

CASE STUDY: STRATEGIC SALE OF VI TECHNOLOGY, INC.

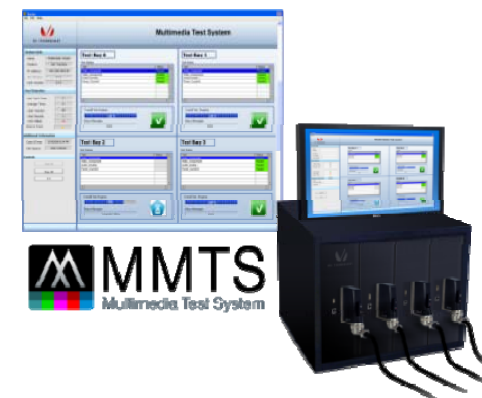


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Description

- VI Technology, Inc., based in Austin, TX, developed, produced and delivered automated test systems and enterprise test data management solutions
- The company's solutions were engineered to solve company-wide test problems for the semiconductor, consumer electronics, communications, aerospace, energy and medical industries
- The Company was bootstrapped and remained majority-owned by its executive management team. It had experienced consistent growth in revenues, profitability and working capital.
- Perceived challenges by the PE and strategic-buyer market included customer concentration issues common within the test and measurement industry, as well as the fragmented nature of the complex test services market.
- During the investment banking process, marketing efforts were tailored to focus on the strength of the Company's management, its differentiated strategy, and several key products/customer relationships.
- Transaction was originated and lead by Alex Klingelberger while a partner at Westlake Securities.



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Client



Buyer



Financial Sponsors



Results

- On March 4, 2009, VI Technology was acquired by Aeroflex, Inc, a portfolio company of Golden Gate Capital, Goldman Sachs and Veritas Capital for \$17 million.
 - With the addition of VI Technology, Aeroflex expanded its communications test capabilities to include enterprise-wide automated baseband test solutions. Executive management team was given responsibility over two additional operations within Aeroflex Systems Group, thereby significantly expanding the P&L responsibility for the VI Technology team.
 - Successfully gave VI Technology shareholders partial liquidity. Remaining consideration was in the form of Preferred equity on equivalent terms to the private equity sponsors of buyer.
 - Permitted the shareholders of VI Technology to share in the future success of the buyer, which went public on the New York Stock Exchange in November 2010. At the IPO date, the stock held by VI shareholders was valued at an 11% premium to the value received in the transaction. At the termination of the IPO lockout period, this stock was valued at a 47% premium to the value received in the transaction.
 - VI Technology transaction remains a benchmark within the complex test services industry.
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