



## BLUESTONE CAPITAL PARTNERS SERVES AS EXCLUSIVE ADVISOR TO ALON, Inc.

On April 16, 2012, XL, Inc. ("XL"), a portfolio company of The Halifax Group, announced a merger with ALON, Inc. ("ALON" or the "Company"). Springfield, VA-based ALON is a leading provider of program management, strategic acquisition planning, and financial management solutions to homeland security, defense, civilian customers. The Company assists its federal customers in achieving mission objectives by consistently delivering innovative and cost-effective management improvement solutions.

This transaction highlights multiple interesting trends in the government services market:

- **Increasing Private Equity Interest:** Private equity buyers and private equity-backed companies continue to be active consolidators in the federal services sector. Halifax made its first investment in the federal space in November 2011 when it acquired XL and completed a follow-on transaction with ALON less than 6 months later. Other recent notable private equity transactions include: Arlington Capital Partners' purchase of FGM, Inc. through its portfolio company White Oak Technologies, Inc.; the acquisition of ATS Corporation by Frontenac portfolio company, Salient Federal Solutions, Inc.; and the purchase of 2020 Company, LLC by Acentia, a portfolio company of Snow Phipps Group LLC. Private equity interest in the federal sector is fueled by vast amounts of dry powder and a relatively favorable credit environment for middle-market transactions.
- **Need for Helping the Government Do More with Less:** In an increasingly tight budget environment, businesses that help the government do more with less are poised for success. ALON's proven track record helping government customers achieve their mission more efficiently and effectively puts the Company at the forefront of this trend and means the business is well-positioned for growth. Several other private equity-backed businesses that provide strategic consulting, program management, and/or systems engineering support services, including The SI Organization (backed by Veritas Capital), TASC (back by KKR and General Atlantic Partners), and ASI Government, Inc. (backed by Excellere Partners), are pursuing similar consolidation strategies.

### About Bluestone Capital Partners

Bluestone Capital Partners is a boutique investment banking firm that provides advisory services to middle market companies on mergers and acquisitions, divestitures, and other corporate finance transactions. Over the past two decades our principals have advised on more than 150 transactions in the aerospace, defense and government services markets, representing billions of dollars of shareholder value.



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