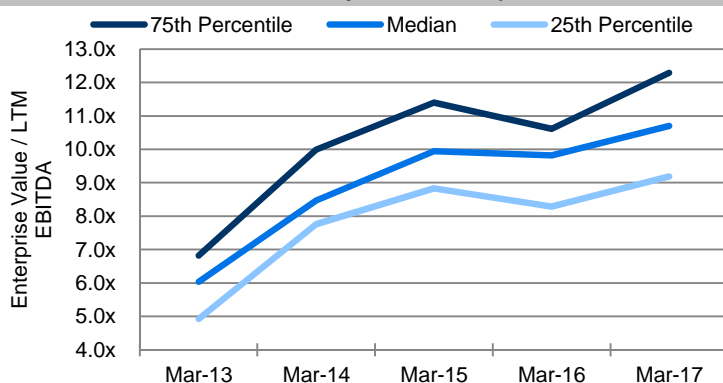


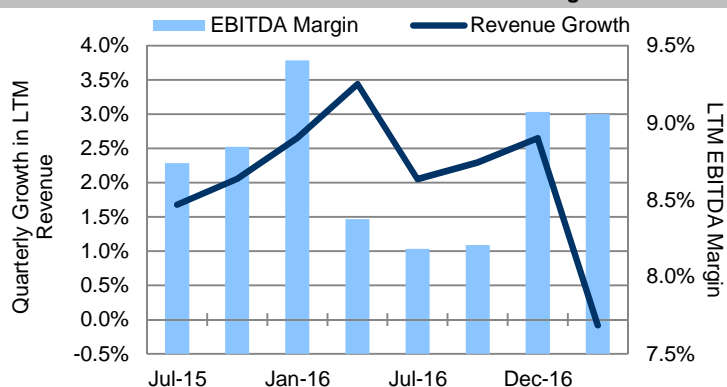
Industry Highlights

- In the past year, several large primes shed their government services businesses including Lockheed, L-3 and Harris. Speculation continues as to plans for these businesses at General Dynamics, Northrop Grumman, Raytheon and the combined CSC/HPE.
- Stocks prices and multiples for government services providers remain near post-election highs, likely supported by prospects for reduced taxes and opportunities related to increased defense spending and a temporary government hiring freeze.
- On April 1, 2017, HPE and CSC merged to create DXC Technology. Speculation continues as to the combined company's intent for the government services market. Additionally, the company's government services portfolio remains exposed to the 2018 NGEN recompetes.
- On March 8, KEYW announced it will acquire Sotera Defense Solutions for \$235 million from Ares Management. The transaction gains KEYW access to priority customers including FBI and DHS, increases exposure to DoD and creates a leading pure-play IC provider.
- On February 8, Accenture announced its acquisition of Endgame, an Arlington based endpoint detection and response software cybersecurity firm serving federal clients. Additionally, on December 2, Accenture closed its acquisition of Defense Point Security, an Alexandria-based provider of federal cybersecurity services.
- On January 24, Booz Allen announced its \$250 million acquisition of Aquilent, a Laurel, MD based firm providing agile development and cloud expertise to HHS, USPS and GSA among other federal clients.
- Via its acquisition of Edaptive on December 15, ManTech continues to expand its offering of IT solutions for the federal healthcare market.
- On November 14, Arlington Capital Partners announced the formation of Polaris Alpha, a merger of three firms – EOIR Technologies, Intelligent Software Solutions and PROTEUS Technologies. The combination creates a firm with capabilities in advanced analytics, big data and cyber which serves both the DoD and IC.

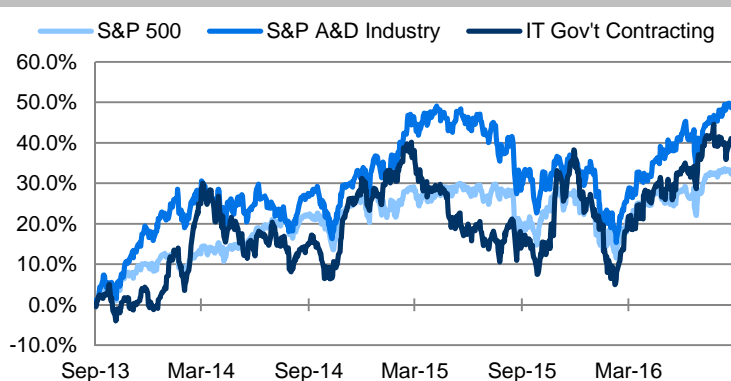
Trend in Industry EBITDA Multiples¹



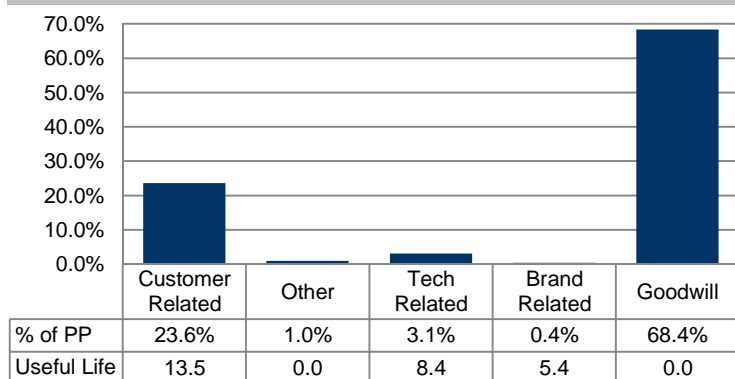
Trends in Revenue Growth and EBITDA Margins¹



Relative Stock Price Returns²



Purchase Price Allocation % from Recent Transactions



¹Calculated using aggregated data for Booz Allen, CACI, CSRA, Engility, ICF International, KEYW, Leidos, ManTech, NCI, SAIC, Vectrus and VSE. ²IT Gov't Contracting is a custom, equal-weighted index constructed with the aforementioned companies.

Notable M&A Deals

Target	Acquirer	Overview
		Ending speculation, on January 27, Harris announced its intention to sell its government IT services business to Veritas for \$690 million. Veritas already owns other industry participants including Alion and Vencore.
		On November 14, Arlington Capital Partners announced the formation of Polaris Alpha, a merger of three firms – EOIR Technologies, Intelligent Software Solutions and PROTEUS Technologies.
		On March 8, KEYW announced it will acquire Sotera Defense Solutions for \$235 million from Ares Management. The transaction gains KEYW access to priority customers including FBI and DHS, increases exposure to DoD and creates a leading pure-play IC provider.

Contacts:

PJ Patel, CFA Direct: 609.243.7030 ppatel@valuationresearch.com	Raymond Weisner Direct: 917.338.5617 rweisner@valuationresearch.com	Edward Hamilton, CFA Direct: 609.243.7018 ehamilton@valuationresearch.com	Sean Woodward Direct: 609.243.7026 swoodward@valuationresearch.com
---	---	---	--