Overview of BB&T Corporation

**BB&T Corporation**

- Founded in 1872; headquartered in Winston-Salem, NC
- 10th largest U.S. bank holding company based on more than $165 billion of assets
- Enterprise value in excess of $40 billion – doubled in size over the last four years
- More than 1,500 banking offices and 30,000 employees

**BB&T’s Growth in Total Assets**

- More than any other financial institution in the nation
- The most excellence citations in the award’s history

**BB&T’s Market Success**

- Despite overall market uncertainty in the financial services industry, BB&T continues to have success
- BB&T significantly outperformed both its peer regional banks as well as larger, national banks in the Government led “Stress Tests”. #1 ranking in Tier 1 Common Capital / Risk Weighted Assets
- Enhanced loan commitments to facilitate our client’s growth objectives (e.g. Triumph Group, DynCorp, Sierra Nevada)
- Recently acquired Colonial BancGroup, the Company’s largest acquisition in its history
- BB&T wins 25 Greenwich Excellence Awards for 2009
  - More than any other financial institution in the nation
Overview of BB&T Capital Markets

BB&T Capital Markets

- $350 Million Investment Banking division of BB&T Corporation
- More 160 transactions with an aggregate value of more than $174 billion since 2007
- Industry focused and consistently ranked as a leading middle-market M&A advisor
- Based in Richmond, VA, with investment banking professionals in Reston, VA; Boston, MA; and La Jolla, CA

Industry Expertise

<table>
<thead>
<tr>
<th>Aerospace &amp; Defense Group</th>
<th>Commercial &amp; Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Hardware &amp; Services</td>
<td>Logistics &amp; Transportation</td>
</tr>
<tr>
<td>IT, Software &amp; Consulting Services</td>
<td>Financial Services</td>
</tr>
<tr>
<td>Communications</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Defense / Electronics</td>
<td>Retail &amp; Consumer</td>
</tr>
</tbody>
</table>

BB&T Capital Markets: A Full-Service Middle-Market Platform

<table>
<thead>
<tr>
<th>M&amp;A/Advisory</th>
<th>Corporate Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sell- and buy-side advisory</td>
<td>17 senior lending officers</td>
</tr>
<tr>
<td>Fairness opinions</td>
<td>Industry specialization and partners with investment banking</td>
</tr>
<tr>
<td>Middle-market focus</td>
<td>Over 65 additional banking officers at regional level</td>
</tr>
<tr>
<td>Industry expertise</td>
<td></td>
</tr>
<tr>
<td>65 professionals</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity Underwriting</th>
<th>Focused Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 investment banking professionals</td>
<td>40 equity and fixed income analysts</td>
</tr>
<tr>
<td>IPOs, follow-on offerings</td>
<td>Insights, timely research</td>
</tr>
<tr>
<td>Industry-focused and aligned with research</td>
<td>Over 270 companies under equity coverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt Capital Markets</th>
<th>Sales and Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public offerings of senior, subordinated, and convertible debt</td>
<td>46 equity traders and institutional salespeople</td>
</tr>
<tr>
<td>Asset securitizations</td>
<td>140 fixed income traders and salespeople</td>
</tr>
<tr>
<td>Specialized tax credits</td>
<td>Over 250 retail reps in 45 offices</td>
</tr>
<tr>
<td>Sale/leaseback transactions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Private Placements</th>
<th>Other Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior debt, subordinated debt, and equity</td>
<td>Insurance, Trust &amp; Treasury services</td>
</tr>
<tr>
<td>PIPEs</td>
<td>Wealth management</td>
</tr>
<tr>
<td>Second-lien notes</td>
<td>Investment services</td>
</tr>
</tbody>
</table>
Recent Transactions

31 transactions aggregating over $2 billion of value in 2007-2010

- **DYNAMAC CORPORATION** has been acquired by Consolidated Safety Services
- **CoreStreet** has been acquired by Integral Systems
- **ITS Solutions** has been acquired by ACTIVIDENTITY
- **Aerodyne** has been acquired by SNOW PIPPS
- **Kroll Government Services, Inc.** has been acquired by a subsidiary of ARGOTEK
- **ARGOTEK** has been acquired by COBHAM
- **BBN Technologies** has been acquired by Anonymizer
- **Anonymizer** has been acquired by Lockheed Martin
- **EAGLE GROUP INTERNATIONAL** has been acquired by Raytheon
- **SI Government Solutions, Inc.** has been acquired by a Lake Capital Portfolio Company
- **DTR** has been acquired by Boeing
- **ERA** has been acquired by SRA
- **QinetiQ** has been acquired by SRA
- **BBN Technologies** has been acquired by Anonymizer
- **Anonymizer** has been acquired by Lockheed Martin
- **EAGLE GROUP INTERNATIONAL** has been acquired by Raytheon
- **SI Government Solutions, Inc.** has been acquired by a Lake Capital Portfolio Company
- **The Amey Group** has been acquired by The Amey Group
- **NTSC International Security Company** has been acquired by The Amey Group
- **ManTech International Corporation** has been acquired by ManTech International Corporation
- **KARATOS Defense & Security Solutions** has been acquired by ICF International
- **Viastech Inc.** has been acquired by ICF International
- **TECH CORPORATION** has been acquired by ICF International
- **Karta Solutions** has been acquired by NCI
- **CRITICOM** has been acquired by Ultra Electronics
- **ITS Solutions** has been acquired by Honeywell
- **SENTEL** has been acquired by WC Holding, Inc.
- **Advanced Concepts, Inc.** has been acquired by L1 Identity Solutions
- **SFA** has been acquired by Global Technology Partners
- **BB&T Capital Markets** rendered a fairness opinion to the Special Committee of the Board of Directors of SFA, Inc.
- In recent years, broader markets have experienced extreme volatility:

![Graph showing S&P 500 and NASDAQ since September 2008](image)
Voluntary times in the broader markets have validated longstanding beliefs about the government contracting sector:

- **Consistent performance**
- **Safe / low-risk industry**
- **Variety of niche markets to pursue**
- **Experienced industry leadership**
Consistent Performance

- Government IT services valuation multiples have maintained consistency following historic post 9/11 highs and traditionally trade in the 0.8x to 1.0x Total Enterprise Value (TEV) to Revenue range.

- Government IT services companies traded within a range equivalent to 106% of the mean TEV/Revenue multiple of 0.8x.

- Commercial IT services companies traded in a much broader range over this time period, equivalent to 143% of the mean TEV/Revenue multiple of 1.6x.

Year | Team | Rev. Growth | EBITDA Margin |
--- | --- | --- | --- |
1996 | Government IT | 0.122 | 0.071 |
1997 | Government IT | 0.222 | 0.069 |
1998 | Government IT | 0.264 | 0.076 |
1999 | Government IT | 0.308 | 0.074 |
2000 | Government IT | 0.080 | 0.074 |
2001 | Government IT | 0.152 | 0.082 |
2002 | Government IT | 0.184 | 0.085 |
2003 | Government IT | 0.251 | 0.087 |
2004 | Government IT | 0.255 | 0.088 |
2005 | Government IT | 0.206 | 0.096 |
2006 | Government IT | 0.141 | 0.091 |
2007 | Government IT | 0.144 | 0.088 |
2008 | Government IT | 0.231 | 0.089 |
2009 | Government IT | 0.116 | 0.090 |


Safe / Low Risk

- Federal spending on information technology has grown steadily for over 20 years:

![Chart showing Federal Discretionary Budget and Federal IT Budget over time with projections.]

- Low level of capital intensity – Government customer funds development

<table>
<thead>
<tr>
<th>Team</th>
<th>Cap Ex / Revenue</th>
<th>Cap Ex / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>CACI International Inc.</td>
<td>0.40%</td>
<td>4.04%</td>
</tr>
<tr>
<td>ManTech International Corp.</td>
<td>0.43%</td>
<td>4.96%</td>
</tr>
<tr>
<td>SAIC, Inc.</td>
<td>0.91%</td>
<td>11.35%</td>
</tr>
<tr>
<td>Stanley, Inc.</td>
<td>0.94%</td>
<td>12.88%</td>
</tr>
<tr>
<td><strong>Government IT Average</strong></td>
<td>0.67%</td>
<td>8.31%</td>
</tr>
<tr>
<td><strong>Government IT Median</strong></td>
<td>0.67%</td>
<td>8.16%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Team</th>
<th>Cap Ex / Revenue</th>
<th>Cap Ex / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Sciences Corp.</td>
<td>4.62%</td>
<td>31.02%</td>
</tr>
<tr>
<td>Electronic Data Systems</td>
<td>3.24%</td>
<td>31.52%</td>
</tr>
<tr>
<td>Perot Systems Corp.</td>
<td>4.13%</td>
<td>39.43%</td>
</tr>
<tr>
<td>Keane Inc.</td>
<td>1.17%</td>
<td>12.57%</td>
</tr>
<tr>
<td><strong>Commercial IT Average</strong></td>
<td>3.29%</td>
<td>28.63%</td>
</tr>
<tr>
<td><strong>Commercial IT Median</strong></td>
<td>3.69%</td>
<td>31.27%</td>
</tr>
</tbody>
</table>

*TTM through March 31, 2007*
Industry Diversity

- A broad market with many markets within markets; ability to build “portfolios” to create balanced and consistent growth
- Highly fragmented at the bottom of the industry; creates consolidation opportunities
- Mid-tier of the industry recycles with new, growing companies
- Government-sponsored small business incubation
- Divestiture cycle will create new opportunities
  - Government pressure to resolve OCI issues
  - Non-core business lines will be jettisoned

Government Market Overview

- Healthcare
- Intelligence
- Energy / Environmental
- Program Management
- Cybersecurity
- SETA
- Military Logistics / Sustainment
Depth & Breadth of Leadership

- Executives who have "been there, done that"
- Large contractors with business unit managers ready to run entire companies
- Industry leaders characterized by high levels of ethics, deep experience, humility and dedication to the mission
- Government contracting executives: They stay in the league and they don't retire…
  - Walter Batson
  - Mike Daniels
  - Jack London
  - Phil Odeen
  - George Pedersen
  - Bob Stevens
  - Bill Swanson
  - Ralph Shrader
  - John Toups
Case Study: Critical Mass

- **Caxton-Iseman** began the creation of **Anteon International** in 1996 with the acquisition of **Ogden Professional Services**
- Completed nine subsequent acquisitions between 1996 and 2005
  - Added approximately $700 million of revenue via acquisition
- Issued $100m in senior subordinated notes in 1999 to finance acquisitions
- Completed $270 million IPO in 2002
  - Offering valued Anteon at approximately $630 million, 13.6x 2001 EBITDA of $46.4 million
- **General Dynamics** acquired Anteon International for $2.2 billion in cash in 2006
  - Approximately 15.7x EBITDA

---

**Acquired & Organic Revenue Growth**

**EBITDA Growth & Leverage**
Case Study: Differentiation

- **CM Equity** backed a management buyout of **ICF Kaiser International’s** Consulting Group in 1999
  - Consulting Group provides energy, information technology, environmental, economic, and community development consulting services to governmental and commercial clients
  - Total transaction value of $70.6 million
  - Business had trailing revenues of $105.4 million

- ICF has completed ten acquisitions since 1999

- Completed $56 million IPO in 2006

- Completed $76 million secondary offering in 2009

- ICF currently valued at approximately 9.0x estimated 2010 EBITDA of $73.9 million ($663 million enterprise value)
  - Net Debt / EBITDA of approximately 3.0x trailing EBITDA

- Successfully used public equity markets and bank credit lines to finance acquisition growth
Case Study: Intelligence Focus

- Veritas acquired MZM, Inc. in September 2005 to be the core of the new Athena Innovative Solutions:

- Subsequent acquisitions included:
  - IPA International, Inc.
    - Provider of technical and analytical services in the areas of counter-terrorism, counter-proliferation, counter-narcotics, advanced technology assessment, WMD trade and transfer analysis
    - Founded as a public-policy research institute at the University of Oregon in 1976
  - Business & Defense Security Corp.
    - Specialists in threat analysis and risk management for the private and public sectors

- Developed into attractive mid-size company with five focus areas:
  - Human Intelligence
  - Counterintelligence
  - Counterterrorism
  - All-source analysis
  - Strategic Policy Development

- CACI International acquired Athena in September 2007 for $200 million in cash, almost 2x 2007 revenues

- Combining smaller businesses focused on higher-end intelligence services quickly created a valuable entity
Case Study: Small Business Transition

- **Arlington Capital** acquired **IT Solutions** in 2003 as a platform for its **Apogen** consolidation strategy.

- Was able to acquire companies with predominantly small business set-aside contracts for low multiples (<5x EBITDA)
  - Successfully transitioned IT Solutions’ small business set-aside contract base to full & open contracts
  - Transitioned set-aside contracts through recompete or won transition vehicles

- Followed-up with acquisition of **Science & Engineering Associates** in 2004

- **QinetiQ** acquired Apogen Technologies in 2005 for approximately $300 million
  - Apogen had 2004 revenues of $205 million

- Starting with small businesses and aggressively transitioning to full & open created value, allowed for quick exit.
Case Study: OCI

- **New Mountain Capital** acquired **Camber Corp.** in December 2008

- Camber, founded in Huntsville in 1990, is a provider of professional and management services, information technology, engineering, and advanced training solutions to federal government agencies

- Camber is ideally positioned to benefit from intensifying government focus on OCI-related issues and the mitigation of potential conflicts

- Subsequent acquisitions have included:
  - **i2S, Inc.**
    - Provider of IT, engineering and professional services to the National Security Agency (NSA), and other intelligence community and law enforcement clients
  - **Veritas Analytics, Inc.**
    - Provider of mission critical all-source intelligence analysis and risk assessment services

- Acquisitions have helped to enhance Camber’s National Security Group and establish the Company as a trusted advisor to the government on matters related to cybersecurity
Defense & Government Services: Present Environment

- Despite volatility in the broader markets, valuations in the government services sector have remained relatively stable:
Defense & Government Services: Present Environment

- **Capital Markets Opening**
  - Recent high yield offerings include
    - ManTech $200MM high-yield offering
    - Kratos Defense & Security Solutions $225MM high-yield offering
  - Equity Offerings
    - Recent equity offerings include Global Defense Technology & Systems (IPO, Nov ‘09) and ICF International (Secondary, Dec ‘09)
    - Upcoming equity offerings could include TASC, KEYW, and Camber

- **M&A Activity Increasing:**

<table>
<thead>
<tr>
<th>Mid-Tier</th>
<th>Cybersecurity</th>
<th>Program Mgmt. / SETA</th>
<th>Energy / Environmental</th>
<th>Private Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanley / CGI-AMS</td>
<td>Seismic / APSG</td>
<td>TASC / KKR</td>
<td>Perrin Quarles / SRA</td>
<td>IT Solutions / Snow Phipps</td>
</tr>
<tr>
<td>DynCorp / Cerberus</td>
<td>Jacob &amp; Sundstrom / ICF</td>
<td>MCR / Harrison Street</td>
<td>R.W. Beck / SAIC</td>
<td>Booz Allen / Carlyle</td>
</tr>
<tr>
<td>BBN / Raytheon</td>
<td>CloudShield / SAIC</td>
<td>Camber / New Mountain</td>
<td>PT&amp;C / Hancock Park</td>
<td>KeyPoint / Veritas</td>
</tr>
<tr>
<td>CapRock / Harris</td>
<td>Arotek / Cobham</td>
<td></td>
<td></td>
<td>SMS / RLH</td>
</tr>
<tr>
<td></td>
<td>TRS Consulting / NCI</td>
<td></td>
<td></td>
<td>Six3 Systems / GTCR</td>
</tr>
</tbody>
</table>
Valuation Analysis

- Current market dynamics have resulted in a “bifurcated” market as acquirers shift their focus to specialized versus generalist businesses
  - Companies with impressive growth prospects and specialized products or capabilities continue to garner attractive valuation multiples
- Valuations for less specialized companies have receded from the historic high levels of the past several years

<table>
<thead>
<tr>
<th>Highly Specialized Companies</th>
<th>8x - 10x +</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Technology Discriminator</td>
<td>✓ Significant Revenue Visibility and Growth</td>
</tr>
<tr>
<td>✓ Specialized Capabilities</td>
<td>✓ Hard to Penetrate, Sought-after Customers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less Specialized Companies</th>
<th>6x – 8x</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Size</td>
<td>✓ Revenue Concentration</td>
</tr>
<tr>
<td>✓ Less Specialized Capabilities</td>
<td>✓ Set-aside Revenue</td>
</tr>
<tr>
<td>✓ OCI / Insourcing Risks</td>
<td>✓ Slower Growth</td>
</tr>
</tbody>
</table>

- The robust, streamlined sale processes that have become commonplace over the last several years continue
  - Many strategic buyers do not require outside financing
  - Maximum process leverage
- Ability to push valuation into top category requires an extremely disciplined process designed to find the most strategically motivated buyer
Potential Deal Killers

- **Due Diligence Risks**
  - Incorporation status
  - Service Contract Act
  - Inadequate export procedures
  - Set-aside uncertainties
  - Improper employee classification

- Series of individually minor issues can create major “perception” problems

- Preparation is key to avoiding a due diligence catastrophe

- Virtually every issue that can arise during due diligence is solvable – Do not leave things to chance!
John Allen

*Co-Head, Defense & Government Services*

**BB&T Capital Markets | Windsor Group**

12010 Sunset Hills Road
Suite 700
Reston, Virginia 20190

(703) 471-3853

jallen@bbandtcm.com