufactures visible and infrared imaging systems used for soldier vision enhancement, surveillance, or threat detection-and-targeting under low visibility	NA	NA	NA	NA	NA	NA
11/30/15	Stellar Capital Partners Limited	Tellumat Ltd.	Manufactures and assembles electronic and related technology products for aviation, communications, defense, and electronic contract manufacturing markets	11.6	NA	NA	NA	NA	NA
11/30/15	FLIR Systems, Inc.	DVTEL, Inc.	Designs, manufactures, and markets thermal imaging, visible-light imaging systems, locator systems, measurement and diagnostic systems, and threat-detection solutions worldwide	92.0	NA	NA	NA	NA	NA
11/24/15	Chemring Group plc	Wallop Defence Systems Ltd., Certain Assets	Provides infrared decoy flare countermeasure products used by military forces in the protection of aircraft from air-to-air and ground-to-air missiles	NA	NA	NA	NA	NA	NA
11/24/15	AVIC International Holding Corporation	AIM Aviation Ltd.	Designs, manufactures, and markets cabin interiors for airlines, airframe OEMs, and regional aircraft manufacturers	NA	NA	NA	NA	NA	NA
11/23/15	Henan Tongda Cable Co., Ltd.	Chengdu Hangfei Aviation Machinery and Equipment Manufacture Co., Ltd.	Manufactures aircraft components, covering numerical control machining, installation, module design, making, and assembly	45.4	NA	NA	NA	NA	NA
11/23/15	Comtech Telecommunications Corp.	TeleCommunication Systems, Inc.	Develops and delivers wireless communication technology across the world, serving both commercial and government customers	433.3	364.1	35.4	9.7%	1.19x	12.2x
11/19/15	TransDigm Group Incorporated	Breeze-Eastern Corporation	Provides products and services for engineered mission equipment in specialty aerospace and defense applications	182.3	97.9	21.5	22.0%	1.86x	8.5x
11/19/15	Senior plc	Steico Industries	Provides precision tube and welded assemblies for aerospace, medical, and high-tech industries	75.0	37.7	7.5	19.9%	1.99x	10.0x

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

(2) Inclusive of potential earnout

(3) KippsDeSanto served as the exclusive financial advisor

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

(\$ in millions)

Announce		Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
Date	Buyer / Investor					EBITDA	Margin	Rev.	EBITDA
11/18/15	Morgenthaler	B&E Group	Offers machined parts and assemblies, such as levers and brackets, fuel and hydraulic control housings, and rotating parts	NA	NA	NA	NA	NA	NA
11/17/15	ParkerGale Capital	Aircraft Technical Publishers	Provides information management and services for manufacturers, owners / operators, and maintenance providers in the general aviation industry	NA	NA	NA	NA	NA	NA
11/17/15	Kraken Sonar Systems	Marine Robotics	Provides underwater robotics technology, intellectual property, and related physical assets	NA	NA	NA	NA	NA	NA
11/16/15	Honeywell International, Inc.	Satcom1 Aps	Provides aeronautical satellite communication solutions and support	NA	NA	NA	NA	NA	NA
11/16/15	Magellan Aerospace Corp.	Lawrence Ripak Co., Inc.	Provides nondestructive testing and metal finishing services	\$23.7	NA	NA	NA	NA	NA
11/16/15	NEXEYA	Tech S.A.T GmbH Technische Systeme Fur Avionic Und Test	Provides development, design, integration, testing, and maintenance of embedded aircraft systems	NA	NA	NA	NA	NA	NA
11/12/15	Hemdon Aerospace & Defense	Polygon Aerospace	Manufactures and distributes aircraft fasteners serving aerospace manufacturing and maintenance industries	NA	NA	NA	NA	NA	NA
11/09/15	Kaman Aerospace Group, Inc.	Gebr. Reinfurt GmbH & Co. KG	Develops and manufactures miniature ball bearings for aerospace and industrial applications	149.5	\$51.6	NA	NA	2.90x	NA
11/09/15	STS Aviation Group	CHJ Aircraft Maintenance Inc.	Provides line maintenance services to major commercial and regional airlines operating out of Detroit Metropolitan Airport	NA	NA	NA	NA	NA	NA
11/06/15	Reliable Jet Maintenance, LLC	Sky Support	Provides jet maintenance and repair services	NA	NA	NA	NA	NA	NA
11/06/15	Aerospace Turbine Rotables, Inc.	Aircraft Battery and Power Supply Repair divisions of Foxtronics, Inc.	Provides services, and new product sales throughout the U.S. from its Federal Aviation Administration ("FAA") certified repair station and Aircraft Battery Service Center	NA	NA	NA	NA	NA	NA
11/05/15	Honeywell International, Inc.	Satellite Equipment business of COM DEV International	Designs, manufactures, and distributes space-based wireless communications products and subsystems in Canada and internationally	349.0	150.4	\$15.1	10.0%	2.32x	23.2x
11/06/15	Rift Valley Equity Partners, LLC	Arlington Machine and Tool Co.	Provides contract computer numerical control machining services to the aerospace, defense, industrial, semiconductor, and healthcare sectors	NA	NA	NA	NA	NA	NA
11/05/15	Advanced Circuits, Inc.	Coastal Circuits	Provides circuit board design and manufacturing	NA	NA	NA	NA	NA	NA
11/05/15	IAP Worldwide Services, Inc.	A&L and TCNS Businesses of DRS Technologies	Provides aircraft repair management, logistics, and mission support services; Provides engineering, information technology, and communications support solutions	NA	NA	NA	NA	NA	NA
11/04/15	Resonetics, LLC	Mound Laser & Photonics Center, Inc.	Provides laser micro manufacturing solutions to the medical device and diagnostic industry	NA	NA	NA	NA	NA	NA
11/02/15	PAS Technologies, Inc.	Bolton Aerospace	Supplies precision machined products to commercial, aerospace, and defense manufacturers	NA	NA	NA	NA	NA	NA
11/02/15	Point Blank Enterprises, Inc.	The Protective Group, Inc.	Manufactures ballistic armor and provides system integration	NA	NA	NA	NA	NA	NA
10/29/15	Tempus Applied Solutions LLC	Proflight Aviation Services LLC	Operates a FAA approved Part 141 Certificate flight school	NA	NA	NA	NA	NA	NA
10/28/15	CTS Corporation	Filter Sensing Technologies	Provides advanced measurement and control technologies	NA	NA	NA	NA	NA	NA
10/28/15	Nautic Partners, LLC	Aerostar Aerospace Manufacturing, Inc.	Manufactures and markets industrial equipment	NA	NA	NA	NA	NA	NA
10/26/15	Blackstone Group	MB Aerospace Holdings	Provides aero-engine components and electro-mechanical systems	NA	NA	NA	NA	NA	NA
10/23/15	Summit Partners	Aeryon Labs Inc.	Designs, develops, and manufactures advanced micro unmanned aerial vehicles systems	45.6	NA	NA	NA	NA	NA
10/22/15	Benchmark Electronics, Inc.	Secure Communication Systems, Inc.	Provides customized high performance electronics, sub-systems, and component solutions for mission critical applications	230.0	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	Revenue	EBITDA
12/11/15	Lookingglass Cyber Solutions, LLC	Cyveillance, Inc.	Provides online threat intelligence solutions to commercial customers	\$35.0	NA	NA	NA	NA	NA
12/08/15	CACI International Inc.	L-3 National Security Solutions	Provides services around big data, command and control systems, enterprise and mission IT, cyber, security, and intelligence operations support	537.2 ⁽²⁾	\$1,032.0	\$68.0	6.6%	0.52x	7.9x
11/23/15	PlanetRisk	iMapData, Inc.	Provides and develops web-based data collection, information visualization, and geospatial analysis solutions, including the cloud-based and geospatial platform	NA	NA	NA	NA	NA	NA
11/18/15	AUSY North America Inc.	Celerity IT, LLC	Provides technology and business consulting services for commercial and government clients in the areas of process and performance management	NA	NA	NA	NA	NA	NA
11/16/15	ASRC Federal	Data Networks Corporation	Provides IT services and solutions to the Federal Government, particularly for the DoD, DHS, and HIT markets	NA	NA	NA	NA	NA	NA
11/03/15	Oasis Systems	MAR, Inc.	Provides systems engineering and integration, IT and cybersecurity, specialized facilities management, and intelligence, and special programs to the U.S. Navy and other agencies	NA	NA	NA	NA	NA	NA
11/03/15	Preferred Systems Solutions	GSM Consulting, Inc.	Provides innovative software and IT solutions for the U.S. Federal Government and Fortune 500 companies	NA	NA	NA	NA	NA	NA
11/02/15	Booz Allen Hamilton Inc.	Software Services Business of SPARC, LLC	Provides software development services, and develops commercial software products for employee engagement, human resources, big data analytics, and mobile markets	NA	NA	NA	NA	NA	NA
10/19/15	Thales e-Security	Vormetric	Provides data security solutions that protect data-at-rest in physical, virtual, big data, and cloud environments for businesses and governments	400.0	75.0	NA	NA	5.33x	NA
10/14/15	McKinsey & Company	VisualDoD	Provides VisualDoD™, an information organization, analysis, and visualization tool	NA	NA	NA	NA	NA	NA
10/05/15	Raytheon	Foreground Security	Provides operations for a security operations center and automated threat intelligence platform offering advanced cyber monitoring, threat hunting, and professional services capabilities	NA	NA	NA	NA	NA	NA
10/01/15	LGS Innovations LLC	Axios, Inc.	Provides communications and signal processing solutions and mission support services for DoD and the IC	NA	NA	NA	NA	NA	NA
09/18/15	RGS Associates, Inc.	Software Theoretic Corporation	Provides members of the IC with highly cleared specialists providing cloud computing, data center migration, software engineering, and database administration services	NA	NA	NA	NA	NA	NA
09/17/15	Chickasaw Nation Industries	Corvid Technologies, LLC	Provides engineering services and business consulting services, specializing in systems analysis and design	NA	NA	NA	NA	NA	NA
09/16/15	The Carlyle Group LP / The Chertoff Group	Coalfire Systems, Inc.	Provides IT audit, risk assessment, compliance management solutions, cloud, and virtualization services	NA	NA	NA	NA	NA	NA
09/09/15	Versar, Inc.	Federal Security Integration Business of Johnson Controls, LLC	Provides design, installation, and support for physical security, network security, and facilities management systems for the Federal Government	10.6	NA	NA	NA	NA	NA
09/01/15	SageNet	Cybersecurity Division of Tumberry Solutions Inc.	Provides security strategy and assessments, audit and compliance assessments, risk management, cloud security, and security intelligence	NA	NA	NA	NA	NA	NA
08/31/15	Calibre Systems, Inc.	Health & Life Sciences and Defense & Public Sector Groups of IMC, Inc. ⁽³⁾	Provides custom, packaged solutions and services in the areas of enterprise content management, technology consulting, and business intelligence	NA	NA	NA	NA	NA	NA
08/31/15	Computer Sciences Government Services, Inc.	SRA Companies, Inc.	Provides IT and professional services to the U.S. Federal Government through two business groups, Health & Civil and National Security	2,276.5	1,377.2	192.8	14.0%	1.65x	11.8x
08/27/15	The Carlyle Group LP	Novetta Solutions	Provides analytics software and solutions to detect threat and fraud, and protect high value government networks, as well as cyber and discovery analytics, and intelligence solutions	NA	NA	NA	NA	NA	NA
08/20/15	Momentum Aerospace Group	BOSH Global Services	Provides planning, acquisition, system installation, training, and global support and operation services for unmanned programs	NA	NA	NA	NA	NA	NA
08/18/15	Iron Data	MicroPact	Provides case management and business process management software solutions to customers in the government, commercial, and education sectors	NA	NA	NA	NA	NA	NA
08/18/15	American Systems Corporation	EM Business Holdings	Provides engineering, science, and advanced technology solutions to classified Federal customers dealing with intelligence, surveillance, reconnaissance and targeting missions	NA	NA	NA	NA	NA	NA
08/11/15	Salient Federal Solutions, Inc.	CRGT, Inc.	Provides information management and technology services to defense, homeland security, intelligence, and Federal civilian agencies in the U.S.	NA	NA	NA	NA	NA	NA

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

(2) Includes tax benefits

(3) KippsDeSanto served as the exclusive financial advisor

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:

Robert D. Kipps
Managing Director

bkipps@kippsdesanto.com

Michael J. Misantone
Managing Director

mmisantone@kippsdesanto.com

Marc B. Marlin
Managing Director

mmarlin@kippsdesanto.com

Toby Albright
Director

talbright@kippsdesanto.com

Robert G. Dowling
Vice President

rdowling@kippsdesanto.com

Stephen M. Jonas
Associate

sjonas@kippsdesanto.com

Kevin P. DeSanto
Managing Director

kdesanto@kippsdesanto.com

Karl M. Schmidt
Managing Director

kschmidt@kippsdesanto.com

Jon Yim
Director

jyim@kippsdesanto.com

Jamie L. Graham
Director

jgraham@kippsdesanto.com

Brian T. Tunney
Vice President

btunney@kippsdesanto.com

Alex Zawatsky
Associate

azawatsky@kippsdesanto.com

Connect with KippsDeSanto:



The information and opinions in this newsletter were prepared by KippsDeSanto & Co. and the information herein is believed to be reliable and has been obtained from and based upon public sources believed to be reliable. KippsDeSanto & Co. makes no representation as to the accuracy or completeness of such information. Opinions, estimates, and analyses in this newsletter constitute the current judgment of the author as of the date of this newsletter. They do not necessarily reflect the opinions of KippsDeSanto & Co. and are subject to change without notice. This newsletter is meant to impart general knowledge about a sector or industry and is not expected to provide reasonably sufficient information upon which to make any investment decisions.

KippsDeSanto & Co. is not affiliated with any of the companies identified in this newsletter. Unless otherwise described, the companies identified are also not affiliated with one another.

This newsletter may contain information obtained from third parties. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content, including ratings.

KippsDeSanto 
INVESTMENT BANKING

8000 Towers Crescent Drive
Suite 1200
Tysons Corner, Virginia 22182
703.442.1400
www.kippsdesanto.com