



BLUESTONE CAPITAL PARTNERS SERVES AS ADVISOR TO LIST INNOVATIVE SOLUTIONS IN ITS SALE TO SALIENT FEDERAL SOLUTIONS

On November 13, 2012, LIST Innovative Solutions, Inc. ("LIST") announced the sale of the company to Salient Federal Solutions, Inc. LIST is a leading provider of high-end, complex, enterprise-scale application design and development, systems integration and modernization, and data management solutions primarily to Federal civilian agencies, including the Office of Personnel Management ("OPM"), U.S. Patent and Trademark Office ("USPTO"), Department of Homeland Security ("DHS"), U.S. Agency for International Development ("USAID"), and Environmental Protection Agency ("EPA"). The terms of the transaction were not disclosed.



The purchase of LIST exemplifies several of the characteristics driving acquisition activity in today's defense and government services market, including the following:

- **Mission-focus:** In light of the uncertain budget environment, "mission-criticality" is a must have for buyers in today's market. Bluestone leveraged its extensive industry knowledge to effectively portray the deep mission-focus of the work LIST performs. For instance, LIST is the prime contractor responsible for transforming the core case management systems used by OPM to manage 95% of the background investigations for all government employees and contractors, as well as the administration of benefits for more than 2.5 million retired government employees, beneficiaries, and annuitants. Broadly speaking, the business of the Federal government simply cannot be performed without these essential services. The Company is also a prime contractor and key contributor to the modernization of the case management systems used to administer patents, trademarks, and copyrights at USPTO. The protection and integrity of this information is vital to the health and vitality of the U.S. economy. As a result, the work led by LIST at both OPM and USPTO is truly mission-critical not just to these two organizations but to the Nation as a whole.
- **Revenue Stability:** In the current U.S. Federal budgetary and procurement environment, strategic buyers continue to aggressively pursue acquisitions in areas that they believe have less exposure to potential budget fluctuations. The acquisition of LIST provides Salient with access to customers that bring significant revenue stability to Salient. LIST's primary customers - OPM and USPTO - are self-funded, fee-for-service organizations. As such, they are less susceptible to the broader Federal budget dynamics.
- **Solid Financial Performance:** Companies that are well-positioned in higher growth segments continue to attract significant buyer interest. Due to a combination of its deep domain expertise and strong demand for its high-end software development capabilities, particularly as they relate to the modernization and transformation of mission-critical systems, LIST has established a tremendous track record of organic growth. Through strategic business development initiatives and expansion of existing customer relationships in 2012, LIST expanded its revenue base by nearly 70% over 2011. In an era of perpetual Continuing Resolutions, the Company's ability to grow at industry-leading levels is a testament to its value proposition and close customer intimacy.

In addition, LIST possesses several additional characteristics that attracted Salient's interest, including its prime contracts that represent nearly 100% of its revenue base, an average of four years remaining on its primary contracts, solid profit margins, no organizational conflict of interest ("OCI") exposure, and strong management, to name a few. Our current market insights give us confidence that strategic buyers will continue to pursue acquisitions that share these strong characteristics and will place premium valuations on differentiated businesses.

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