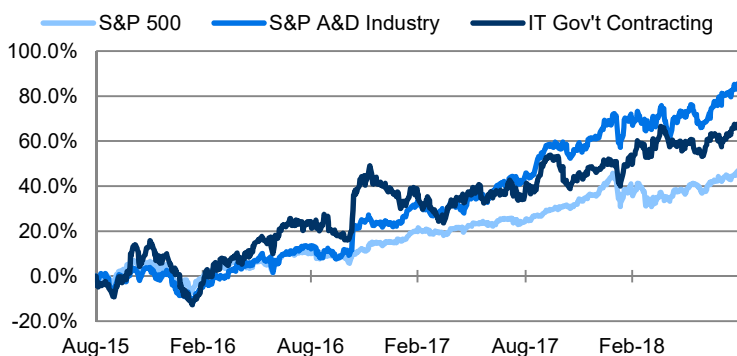


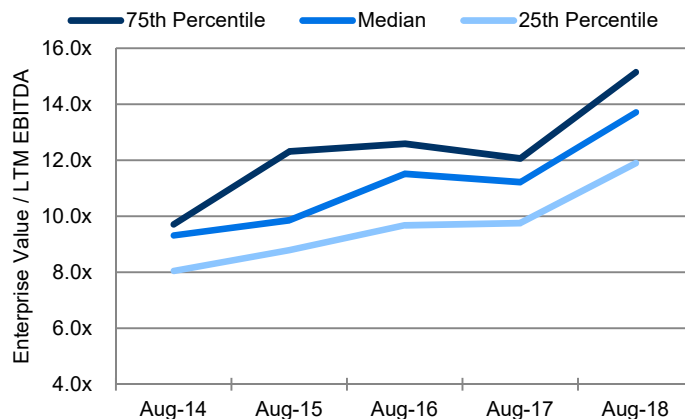
### Industry Highlights

- Supported by robust valuations, federal budget certainty, available debt and tax reform, M&A activity with both corporate buyers and private equity remains strong. Among acquirers, there is a varied focus on both building scale and gaining access to specific customers and capabilities.
- In August, MAG Aerospace acquired Ausley Associates, enhancing its service to the Navy. In June, MAG acquired North American Surveillance Systems, Inc. (NASS) increasing MAG's technical services and integration capabilities. These followed New Mountain Capital's investment in MAG.
- In August, Arlington Capital Partners acquired the Government Solutions division of Black Box Corporation, renamed Tyto Athene. On July 31, Arlington portfolio company Integrity Applications International acquired Dependable Global Solutions to add cybersecurity and counterintelligence-related work for the DoD and IC. IAI was acquired in February and is being combined with portfolio company Xebec.
- In August, Alion, a Veritas portfolio company, acquired MacAulay Brown, a leading provider of engineering and technology solutions to the DoD and IC accelerating the combined company's presence in high priority emerging technologies. The deal is Alion's first since its acquisition by Veritas.
- On August 8, ICF announced its acquisition of DMS Disaster Consultants (DMS), a disaster planning and recovery services firm. The deal enhances its existing disaster management and resilience division.
- In August, CACI acquired CSRA's former Navy systems engineering and acquisition services business unit from General Dynamics for \$84 million.
- In July, reports emerged that prominent market participants were conducting initial diligence on Engility. Combined, KKR and General Atlantic hold nearly half of Engility shares.
- In May, SAP National Security Services, Inc. (NS2) acquired Technology Management Associates, a provider of C4ISR solutions and engineering services to the IC. In June, it acquired Apex Expert Solutions, which provides data fusion solutions to special operations forces.
- In May, CoVant Management and Madison Dearborn Partners partnered to acquire LinQuest Corp., a provider of space systems technology solutions to the DoD and IC. In 2014 they jointly acquired LGS Innovations.
- In April, Enlightenment Capital, an investor in middle market aerospace, defense & government companies, filed to raise \$200 million for its third fund. It typically makes growth investments to support existing management.

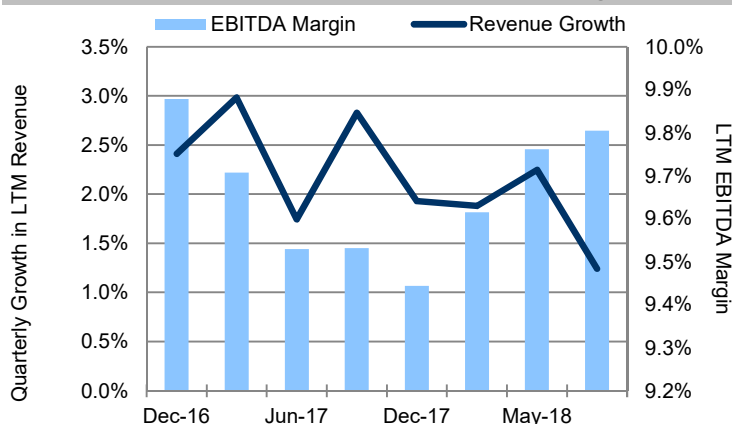
### Relative Stock Price Returns<sup>2</sup>



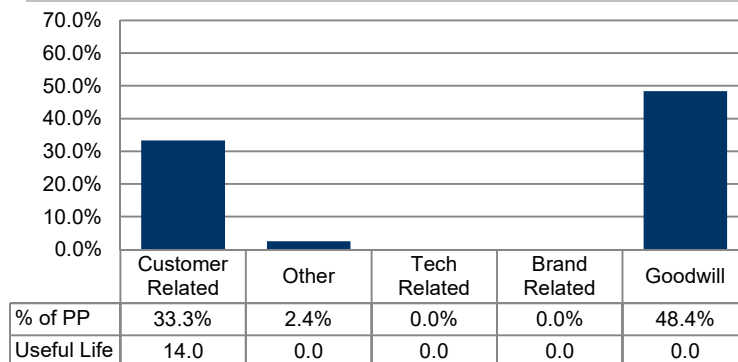
### Trend in Industry EBITDA Multiples<sup>1</sup>



### Trends in Revenue Growth and EBITDA Margins<sup>1</sup>



### Purchase Price Allocation % from Recent Transactions



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

### Notable M&A Deals



In May, Parsons Corporation acquired Arlington Capital Partners portfolio company, Polaris Alpha, a provider of innovative mission solutions for complex defense, intelligence, and security customers. The deal came approximately two years after Arlington's initial purchase.



With its \$355 million acquisition of SGT in April, KBR continues its expansion in the government services business. In the past two years, it has also acquired Wyle and Honeywell's government services business to form the business now known as KBRwyle.



On April 11, SOSI announced its acquisition of STG, a financially distressed provider of mission-critical technology, cyber, and data solutions to the U.S. defense, diplomatic and intelligence communities. The acquisition was SOSI's third and largest since 2016.

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