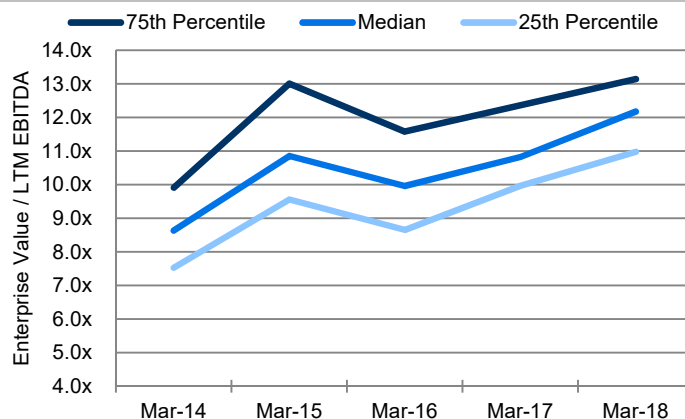


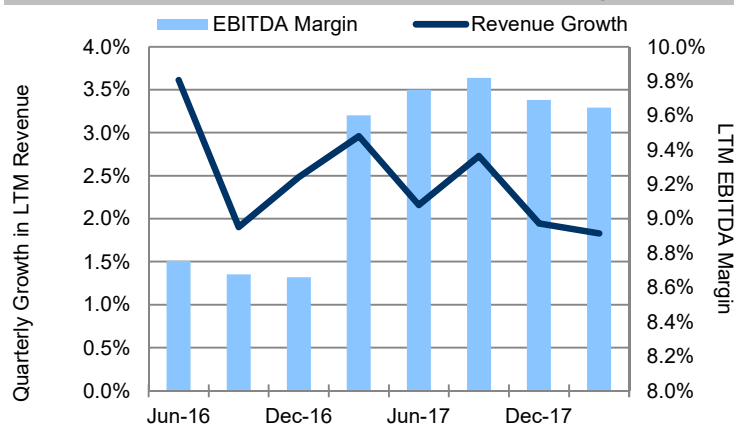
Industry Highlights

- Prominent government services/A&D investor Arlington Capital Partners recently acquired Integrity Applications Inc. and Cadence Aerospace. IAI provides systems engineering, integrated solutions and subject matter expertise to the Intel and Defense communities. Cadence offers a portfolio of complex aerospace components and assemblies. Additionally, portfolio company Polaris Alpha acquired Solidyn Solutions.
- In February, active investor in the government services space, Veritas Capital acquired PwC's US Public Sector for an undisclosed amount. Portfolio companies include Alion, Peraton and Vencore (see below), among others.
- On February 2, PAE announced its acquisition of Macfadden & Associates, a leader in international disaster response support. Macfadden supports USAID as well as information systems for multiple government customers.
- In January, AWS continued its push into security tools and Intelligence Community support via its acquisition of Sqrrl. Company founders are former NSA employees and its software supports advanced threat detection. Published sources indicated a \$40 million purchase price.
- Indicative of interest in the Federal sector, on January 31 On Assignment announced the \$775 million acquisition of ECS. ECS provides AI, Cyber, Dev Ops, IT modernization and engineering services. On Assignment is a CA based staffing services firm.
- In November, CSRA closed on its \$235 million acquisition of Praxis Engineering Technologies, a leader in missions application development and engagement in the Intelligence Community. The transaction, CSRA's second, followed its July acquisition of NES Associates.
- On November 14, Miami based H.I.G. Capital announced the acquisition of Whitney, Bradley & Brown ("WBB") a leading provider of program management and consulting services to the DoD and other agencies. The transaction follows H.I.G.'s August acquisition of NCI, Inc.
- In October, Booz Allen Hamilton announced the acquisition of Morphick, Inc., a provider of managed detection and response services. The acquisition expands Booz Allen's managed security portfolio.
- Other deals – Fulcrum IT acquired The PTR Group, Serco Group acquired BPT Systems, Vectrus acquired Sentel Corp., staffing company System One acquired contractor GAP Solutions and DC Capital Partners acquired Janus Global Operations.

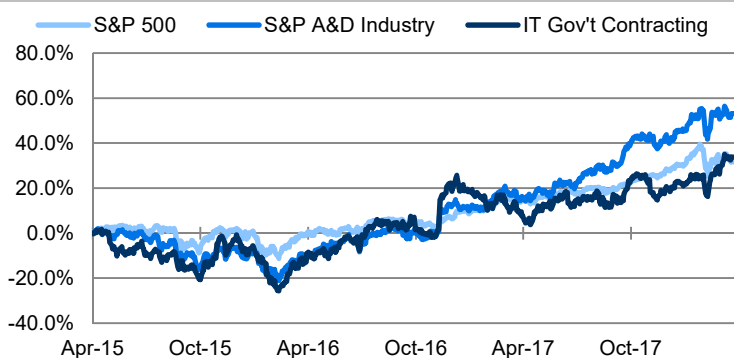
Trend in Industry EBITDA Multiples¹



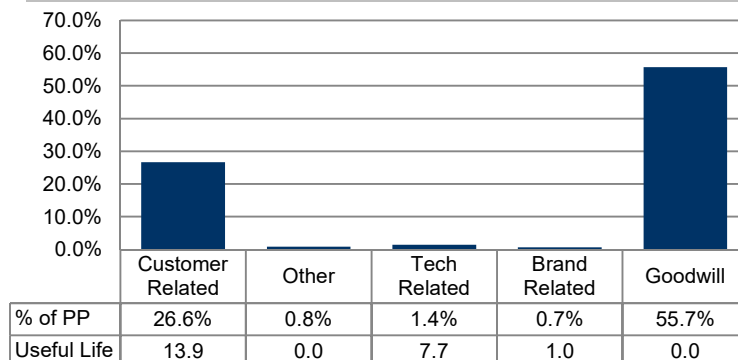
Trends in Revenue Growth and EBITDA Margins¹



Relative Stock Price Returns²



Purchase Price Allocation % from Recent Transactions



Notable M&A Deals



Consolidation continues – on February 12 General Dynamics' agreement to acquire CSRA in a transaction valued \$9.6 billion was announced. After a subsequent bid by CACI, GD raised its offer by 50 cents per share and is expected to close shortly. The deal follows other scale building transactions including Leidos/Lockheed's IS&GS business, CACI/NSS, SAIC/Scitor and Engility/TASC. At the same time GD is expanding its services business, others large primes have exited, most notably Lockheed, Harris and L3.



In October, ending months of speculation, a spinoff was announced for DXC's public sector business with a subsequent merger with Veritas portfolio companies Vencore and KeyPoint Government Solutions into an entity, Perspecta. The new company, a top 5 government services firm, is expected to debut in May. DXC shareholders will own 86% of the combined entity and Veritas, 14%.

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