



Alion Science and Technology Announces Further Extension of Exchange Offer, Consent Solicitation, and Unit Offering

July 29, 2014 11:22 PM Eastern Daylight Time

MCLEAN, Va.--(BUSINESS WIRE)--[Alion Science and Technology Corporation](#) (the "Company") announced today the further extension of its previously announced exchange offer, consent solicitation and unit offering relating to its 10.25% Senior Notes due 2015 (the "Unsecured Notes"). The transactions are part of the previously announced transaction in which the Company is seeking to refinance its existing indebtedness.

As of 5:00 p.m., New York City time, on July 29, 2014, according to Global Bondholder Services Corporation, the Information and Exchange Agent, approximately \$ 213,241,000, or 90.74%, of the aggregate principal amount of outstanding Unsecured Notes had been validly tendered for exchange and not withdrawn in the exchange offer and consent solicitation pursuant to the following options in the exchange offer:

<u>Option</u>	<u>Amount Tendered</u>	<u>Percentage Tendered</u>
New Securities Option	\$207,791,000	88.42%
Cash Option	\$ 4,006,000	1.71%
New Securities Plus Unit Offering	\$ 1,444,000	0.61%
Total	\$213,241,000	90.74%

The Company has extended the Early Tender Date from 5:00 p.m., New York City time, on August 1, 2014 to 5:00 p.m., New York City time, on August 12, 2014. The Company has also extended the Expiration Date of the exchange offer and consent solicitation from 9:00 a.m., New York City time, on August 11, 2014 to 9:00 a.m., New York City time, on August 13, 2014 (the "Expiration Date").

The Company has extended the expiration date of the unit offering to 5:00 p.m., New York City time, on August 12, 2014. As of 5:00 p.m. on July 29, 2014, according to Global Bondholder Services Corporation, holders of Unsecured Notes have elected to purchase approximately 93 units in the unit offering for an aggregate purchase price of approximately \$55,800. The election to purchase units in the unit offering cannot be revoked, except that a valid withdrawal of Unsecured Notes in the exchange offer will be deemed to have revoked any election to purchase units in the unit offering, and except as required by law.

For each \$1,000 principal amount of Unsecured Notes accepted for exchange in the exchange offer that are validly tendered (and not validly withdrawn) at or prior to 5:00 p.m., New York City time, on August 12, 2014, holders will receive an additional \$15.00 in cash (the "Early Tender Payment"). Holders who tender after 5:00 p.m., New York City time, on August 12, 2014, but prior to the Expiration Date, will not be entitled to receive the Early Tender Payment.

A registration statement relating to the exchange offer, consent solicitation and unit offering (the "Transactions") was declared effective by the Securities and Exchange Commission on May 9, 2014. On July 29, 2014, the Company filed a new registration statement on Form S-1 with the U.S. Securities and Exchange Commission to reflect the amended terms

of the Transactions and register additional securities in connection with the Exchange Offer (the "New Registration Statement") but it has not yet become effective. These amended terms, which have the support of ASOF II Investments, LLC and Phoenix Investment Adviser LLC, the largest holders of the Company's outstanding Unsecured Notes, pursuant to an amended refinancing support agreement, were changed in order to obtain an understanding in principle with a large financial institution concerning placement of new first lien term loans in the aggregate principal amount of \$285 million subject to documentation and other conditions precedent, which financing is required in order for the Company to consummate the Transactions. The Company cannot complete the Transactions, including the issuance of any New Securities, the acceptance of any existing Unsecured Notes for exchange or the acceptance of any offers to purchase the Units, prior to the time the New Registration Statement has become effective.

The new first lien financing and the amended refinancing support agreement with ASOF II Investments, LLC and Phoenix Investment Adviser LLC are conditioned upon at least 90% of the outstanding aggregate principal amount of Unsecured Notes being validly tendered (and not validly withdrawn) in the exchange offer. In connection with the filing of the New Registration Statement, tenders of Unsecured Notes may be withdrawn, and the related consents may be revoked, at any time at or prior to the Expiration Date. The amended terms of the Transactions, including descriptions of the Third-Lien Notes, the material differences between the Third-Lien Notes and the Unsecured Notes, the unit offering, and other information relating to the Transactions are contained in the amended and restated preliminary prospectus dated July 29, 2014 filed with the New Registration Statement.

The Company continues to take all actions necessary to complete the Transactions and the new first lien financing. The completion of the Transactions and the new first lien financing is subject to the conditions described in the amended and restated preliminary prospectus, including the satisfaction or waiver by the Company of the minimum tender condition, which requires that at least 90% of the outstanding aggregate principal amount of Unsecured Notes be validly tendered (and not validly withdrawn) in the exchange offer and that the New Registration Statement is declared effective under the Securities Act of 1933, as amended, and is not subject to any stop order suspending its effectiveness or any proceedings seeking a stop order. Subject to applicable law and certain of our contractual agreements, the Company may waive certain conditions applicable to the Transactions, including the minimum tender condition, and may extend, terminate or amend the Transactions, without extending the Expiration Date, except as required by law.

The offer is being made only by means of an amended and restated preliminary prospectus. Copies of the amended and restated preliminary prospectus and the transmittal materials may be obtained free of charge, by contacting the Information and Exchange Agent at the following address:

Global Bondholder Services
By Facsimile (for eligible institutions only): (212) 430-3775/3779
Confirmation: (212) 430-3774
By Phone: 866-470-3900 (toll free)
By Mail, Overnight Courier Hand Delivery:
65 Broadway, Suite 404
New York, New York 10006
Attn: Corporate Actions

They can also be obtained free of charge at <http://www.gbhc-usa.com/Alion>, the SEC's website (<http://www.sec.gov>), or by contacting Alion Science and Technology Corporation, 1750 Tysons Boulevard, Suite 1300, McLean, Virginia 22102, (703) 918-4480, Attention: Kevin Boyle, Senior Vice President, General Counsel & Secretary.

Goldman, Sachs & Co. has been retained to act as the dealer manager and solicitation agent in connection with the exchange offer and consent solicitation. The information and exchange agent for the Transactions is Global Bondholder Services Corporation. Questions regarding the procedures for participating in the Transactions, requests for assistance regarding the process, and requests for additional copies of the amended and restated preliminary prospectus and transmittal materials governing the Transactions may be directed to Global Bondholder Services at its address set forth below.

This press release does not constitute an offer to sell any securities or the solicitation of an offer to exchange any of the Company's outstanding Unsecured Notes or any other security, nor shall there be any sale or exchange of any securities in any state or other jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration

Cautionary Note Regarding Forward-Looking Statements

Information included in this press release may contain forward-looking statements that involve risks and uncertainties, including statements regarding the expected terms of the proposed refinancing transaction. These statements relate to future plans, objectives, expectations and intentions and are for illustrative purposes only. These statements may be identified by the use of words such as "believe," "expect," "intend," "plan," "anticipate," "likely," "will," "pro forma," "forecast," "projections," "could," "estimate," "may," "potential," "should," "would," and similar expressions. Factors that could cause actual results to differ materially from anticipated results include, but are not limited to: the inability to refinance the Company's indebtedness on satisfactory terms, or at all, prior to maturity of such indebtedness; U.S. government debt ceiling limitations, sequestration, continuing resolutions, or other similar federal government budgetary or funding issues; U.S. government shutdowns; U.S. government decisions to reduce funding for projects the Company supports; failure to retain the Company's existing government contracts, win new business and win re-competed contracts; failure of government customers to exercise contract options; limits on financial and operational flexibility given the Company's substantial debt and debt covenants; the effect, if any, of the Company's refinancing efforts and financial condition on its relationships with its customers and the Company's ability to attract new business; material changes to the Company's capital structure, including financing transactions which may dilute ESOP participants' interest in the Company's capital stock; and other factors discussed in this press release, the Company's annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and subsequent Current Reports on Form 8-K, in each case as filed with the SEC.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's views as of the date of this press release. The Company undertakes no obligation to update any of the forward-looking statements made in this press release, whether as a result of new information, future events, changes in expectations or otherwise.

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