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For Immediate Release

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Willamette Management Associates Acted as Financial Advisor in the IIT and Alion ESOP Transaction

Willamette Management Associates ("Willamette") was retained by the Board of Governors of the IIT Research Institute ("IITRI") to provide a financial fairness opinion involving the Illinois Institute of Technology's sale of most of the assets to Alion Science and Technology Corporation. "We were delighted to be part of a successful transaction that was clearly a benefit to all parties involved," said Bob Socol, an ESOP expert and principal at Willamette.

The following is the news release from the IIT News Bureau:

IIT SELLS RESEARCH INSTITUTE

Pioneer in stereo sound, defense & space programs

Chicago-Jan. 7, 2003-Illinois Institute of Technology (IIT) has completed the sale of substantially all of the assets of the IIT Research Institute (IITRI), a not-for-profit research arm founded by the university 66 years ago.

IIT President Lew Collens and IITRI President Bahman Atefi made the announcement today, nearly one year after both parties signed a letter of intent and after receiving government regulatory approval. Under terms of the sale, a new for-profit engineering and research entity, Alion Science and Technology Corporation, a company owned by approximately 1,500 former IITRI employees through an employee stock ownership plan, or ESOP, will purchase substantially all of IITRI's assets, except the life sciences division.

The sale of IITRI's assets to Alion will add about \$100 million to the university's endowment, a 67 percent boost from the current \$150 million. Some of the proceeds may also be used for capital improvements.

The life sciences operation will remain with the IITRI corporation. That division is primarily involved with cancer, biodefense and other medical research and in line with the university's ongoing academic programs in biology, chemistry and the physical sciences. The smaller IITRI organization will remain not-for-profit and retain about 130 employees on the IIT campus.

"We felt the timing was right for a number of reasons," said Collens. "It was a tremendous opportunity for IIT to substantially increase its endowment. At the same time, it presented IITRI employees ownership in a new research entity, one that can compete more effectively as a for-profit organization."

IITRI was formed in Chicago in 1936 as a research arm of IIT. It has evolved into a high-end engineering, research and consulting company, with 1,700 employees at 38 locations coast-to-coast. Revenues for fiscal year 2002 were \$202 million.

Under IIT's leadership, IITRI is credited with significant, life-changing discoveries, from the magnetic recording to stereophonic sound. IITRI scientists also pioneered development of the surgical stapler, drugs for the prevention of cancer along with numerous innovations for the U.S. space program, including thermal control coating for spacecraft.

"IITRI has been at the forefront of many innovations, from vital medical research to wireless communications," Collens said. "IITRI employees and their IIT counterparts have much to be proud of. The world is a better place thanks to their efforts."

Currently, IITRI's largest contracts are with the U.S. Department of Defense. In September 2002, DOD selected IITRI to help develop and test solutions to counter the threat caused by the proliferation of weapons of mass destruction, and to enhance U.S. counter-terrorism and homeland defense capabilities.

Atefi believes the sale assures the continuance of IITRI's tradition of leadership in cutting-edge research and engineering. Now, as an independent for-profit company, Atefi says Alion will be on the same playing field with its biggest competitors.

"When IIT professors launched this venture during the Depression, it was a different era in research and development," said Atefi. "Nowadays, competition for R&D dollars and people is fierce. Rather than face losing some of our key people to private companies, it's critical that we ourselves become private and for-profit, as a way to retain the best and brightest."

Founded in 1890, IIT is a Ph.D.-granting technological university awarding degrees in the sciences, mathematics and engineering, as well as architecture, psychology, design, business and law. IIT has developed an interprofessional, technology-focused curriculum that prepares its 6,200 students for leadership in an increasingly complex and culturally diverse global workplace.