Incremental ABL Commitment

Vertex Borrower has entered into the ABL commitment letter with the ABL commitment party pursuant to which the ABL commitment party has committed to provide to Vertex Borrower an aggregate amount up to $100.0 million in the form of the incremental ABL facility. The proceeds of the incremental ABL facility will be available to fund general corporate purposes, including, without limitation, the transactions. The financing commitments of the ABL commitment party are currently undrawn and are subject to various customary conditions set forth in the ABL commitment letter.

Secured Credit Facilities

On December 6, 2021, Vertex entered into (1) the first lien facility and (2) the second lien facility. On June 29, 2018, Vertex Borrower entered into the ABL facility. All borrowings under the secured credit facilities are subject to the satisfaction of customary conditions.

Redemption of Vertex Preferred

In connection with the TTS Business acquisition, Vertex issued $75.0 million of the Vertex Preferred Stock (as defined below). Each share of Vertex Preferred Stock ranks senior to the common stock of Vertex and all other classes or series of equity securities of Vertex with respect to dividend rights, rights of redemption and rights upon liquidation, dissolution or winding up and was issued with an initial liquidation preference of $1,000 per share. Holders of Vertex Preferred Stock are entitled to dividends, which dividends accrue daily and are payable quarterly in arrears by an increase in the liquidation preference, in an amount equal to the applicable liquidation preference multiplied by a rate equal to (1) 8% per annum until December 6, 2022, (2) 9% per annum from December 6, 2022 until December 6, 2023, (3) 10% per annum from December 6, 2023 until December 6, 2028, and (4) at an annual rate equal to the previous year's annual rate plus 50 basis points during each year thereafter until the Vertex Preferred Stock is redeemed. Pursuant to the merger agreement, Vertex, at the closing, but prior to the effective time of the first merger, will redeem all issued and outstanding shares of Vertex Preferred Stock, using a portion of the proceeds from the debt financing. The redemption price per share is equal to the then accrued liquidation preference per share, including all accrued but unpaid dividends.

Background of the Mergers

As part of Vectrus' continuing effort to strengthen its business and enhance shareholder value, the Board and Vectrus senior management regularly review and assess Vectrus' operations, performance and prospects, as well as Vectrus' strategic and competitive position within the U.S. government services industry. In particular, the Board and Vectrus senior management have focused on accelerating Vectrus' organic and inorganic growth opportunities, increasing Vectrus' overall scale and reach, enhancing Vectrus' geographic, client and contract diversity, and improving adjusted EBITDA margins to remain competitive with other participants in the U.S. government services marketplace. Furthermore, the Board and Vectrus management are aware of the consolidation in Vectrus' industry and the effects of the converged environment on the markets in which Vectrus operates, including Vectrus' ability to successfully compete for new business. As part of such review and assessment, the Board and Vectrus senior management periodically review, assess and discuss potential strategic transactions and other tactical opportunities, including among other things, potential business combinations, acquisitions and divestitures. In connection with these discussions, the Board and Vectrus senior management from time to time seek input from financial, strategic and legal advisors.

In furtherance of Vectrus' focus on strengthening its business and enhancing shareholder value, Vectrus has completed a number of strategic transactions, including the acquisition of Sentel in January 2018, Advantor Systems Corporation and Advantor Systems, LLC in July 2019, and Zenetex, LLC and Higgins, Hermansen, Banikas, LLC in December 2020. In addition, from time to time, representatives of Vectrus, including Vectrus senior management, have had discussions and communicated with representatives of other companies regarding potential strategic transactions and other tactical opportunities, including among other things, potential business combinations, acquisitions and divestitures.

In 2018, Mr. Michael J. Smith (Vice President, Treasury, Investor Relations and Corporate Development at Vectrus) contacted an advisor to L3 Technologies to express an interest in L3 Technologies' sale of Vertex. However, members of Vectrus senior management, in consultation with the Board, decided at the time not to pursue an acquisition of Vertex in light of then-existing market conditions and uncertainty regarding Vectrus' re-competition of its largest contract, K-BOSSS, which at the time comprised approximately 40% of Vectrus' revenue.

In October 2020, Ms. Susan D. Lynch (Senior Vice President and Chief Financial Officer at Vectrus) contacted a member of Raytheon Technologies Corporation's ("Raytheon") senior leadership team to gauge Raytheon's receptiveness to a potential divestiture of certain of its technical services assets comprising the Defense Training and Mission Critical Services business, referred to in this proxy statement as the "TTS Business," and to communicate to Raytheon that Vectrus would be interested in a potential acquisition of such business if Raytheon were ever to pursue a strategic exit of the same.

In March 2021, Vectrus was notified by Raytheon's financial advisor of Raytheon's intent to conduct a process to sell the TTS Business. Vectrus expressed its continued interest in acquiring the business and received certain materials prepared for prospective bidders in connection with the sale. However, in April 2021, Vectrus determined not to pursue the opportunity due to, among other things, Vectrus senior management's impression of the competitive interest in the business from other third parties and the perception that other potential interested third parties would have significantly greater financial capacity to meet Raytheon's preference for an all-cash acquisition. As a result of the foregoing, Vectrus further determined that, despite the attractiveness of the potential opportunity, Vectrus' resources and the focus of its management would be better spent, at that time, on its strategic business plan and continuing to pursue other potential opportunities if and when they arose.

In the first quarter of 2021, a representative of Vectrus was contacted by a representative of a publicly traded U.S. government services provider ("Party A") regarding a potential business combination transaction between Vectrus and Party A. To facilitate discussions and the exchange of certain information, Vectrus and Party A entered into a confidentiality agreement in mid-June 2021, containing customary confidentiality and standstill provisions, which standstill restrictions expired in October 2021. Vectrus and Party A engaged in discussions from time to time and conducted limited mutual due diligence. During the course of these discussions, Vectrus senior management and Vectrus' outside financial and legal advisors provided updates, analysis and recommendations to the Board, and the Board supported and authorized such continuing discussions and review by Vectrus and its advisors. The Board and Vectrus senior management decided to explore a potential transaction with Party A because of the possibility that such a transaction might present an opportunity to accelerate Vectrus' growth, strengthen its business and enhance shareholder value through a single strategic transaction.

The terms of the potential transaction discussed with Party A included (i) that the business combination would be structured as a stock-for-stock merger in which the stockholders of Party A would hold a majority of the outstanding stock of the resulting company immediately after the closing of the transaction, and (ii) that the board of directors of the resulting company would be comprised of eleven directors, of which six would be designated by Vectrus from its existing board of directors and five would be designated by Party A from its existing board of directors.

On September 10, 2021, Vertex announced its proposed acquisition of the TTS Business.

Also during the course of these discussions, however, certain events occurred that created uncertainty regarding Party A's future revenues and business prospects. In late September or early October 2021, it became apparent to the Board and Vectrus senior management that Vectrus and Party A would be unable to reach an agreement on certain fundamental terms of a transaction, including an acceptable exchange ratio for the proposed stock-for-stock transaction, and discussions between the parties terminated. In late October 2021, Party A announced a strategic transaction with an unrelated third party, which effectively precluded any transaction between Vectrus and Party A.

On October 26, 2021, a representative of RBC Capital Markets, LLC ("RBC"), a financial advisor to Vertex, contacted a member of Vectrus senior management to inquire whether, given recent consolidation of U.S. government services providers and considering Vertex's proposed acquisition of the TTS Business, Vectrus would be interested in a possible strategic transaction between Vectrus and Vertex.

Following the initial contact, on October 27, 2021, Mr. Charles L. Prow (Chief Executive Officer at Vectrus) advised the Board of the communications during a previously scheduled executive session of the Board. Also on October 27, 2021, representatives of RBC, on behalf of Vertex, shared with Vectrus senior management certain financial information concerning Vertex's business.

On November 5, 2021, Messrs. Prow and Smith held a telephonic meeting with representatives of RBC and engaged in certain preliminary high level discussions during which representatives of RBC described Vertex's capabilities, the TTS Business and the potential advantages of a combination of Vectrus and Vertex. The attendees also discussed sharing additional information regarding the Vectrus and Vertex businesses on a confidential basis. In furtherance thereof, on November 9, 2021, in order to facilitate such further discussions and the exchange of confidential information regarding Vertex and Vectrus, Vectrus and AIP, LLC, on behalf of Vertex, negotiated and executed a mutual confidentiality agreement containing a mutual standstill provision that would automatically terminate upon announcement of a competing transaction.

Also on November 9, 2021, at the request of representatives of RBC, Messrs. Prow and Smith met in McLean, Virginia with Messrs. Dino Cusumano (a General Partner at American Industrial Partners) and Joel Rotroff (a Partner at American Industrial Partners), and representatives of RBC to discuss the potential advantages of a combination of Vectrus and Vertex. Messrs. Cusumano and Rotroff provided a high-level overview of Vertex. In addition, Mr. Cusumano expressed his view of the potential business and industrial logic of a strategic transaction between Vertex and Vectrus. At the conclusion of the meeting, Messrs. Cusumano and Rotroff proposed that the parties hold presentations regarding their respective businesses in New York City a few weeks later.

On November 15, 2021, Mr. Prow held a telephonic meeting with Mr. Louis Giuliano (Chairman of the Board) and Ms. Mary L. Howell (a director on the Board and chair of the Strategy Committee of the Board) to provide a brief update on the preliminary discussions involving Vertex and its representatives to-date.

On November 18, 2021, certain members of Vectrus senior management, including Messrs. Prow, Smith, Kenneth W. Shreves (Senior Vice President, Business Organic Growth and Operational Enablement at Vectrus) and J. Eric Best (Vice President, Financial Operations at Vectrus) and Mses. Lynch and Susan L. Deagle (Senior Vice President and Chief Growth Officer at Vectrus), met with representatives of AIP Fund VI, including Messrs. Cusumano, Rotroff, Kim Marvin (a General Partner at American Industrial Partners) and Neil Snyder (a Partner at American Industrial Partners) and Ms. Lee Evangelakos (a Partner at American Industrial Partners) at American Industrial Partners' offices in New York City. During the meeting, Messrs. Cusumano and Rotroff presented a high-level overview of Vertex, and Vectrus senior management presented an overview of the Vectrus business. Following these summary presentations, a subset of the attendees discussed the potential benefits and parameters of a possible transaction between Vectrus and Vertex, including (i) the expectation that any transaction would involve a stock-for-stock merger or other business combination of Vertex into Vectrus, with Vectrus surviving the transaction as a publicly-traded company and Vertex stockholders receiving Vectrus stock as consideration in the transaction, (ii) the benefits of being headquartered in Northern Virginia, (iii) the expectation that Vertex would finance the cash requirements of any transaction through an upsizing of Vertex's existing debt facility or other committed debt financing and (iv) certain other governance matters that the attendees agreed would be addressed in more detail at a later time if discussions were to proceed between the parties and once the parties had reached alignment on relative valuation. The parties did not engage in any discussions regarding relative valuation at this time.

On November 22, 2021, the Board held a special telephonic meeting at which all members of the Board were present, as well as certain members of Vectrus senior management and representatives of Skadden, outside legal counsel to the Company, and Goldman Sachs, a financial advisor to the Company. The Board invited representatives of Goldman Sachs and Skadden to participate in the meeting based on each advisor's prior relationships with Vectrus in connection with evaluating and advising on previous strategic transaction opportunities. During the meeting, Mr. Prow and certain other members of Vectrus senior management discussed with the Board the November 18, 2021 meeting with representatives of AIP Fund VI and summarized the presentations. The Board then discussed in detail the potential benefits of a transaction and considered whether it was advisable at that time to proceed with further discussions, including the need to reach both an understanding on relative valuation and structural agreement on governance terms such that the collective interests of Vectrus' shareholders are appropriately protected before committing significant resources and time to negotiating a potential transaction. At the meeting, the representatives of Skadden reviewed with the Board its legal obligations under applicable law in connection with an evaluation of strategic alternatives, including with respect to a transaction of this type. Thereafter, representatives of Goldman Sachs, in response to a request from the Board, confirmed that in its opinion, nothing would limit its ability to fulfill its responsibilities as financial advisor to the Company in connection with the proposed transaction and further confirmed that, in the last two years, the members of the proposed Goldman Sachs deal team had not been involved in any engagement with Vertex, AIP Fund VI or their affiliates (please see the section of this proxy statement entitled "Opinion of Vectrus' Financial Advisor" for additional detail). Finally, Mr. Prow and the Board discussed next steps, including a potential future meeting between representatives of RBC and Goldman Sachs. The Board then adjourned to executive session and determined to authorize management to continue discussions with AIP Fund VI and to conduct preliminary due diligence.

In the last week of November 2021, the Vertex and Vectrus management teams exchanged initial due diligence requests and began preparing for mutual due diligence.

On December 1, 2021, the Board held a special telephonic meeting at which all members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were present. During the meeting, representatives of Skadden briefly updated the Board with respect to its legal obligations in connection with an evaluation of strategic alternatives, including with respect to a transaction of this type. Thereafter, representatives of Goldman Sachs provided an update of discussions between the parties, including that representatives of RBC had indicated, on behalf of Vertex, to representatives of Goldman Sachs that AIP Fund VI expected to deliver an initial non-binding proposal to Vectrus on December 6, 2021 following consummation of its acquisition of the TTS Business. Representatives of Goldman Sachs then presented a preliminary financial analysis based on information exchanged by the parties to-date. The Board discussed certain social and governance matters and the potential risks of proceeding with discussions relating to the possible transaction, including the possible distraction to Vectrus management in connection with discussions of this nature, and certain potential benefits of a possible transaction, including the potential benefits to Vectrus shareholders and the creation of a stronger combined company with an enhanced ability to successfully compete in the industry. The Board then adjourned to executive session and determined that it would be advisable to continue discussions with AIP Fund VI, and that the Board would discuss next steps after receipt of a written proposal from AIP Fund VI.

On December 2, 2021, Vectrus opened a data room, containing specified financial information regarding Vectrus, to Vertex, AIP Fund VI and their advisors. Similarly, on December 2, 2021, Vertex opened its data room to Vectrus and its advisors, which data room also contained financial information regarding Vertex.

On December 3, 2021, Vectrus, Vertex and each of their respective advisors participated in a financial due diligence call at which representatives of Vectrus responded to Vertex's requests for key financial information relating to Vectrus' contract pipeline and waterfall that AIP Fund VI had identified as necessary for delivery of a written proposal.

On December 6, 2021, Vertex's acquisition of the TTS Business was consummated. Later that day and following a meeting of American Industrial Partners' investment committee, Vertex, on behalf of AIP Fund VI, delivered to Vectrus a non-binding proposal, which provided, among other things, that: (i) Vectrus and Vertex would merge in a fixed exchange ratio, stock-for-stock transaction pursuant to which Vectrus would survive the transaction and remain a publicly-traded company, (ii) following closing of the proposed transaction, former Vertex stockholders, including the Vertex Holdco Parties, would own 65% of the outstanding capital stock of the combined company, with Vectrus shareholders owning the remaining 35%, (iii) Vectrus' existing debt would be repaid concurrently with closing of the proposed transaction from an upsizing of Vertex's existing debt facility (which Vertex indicated would not result in a change of control under its loan documents) and/or cash on hand (with any upsizing committed at signing), (iv) the board of the combined company would be composed of eleven directors, of whom five would be nominated at closing by the Vertex Holdco Parties and five would be continuing Vectrus directors, with Mr. Prow continuing as the eleventh director, (v) a continuing Vectrus director would serve as the chairman of the board of directors of the combined company, (vi) Mr. Prow would serve as the Chief Executive Officer of the combined company and the parties would otherwise work together to determine the appropriate management team of the combined company, (vii) the Vertex Holdco Parties would have the ability to nominate five directors to the board of the combined company and a representative on each committee thereof, in each case so long as former Vertex stockholders beneficially own at least 25% of the issued and outstanding capital stock of the combined company, (viii) the Vertex Holdco Parties would have certain consent rights, including with respect to any bankruptcy, non-pro rata reduction in capital stock, amendments to the charter or bylaws, special dividends, material capital expenditures, the hiring and firing of the Chief Executive Officer and any material business combination, spin off or sale of material assets of the combined company, in each case so long as former Vertex stockholders beneficially own at least 25% of the issued and outstanding capital stock of the combined company, (ix) the Vertex Holdco Parties would have certain information and access rights so long as former Vertex stockholders beneficially own at least 25% of the issued and outstanding capital stock of the combined company, (x) the shares issued to Vertex stockholders would be registered at closing and be subject to a six-month lock-up, (xi) former Vertex stockholders would receive demand and piggyback registration rights, (xii) the issuance of Vectrus shares to Vertex stockholders would be exempted from applicable Indiana anti-takeover laws and (xiii) AIP, LLC and its representatives would not receive management fees from the combined company but would be reimbursed for reasonable and documented out-of-pocket expenses and provided customary indemnification in connection with AIP, LLC's services to the combined company. AIP Fund VI's proposal expressly provided that each party's obligation to consummate the potential transaction would be conditioned on customary closing conditions, including, among other things, (a) receipt of required regulatory approvals, (b) the absence of any material adverse change to the other party's business and (c) the appropriate approval of the potential transaction by Vectrus' shareholders.

On December 8, 2021, the Strategy Committee of the Board, consisting of Ms. Howell and Messrs. Bradford J. Boston, William F. Murdy and Melvin F. Parker, with all members of the committee present, held a meeting in Leesburg, Virginia. At the invitation of the Strategy Committee, each of the remaining members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were also present telephonically or in person. Representatives of Goldman Sachs provided a summary of AIP Fund VI's December 6, 2021 proposal, as well as a financial analysis of the proposed transaction based on the standalone forecast information exchanged by Vectrus and Vertex during the first week of December 2021. After lengthy discussions among members of the Board, Vectrus senior management and Vectrus' advisors, and following adjournment to executive session, the Board directed Vectrus senior management to gather additional financial information regarding Vertex and continue due diligence. The Board determined that it would reconvene with Vectrus senior management and Vectrus' advisors on a later date to determine next steps, including the appropriate response to AIP Fund VI's proposed ownership split.

During the pendency of discussions with AIP Fund VI and Vertex, and until the end of February 2022, Vectrus senior management continued to explore other strategic acquisitions, including by attending a management presentation hosted by a potential target on December 14, 2021. However, Vectrus determined that none of the other potential opportunities then under consideration were as compelling as a transaction with Vertex.

On December 14, 2021, representatives of RBC, on behalf of Vertex, provided to Vectrus senior management financial and forecast information prepared by Vertex's management (updated since October 27, 2021). Representatives of RBC indicated, on behalf of Vertex, that such information was preliminary given that AIP Fund VI, Vertex and their advisors were continuing to evaluate the long-term strategic and financial plan for the combined Vertex and TTS Business.

On December 18, 2021, the Board held a special telephonic meeting at which all members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were present. At the meeting, representatives of Goldman Sachs provided an updated financial analysis of AIP Fund VI's December 6, 2021 proposal. Goldman Sachs also discussed that Vertex had created additional value by structuring both its 2018 acquisition from L3 Technologies and its 2021 acquisition of the TTS Business in a manner that permitted Vertex to "step-up" the basis in the transferred assets, which was expected to allow Vertex to make significant annual income tax deductions during the next fifteen years (please see the section of this proxy statement entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Vertex — Accounting for Business Combinations" for additional detail). In addition, representatives of Goldman Sachs discussed the impact on its analysis of the updated financial and forecast information received from RBC on December 14, 2021. Further, representatives of Goldman Sachs and Skadden reviewed the other terms of AIP Fund VI's December 6, 2021 proposal, including the proposed transaction structure, valuation, assumptions, financing and shareholders rights. Following adjournment to executive session, the Board instructed Goldman Sachs to notify RBC, Vertex and AIP Fund VI that, given the early state of due diligence and discussions between the parties, a range of percentages for the proposed ownership split between Vertex and Vectrus shareholders would be more appropriate for the Board's consideration than a fixed figure. The Board also instructed Goldman Sachs to advise that Vectrus would respond with its position on AIP Fund VI's proposed social and governance terms at the appropriate time.

On December 20, 2021, Messrs. Prow and Rotroff held a telephonic meeting to discuss the ownership percentages of former Vertex stockholders and Vectrus shareholders. Mr. Prow noted that the Board was currently supportive of a transaction that would result in ownership by Vectrus shareholders of 40% or more of the outstanding capital stock of the combined company, but explained that Vectrus would require certain additional financial information to complete its valuation analysis. Mr. Rotroff indicated that AIP Fund VI and Vertex intended to deliver an updated non-binding proposal regarding the ownership split and certain other matters. Mr. Rotroff also indicated that AIP Fund VI and Vertex would continue the exchange of information with Vectrus, and noted that AIP Fund VI, on behalf of Vertex, would be providing financial information supporting its proposed ownership split range, including information regarding Vertex's tax assets.

Later on December 20, 2021, AIP Fund VI, on behalf of Vertex, delivered to Vectrus an updated non-binding proposal, among other things: (i) revising the proposed ownership split from 65%-35% to a range of 58%-65% for Vertex stockholders and 35%-42% for Vectrus shareholders following the proposed transaction, (ii) proposing entry by the parties into an exclusivity agreement until February 18, 2022 and (iii) noting that the beneficial ownership threshold at which the Vertex Holdco Parties would lose board nomination, consent and information rights would be agreed to by the parties at the appropriate time.

On December 21, 2021, Messrs. Prow and Rotroff held a telephonic meeting during which Mr. Prow indicated to Mr. Rotroff that AIP Fund VI's proposed ownership range of 58%-65% for Vertex stockholders with a commensurate 35%-42% range for Vectrus shareholders did not make the combination compelling based on information available to-date. In response, Mr. Rotroff responded that AIP Fund VI would revisit its proposal and, if possible, provide an updated non-binding proposal to Mr. Prow.

On December 23, 2021, AIP Fund VI, on behalf of Vertex, delivered to Vectrus a further updated non-binding proposal, (i) further revising the proposed ownership split from a 58%-65% range for Vertex stockholders, with a commensurate 35%-42% range for Vectrus shareholders, to 55%-65% for Vertex stockholders, with the remaining 35%-45% of the outstanding capital stock of the combined company for Vectrus shareholders and (ii) removing the request for entry into an exclusivity agreement.

During the period between December 18, 2021 and January 10, 2022, Mr. Prow kept the Board apprised of the state of discussions between the parties, including by holding telephonic meetings with certain members of the Board. The Board determined during that time that it would be advisable to engage Wolf Den, as a consultant, and E&Y as a financial and accounting advisor, respectively, in connection with the possible transaction.

During the first week of January 2022, each of the Vertex and Vectrus management teams prepared for mutual due diligence calls.

During the week of January 10, 2022, Vectrus, Vertex and each of their respective financial and accounting advisors held a series of calls to discuss finance and tax matters. The parties' respective counsel also discussed certain regulatory aspects of the transaction during this period.

On January 11, 2022, representatives of Skadden and Jones Day, legal counsel to Vertex, held a telephonic meeting to discuss process matters, including Skadden's preparation of an initial draft merger agreement, to be shared with Jones Day at the appropriate time.

Also on January 11, 2022, Messrs. Prow and Ed Boyington (President and Chief Executive Officer at Vertex) held an introductory telephonic meeting to discuss the potential transaction at a high level.

On January 16, 2022, AIP Fund VI provided to Vectrus updated Vertex financial and forecast information, which incorporated the recently closed acquisition of the TTS Business. The forecasts provided to Vectrus indicated an improvement in the business performance and outlook of Vertex's business as compared to the forecasts provided on December 14, 2021.

On January 17, 2022, all members of the Board (other than Messrs. Murdy, Parker and Phillip C. Widman) held an in-person meeting in McLean, Virginia with Messrs. Cusumano, Rotroff and Snyder and Ms. Evangelakos, at which such representatives of AIP Fund VI presented, among other things, AIP Fund VI's strategic and financial rationale for the proposed transaction, including the value proposition for the shareholders of both companies. The members of the Board present at the meeting expressed an interest in continuing discussions regarding valuation and other terms, as well as a view that the potential combined company should continue to be overseen by an autonomous board of directors. The members of the Board present at the meeting also expressed their concern that the shareholder consent rights included in AIP Fund VI's December 23, 2021 proposal may unduly restrict the Board's ability to direct the business and affairs of the combined company for the benefit of all shareholders.

Between January 19, 2022 and March 3, 2022, in-person and telephonic meetings between the parties and their advisors continued regarding mutual financial, tax and legal due diligence, including a review of Vectrus, Vertex and the TTS Business.

On January 20, 2022 and January 21, 2022, certain members of Vectrus senior management met in Washington, DC with representatives of AIP Fund VI and Vertex to discuss, among other things, Vectrus' and Vertex's respective contract pipelines, waterfalls and capabilities, as well as the potential future revenue and cost synergies resulting from the proposed transaction. Certain advisors of Vectrus and Vertex joined portions of the meetings in person and telephonically.

On January 25, 2022, Messrs. Prow, Cusumano and Snyder held a follow-up telephonic meeting to discuss next steps, as well as certain governance-related matters, including committee size, chairperson requirements, appointment of a resigning Vectrus director as an observer on the board of the combined company and, broadly, the management team of the combined company.

On January 27, 2022, the Board held a special telephonic meeting at which all members of the Board, certain members of Vectrus senior management and representatives of Skadden, Goldman Sachs and Wolf Den were present. The Board received an update on the proposed transaction and anticipated transaction timeline, as well as the ongoing in-person and telephonic diligence meetings being held by the parties. Representatives of Skadden summarized the terms of a proposed initial draft of a merger agreement to be shared with Jones Day, including the transaction structure, treatment of debt, regulatory efforts standard and required Vectrus shareholder approvals. In particular, representatives of Skadden noted to the Board that, based on discussions between the parties to-date, the draft merger agreement contemplated Vectrus' debt being refinanced through an upsizing of Vertex's existing debt facility, which upsizing would mitigate financing-related transaction risk. Further, representatives of Skadden presented an overview of the governance matters included in AIP Fund VI's December 23, 2021 proposal and solicited the Board's instructions on the appropriate response to those terms. Later in the meeting, representatives of Wolf Den presented their preliminary diligence findings to the Board, including a market synergy analysis and financial model assessment based on the financial and forecast information received from AIP Fund VI on January 16, 2022. Following adjournment to executive session, the Board directed Vectrus senior management and Vectrus' advisors to continue conducting analyses relating to the relative valuation, and resulting ownership split, of the two companies. The Board further requested that Vectrus senior management and such advisors be prepared to share the results of their review at the scheduled February 7, 2022 meeting of the Audit Committee of the Board. Finally, the Board and Vectrus senior management discussed transaction timing and the interplay with Vectrus' fourth quarter earnings announcement, including the possible distraction to Vectrus' senior management should discussions extend further into Q2 2022.

Also on January 27, 2022, AIP Fund VI provided to Vectrus updated Vertex financial and forecast information, which indicated further improvement in the operating performance and outlook of Vertex's business as compared to the forecasts provided on January 16, 2022.

On February 1, 2022 and February 3, 2022, Messrs. Prow and Rotroff held telephonic meetings to discuss administrative and scheduling matters, including the process for addressing outstanding diligence requests.

Also on February 1, 2022, AIP Fund VI provided to Vectrus additional details regarding the Vertex financial and forecast information provided on January 27, 2022.

On February 7, 2022, the Audit Committee of the Board, consisting of Ms. Howell and Messrs. Widman, Murdy and Stephen L. Waechter, with all members of the committee present (other than Mr. Widman), held a telephonic meeting. At the invitation of the Audit Committee, each of the remaining members of the Board (other than Mr. Parker), certain members of Vectrus senior management and representatives of Skadden, Goldman Sachs, E&Y and Wolf Den were also present. Representatives of E&Y discussed their review of certain Vertex financial information provided by AIP Fund VI and Vertex to-date and their preliminary diligence findings based on analysis of such information. The Board and representatives of E&Y further discussed whether any adjustments to the information provided by AIP Fund VI and Vertex may be appropriate. After lengthy discussions by the Board, representatives of Goldman Sachs provided a transaction and financial analysis update based on the Vertex financial information received from AIP Fund VI on February 1, 2022, as adjusted by Vectrus management to reflect Wolf Den's and E&Y's preliminary findings. Representatives of Goldman Sachs also provided an overview of the diligence calls held since the Board's January 27, 2022 meeting. Following adjournment to executive session, the Board directed Vectrus senior management to prepare a responsive non-binding proposal to AIP Fund VI for a transaction involving an ownership split of 59% for Vertex stockholders and 41% for Vectrus shareholders, and containing certain other terms that had been discussed with the Board.

Later on February 7, 2022, Mr. Prow, as directed by the Board on behalf of Vectrus, delivered to AIP Fund VI a non-binding proposal providing, among other things, that (i) the ownership of the combined company would be 59% for Vertex stockholders, with the remaining 41% of the outstanding capital stock of the combined company for Vectrus shareholders, (ii) the Vertex Holdco Parties' board nomination rights would fall away commensurate with a decrease in its ownership, reducing the rights of nomination to one director unless and until former Vertex stockholders' beneficial ownership falls below 25% of the issued and outstanding capital stock of the combined company, (iii) Ms. Lynch would continue as Chief Financial Officer of the combined company, (iv) continuing Vectrus directors would chair each committee of the board of the combined company, subject to compliance with applicable independence requirements of the NYSE, (v) the Vertex Holdco Parties would have limited approval rights, in their capacity as shareholders, with respect to amendments to the charter or bylaws of the combined company that would eliminate, render moot or adversely modify the board nomination rights granted to the Vertex Holdco Parties in connection with the transaction, and otherwise, for the Vertex Holdco Parties to have no specific approval rights, (vi) the Vertex Holdco Parties would be subject to a post-closing standstill agreement and a restriction on acquiring or transferring blocks of shares without the approval of a majority of the non-Vertex Holdco Party directors for so long as former Vertex stockholders hold a to-be-agreed threshold of the issued and outstanding capital stock of the combined company and (vii) the issuance of Vectrus common stock to Vertex stockholders would be exempt from Indiana anti-takeover laws, but that the combined company would not amend its organizational documents to generally opt out of Indiana anti-takeover laws. Further, the non-binding proposal indicated that Vectrus stands ready to work expeditiously towards completing remaining due diligence, the merger agreement and ancillary agreements to be in a position to potentially announce a transaction on or around the time Vectrus announces fourth quarter earnings in March 2022.

On February 11, 2022, Vectrus' advisors and Mr. Smith held a telephonic meeting with representatives of AIP Fund VI, Vertex and their advisors to discuss financial due diligence conducted to-date that supported the Vectrus' February 7, 2022 non-binding proposal.

On February 14, 2022, representatives of RBC and Evercore, a financial advisor to Vertex, provided to representatives of Vectrus a summary advocating for the 65%-35% ownership split proposed by AIP Fund VI, and communicated AIP Fund VI's belief that the financial information exchanged by the parties supported AIP Fund VI's proposed valuation. Also on the same day, Messrs. Prow and Rotroff held a telephonic meeting at which Mr. Rotroff reiterated that the proposed transaction under AIP Fund VI's valuation proposal would be accretive to free cash flow and adjusted earnings per share for Vectrus shareholders, and highlighted the further anticipated benefits to shareholders resulting from a combined company with enhanced scale, the strategic positioning of the combined company, and certain other benefits of the combination. Later on the same day, Messrs. Prow and Rotroff held a telephonic meeting at which Mr. Rotroff verbally offered a 64%-36% ownership split. Mr. Prow indicated that he would discuss Mr. Rotroff's proposal with the Board.

On February 17, 2022, the Board held a special telephonic meeting at which all members of the Board (other than Mr. Parker) were present. Certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were also in attendance. Representatives of Goldman Sachs provided an overview of AIP Fund VI's February 14, 2022 summary, as well as a financial analysis of the proposed transaction reflecting additional information regarding specific Vertex programs and corresponding revised adjustments from Vectrus management to Vertex forecasts. After lengthy discussions, the Board adjourned to executive session and authorized Goldman Sachs to communicate to AIP Fund VI that Vectrus would be willing to discuss a 61.5%-38.5% ownership split.

On February 17, 2022, representatives of Goldman Sachs held a telephonic meeting with Mr. Rotroff during which representatives of Goldman Sachs indicated Vectrus' willingness to discuss a 61.5%-38.5% ownership split.

Later on February 17, 2022 and on February 18, 2022, Messrs. Prow, Cusumano and Rotroff held telephonic meetings to discuss AIP Fund VI's February 14, 2022 summary. Messrs. Cusumano and Rotroff indicated that AIP Fund VI would be willing to agree to an ownership split of 62.25%-37.75% but that it was not able to further negotiate relative valuation or the resulting ownership split. Mr. Prow advised that he would share AIP Fund VI's position with the Board.

On February 21, 2022, the Board held a telephonic meeting at which all members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were present. Mr. Prow provided an overview of discussions with AIP Fund VI and Vertex, including AIP Fund VI's final verbal offer of a 62.25%-37.75% ownership split. At the request of the Board, representatives of Goldman Sachs provided a financial analysis of the transaction at the proposed 62.25%-37.75% ownership split and discussed, among other things, the impact of updated financial and forecast information of Vertex (received on February 14, 2022), as adjusted by Vectrus management and as compared to the information previously presented to the Board in December 2021. After lengthy discussions, including a review of Vectrus' stock price activity and its interplay with the proposed ownership split, the Board adjourned to executive session and determined that it would be advisable to continue discussions with Vertex and AIP Fund VI assuming a 62.25%-37.75% ownership split, pending the completion of due diligence. The Board then directed Vectrus senior management and Vectrus' advisors to work toward completing the merger agreement and ancillary agreements, including the shareholders agreement, in order to be in a position to potentially announce a transaction on or around the time Vectrus expected to announce fourth quarter earnings in March 2022.

Also on February 21, 2022, representatives of Goldman Sachs delivered a relationship disclosure letter to Vectrus providing information regarding certain of Goldman Sachs' relationships with Vertex and AIP, and certain of their affiliates and portfolio companies (see the section of this proxy statement entitled "— Opinion of Vectrus' Financial Advisor; General" for additional information).

On February 22, 2022, representatives of Jones Day delivered an initial draft of the shareholders agreement to representatives of Skadden, which draft was consistent with the terms set forth in AIP Fund VI's December 6, 2021 proposal described above.

On February 23, 2022, representatives of Skadden delivered to Jones Day an initial draft merger agreement, providing for, among other things, a no-shop provision with a customary fiduciary out and a termination fee in an amount equal to 2% of the equity value of Vectrus at signing that would become payable by Vectrus if the merger agreement was terminated under certain limited circumstances.

On February 23, 2022, the Strategy Committee of the Board, with all members of the committee present, held a meeting in McLean, Virginia. At the invitation of the Strategy Committee, each of the remaining members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were also present telephonically or in person. Ms. Deagle provided an overview of the transaction, including anticipated timing and certain employee-related considerations. Ms. Deagle also informed the Board that Joele Frank had been engaged as a communications advisory firm to assist with the proposed transaction. Later in the meeting, representatives of Skadden provided a summary of transaction-related workstreams and key documentation. The Board then adjourned to executive session.

On February 25, 2022, the Audit Committee of the Board, with all members of the committee present (other than Ms. Howell), held a telephonic meeting. At the invitation of the Audit Committee, Messrs. Giuliano and Boston, certain members of Vectrus senior management and representatives of Goldman Sachs and E&Y were also present. Representatives of E&Y discussed their updated review of certain financial information provided by AIP Fund VI and Vertex to-date and their diligence findings based on analysis of such information.

Also on February 25, 2022, representatives of Skadden delivered to Jones Day a list of the high-level issues presented by Jones Day's initial draft of the shareholders agreement. The list provided, among other things, that (i) the Vertex Holdco Parties' right to nominate directors to the board of the combined company following closing should decrease by one director as their ownership percentage falls below each of 50%, 40% and 35%, with the right to nominate the remaining two directors falling away if former the Vertex Holdco Parties' beneficial ownership falls below 25% of the issued and outstanding capital stock of the combined company, (ii) each former Vertex stockholder would support the slate of continuing Vectrus directors in the classes subject to election at the 2022 and 2023 annual meetings of Vectrus shareholders, after which each former Vertex stockholder would be entitled to vote its shares in its sole discretion for one additional non-Vertex Holdco Party nominated director, (iii) any approval rights granted to the Vertex Holdco Parties should be appropriately limited to enable the combined company to operate in the ordinary course autonomously and without undue restrictions, (iv) AIP Fund VI's six-month lock-up proposal was acceptable, (v) the Vertex Holdco Parties would be subject to a standstill agreement restricting their acquisition of additional shares, and a restriction on transferring shares that would result in the transferee owning more than 9.99% of the outstanding shares of the combined company (excluding sales in the public markets), in each case without approval of a majority of the non-Vertex Holdco Party directors for so long as the Vertex Holdco Parties hold a board nomination right, and (vi) the Vertex Holdco Parties' rights as shareholders being granted pursuant to the shareholders agreement would not transfer to a transferee of their shares.

On February 26, 2022, representatives of Skadden delivered to Jones Day a revised draft of the shareholders agreement reflecting the changes previewed in the issues list delivered the previous day.

Also on February 26, 2022, representatives of Jones Day delivered to Skadden a revised draft of the merger agreement providing, among other things, for (i) a termination fee calculated as 4% of Vectrus' equity value at signing, (ii) Vectrus to reimburse Vertex for its out-of-pocket fees and expenses, not to exceed 1% of Vectrus' equity value at signing, in the event the proposed transaction is terminated for failure to obtain Vectrus shareholder approval of the share issuance, (iii) Vectrus to, at closing, take all actions necessary to qualify as a controlled company under the rules of the NYSE (thereby permitting Vectrus, as a company in which 50% of the voting power is held by an individual or group, to be exempt from certain governance requirements under the NYSE listing company rules, particularly regarding director independence) and (iv) Vectrus to file a resale registration statement on Form S-3 on the closing date.

On February 28, 2022, Messrs. Cusumano, Rotroff, Snyder, Jeremy Nance (Executive Vice President and General Counsel at Vertex), Prow and Smith, and Ms. Deagle held an in-person meeting at Skadden's offices in New York City, at which representatives of Skadden and Jones Day were present, to discuss open points in the merger agreement and shareholders agreement. Ms. Lynch and Mr. Kevin T. Boyle (Chief Legal Officer, General Counsel and Corporate Secretary at Vectrus) were also present telephonically. During the meeting, the attendees discussed, among other things, (i) the amount and triggers of the termination fee payable by Vectrus in certain circumstances, (ii) the thresholds for and exceptions to the interim operating covenants to which Vectrus and Vertex would be subject in the period between signing and closing of the transaction, (iii) the parameters of the Vertex Holdco Parties' post-closing board nomination rights, (iv) Vertex stockholders' obligation to support continuing Vectrus directors in the classes subject to election at the 2022 and 2023 annual meetings of Vectrus shareholders, (v) the approval rights proposed by AIP Fund VI in the draft shareholders agreement, (vi) the restrictions on the former Vertex stockholders' transfer of combined company shares following the lock-up period and (vii) the cancellation and conversion of Vertex options into Vectrus RSUs at the closing of the transaction.

On March 1, 2022, Messrs. Prow, Cusumano and Rotroff held a telephonic meeting to discuss timing of the transaction, as well as employee compensation matters, including the conversion of Vertex options into Vectrus RSUs as part of the parties' commitment to ensuring the retention of Vertex and Vectrus employees following announcement of the proposed transaction.

Also on March 1, 2022, representatives of Skadden delivered to Jones Day a revised draft of the merger agreement reflecting the discussions of the parties on February 28, 2022, which draft, among other things, (i) provided for a termination fee calculated as 3% of Vectrus' equity value at signing, qualifying that such percentage would be subject to confirmation by the Board, (ii) removed any requirement that Vectrus reimburse Vertex for its out-of-pocket fees and expenses in the event the transaction is terminated for failure to obtain Vectrus shareholder approval of the share issuance and (iii) permitted (but did not require) Vectrus to, at the closing, designate one resigning Vectrus director as an observer on the board of the combined company.

Also on March 1, 2022, representatives of Jones Day delivered to Skadden a revised draft of the shareholders agreement reflecting the discussions of the parties on February 28, 2022, which draft, among other things, (i) accepted a fallaway construct whereby the Vertex Holdco Parties' right to nominate directors on the board of the combined company would decrease by one director as the former Vertex stockholders' ownership percentage falls below each of 36%, 32% and 28%, with the right to nominate the remaining two directors falling away if Vertex stockholders' beneficial ownership falls below 25% of the issued and outstanding capital stock of the combined company, (ii) provided that each Vertex stockholder would support the slate of continuing Vectrus directors in the classes subject to election at the 2022 and 2023 annual meetings of Vectrus shareholders, after which each Vertex stockholder would be entitled to vote its shares in its sole discretion for one additional non-Vertex Holdco Party nominated director, (iii) agreed to certain limitations on the Vertex Holdco Parties' approval rights, (iv) provided restrictions on acquisitions by the Vertex Holdco Parties of shares of combined company common stock that would result in the Vertex Holdco Parties owning more than 62.5% of the outstanding shares of the combined company common stock and (iv) provided for a standstill arrangement restricting certain actions of the Vertex Holdco Parties in connection with the solicitation of proxies with respect to shares of combined company common stock, but (v) rejected any restrictions on transfers of Vertex Holdco Parties' shares following the lock-up period.

On March 2, 2022, representatives of Skadden delivered to Jones Day a revised draft of the shareholders agreement that, among other things, restricted the Vertex Holdco Parties from transferring their interests in the combined company to a potential transferee reasonably determined to be a non-passive investor or a competitor of Vectrus.

Also on March 2, 2022, Messrs. Prow, Cusumano and Rotroff held a telephonic meeting to discuss open points in the merger agreement and shareholders agreement.

On March 3, 2022, an engagement letter was executed by Goldman Sachs and Vectrus in connection with the possible transaction.

Also on March 3, 2022, Messrs. Prow, Boyington, Snyder and Richard Mendoza (Senior Vice President and Chief People Officer at Vertex), and Ms. Deagle held a telephonic meeting to discuss the communications schedule and timing of announcement of the proposed transaction.

On March 4, 2022, the Audit Committee of the Board, with all members of the committee present, held a telephonic meeting. At the invitation of the Audit Committee, each of the remaining members of the Board, certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were present. Representatives of Skadden provided an overview of the status of negotiations between the parties and a summary of the limited remaining terms to be resolved, including the circumstances in which a termination fee may become payable by Vectrus and the amount of the fee. The members of the Board present at the meeting reviewed and discussed drafts of press releases, investor presentation materials, a Form 8-K and Skadden's preliminary due diligence report, all of which were shared with the Board prior to the meeting.

Also on March 4, 2022, representatives of Jones Day delivered to Skadden a revised draft of the merger agreement providing that, among other things, Vectrus would adopt amended and restated bylaws prior to closing (i) opting out of Indiana's statute regarding control share acquisitions (Indiana Code

Section 23-1-42) (which Vectrus determined was inapplicable as it relates to Vertex Holdco's acquisition of Vectrus' shares in the proposed transaction), (ii) incorporating the terms of the shareholders agreement into such bylaws (for so long as the shareholders agreement remains in effect), (iii) providing that any breach of the provisions of the shareholders agreement by a director would be grounds for "for cause" removal of such director(s) by the shareholders and (iv) permitting shareholders holding at least 36% of the issued and outstanding capital stock of the combined company to call a special meeting solely for the purpose of enforcing the foregoing removal right. Later on March 4, 2022, representatives of Skadden delivered to Jones Day a revised draft of the merger agreement accepting the proposal to opt out of Indiana's control share acquisition statute and to incorporate the terms of the shareholders agreement into the bylaws, but rejecting the other bylaw amendments requested by Vertex and AIP Fund VI.

Also on March 4, 2022, the parties exchanged further drafts of the shareholders agreement, wherein the most significant open points were (i) AIP Fund VI's request that Vectrus opt out of Indiana's statute regarding certain business combinations (Indiana Code Section 23-1-43) and (ii) Vectrus' proposed restrictions on the Vertex Holdco Parties' ability to transfer interests in the combined company.

On March 5, 2022, all members of the Board (other than Ms. Howell, who informed the Board in advance that she would be unable to attend but requested that she be updated shortly following the conclusion of the meeting) held a telephonic meeting at which certain members of Vectrus senior management and representatives of Skadden and Goldman Sachs were present. At the request of the Board, representatives of Skadden began the meeting by reviewing with the Board the nature and scope of its duties under applicable law and related considerations in the context of evaluating the transaction. At the conclusion of this discussion, representatives of Goldman Sachs joined the meeting. Thereafter, representatives of Skadden summarized the key terms of the merger agreement and the other proposed transaction documents, and Mr. Prow and representatives of Skadden led the Board through the limited number of unresolved issues, including the proposal to opt out of Indiana's business combinations statute. The Board advised Skadden and the Vectrus management team on the acceptable parameters within which they would be authorized to resolve the points discussed and that, if they were unable to complete the transaction documents within such parameters, they should consult with the Board. Goldman Sachs then reviewed its financial analysis with the Board and rendered an oral opinion, confirmed by delivery of a written opinion dated March 7, 2022. The opinion provided that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Vectrus. Following such discussion and deliberation by the Board, including with respect to the benefits and risks of the proposed transaction, as well as the competitive landscape of the government services industry, as summarized in the section of this proxy statement entitled "— Recommendation of the Board; The Board's Reasons for the Mergers", subject to final negotiation and resolution of the open issues that the Board provided parameters to management and its advisors on, the Board members present at the meeting unanimously determined that the merger agreement and the transactions contemplated thereby were advisable and in the best interests of Vectrus and its shareholders, and authorized, approved and declared advisable the merger agreement, the mergers and the other transactions contemplated thereby, and resolved to submit the share issuance and the charter amendment to Vectrus' shareholders and recommend that the Vectrus shareholders approve the share issuance and charter amendment. Following conclusion of the meeting, Mr. Boyle updated Ms. Howell on the discussion and results of the meeting. Mr. Prow communicated with Ms. Howell to confirm that she had received a comprehensive update and that any questions had been addressed to her satisfaction, and Ms. Howell provided her approval of the transaction in accordance with the resolutions of the remaining Board members present at the meeting.

Following the Board meeting, the parties and their respective advisors continued to exchange drafts of the transaction documents with a view to finalizing such documentation, and resolved the remaining issues within the parameters previously set by the Board through a series of conversations. Skadden and Jones Day finalized the documents incorporating the final terms agreed by the parties, as described in the sections of this proxy statement entitled "Merger Agreement" and "Other Related Agreements," early in the morning of March 7, 2022.

Thereafter, following delivery by Vertex to Vectrus of an executed debt commitment letter and a redacted copy of an executed fee letter relating thereto early in the morning on March 7, 2022, the parties executed the merger agreement.

Also on March 7, 2022, before the opening of trading on NYSE, Vertex, AIP Fund VI and Vectrus issued a joint press release announcing the execution of the merger agreement.

Recommendation of the Board; The Board's Reasons for the Mergers

At a meeting held on March 5, 2022, the Board unanimously (i) determined that the merger agreement and the transactions contemplated thereby, including the mergers, the stock issuance and the charter amendment, are advisable and in the best interests of Vectrus and its shareholders, (ii) approved, adopted, ratified and declared advisable the merger agreement, the mergers and the other transactions contemplated thereby, including the stock issuance and the charter amendment, and (iii) resolved to recommend that the shareholders of Vectrus approve the stock issuance proposal and the charter amendment proposal.

In evaluating the transactions, the Board consulted with and received the advice and assistance of Vectrus' management and Vectrus' legal and financial advisors and, in reaching its decision, the Board considered a number of factors, both positive and negative, and potential benefits and risks involved with the merger agreement and the transactions contemplated thereby. The decision of the Board to enter into the merger agreement was the result of careful consideration by the Board of numerous factors weighing positively in favor of the transactions, including the following principal factors (which are not necessarily presented in order of priority):

- the expectation that combining Vectrus and Vertex would create a larger, stronger company with (i) an enhanced ability to successfully compete for more integrated business opportunities, (ii) a more diversified revenue base across geographies, clients and contract types in supporting missions for the DoD and other government agencies, and (iii) a combined contract portfolio that will be more balanced across the government agencies served;
- the expectation that the complementary service offerings of Vectrus and Vertex will enhance the ability of the combined company to expand the scope of the combined company's role in critical and enduring government missions while delivering cost savings, increased security and resiliency and more strategic use of resources;
- the current, historical and projected financial condition and results of operations of Vectrus on a standalone basis, including the risk of remaining a standalone company, as compared to the opportunity afforded to Vectrus shareholders to be part of a larger enterprise via the transactions;
- the Board's knowledge of Vectrus' business, operations, financial condition, earnings and prospects and its knowledge of Vertex's business, operations, financial condition, earnings and prospects and the feasibility of combining the two, based on the results of Vectrus' and Vectrus' advisors' due diligence review of Vertex;
- the expectation that the transactions will be accretive to Vectrus' adjusted diluted earnings and free cash flow per share in the first full year following the consummation of the transactions;
- the expectation that the combined company will require low capital expenditures of less than 1% of the combined company revenues, which is expected to result in free cash flows of more than $175 million annually and a net income conversion ratio of more than 90%;
- the expectation that Vectrus will be able to use free cash flow to reduce its indebtedness, with target long-term net debt to EBITDA of 2.0 to 3.0x;
- the expectation that the combined company will achieve approximately $20 million in annualized pre-tax net cost synergies by 2024 through efficiencies in supply chain and contract management, shared IT infrastructure, business systems right-sizing and general corporate costs;
- the expectation that the combined company will benefit from the realization of cost synergies and other benefits resulting from Vertex's recent acquisition of the TTS Business, which are reflected in the prospective financial information utilized by our Board and financial advisor but are not reflected in Vertex's historical financial statements;
- the expectation that the combined company will have a better financial profile than Vectrus projects it could achieve on a standalone basis, including the following 2021 pro forma financial profile:

(i) revenue of approximately $3.4 billion and adjusted EBITDA of approximately $283 million, (ii) adjusted EBITDA margin of more than 8%, and (iii) a backlog of approximately $11.3 billion;

- the fact that the consideration to be paid to Vertex's stockholders pursuant to the merger agreement (and the resulting equity stake in the combined company to be held by Vectrus' current shareholders upon completion of the mergers) is the result of extensive arms' length negotiations and the Board's belief that the merger consideration represented Vertex's best and final offer;
- the fact that the terms of the transactions provide our current shareholders with a significant continuing equity stake in the combined company that provides our current shareholders the opportunity to realize potential future share price appreciation and fully enjoy the benefits of the mergers through realization of synergies;
- the fact that the merger agreement provides for a fixed percentage of ownership and that no adjustment will be made in the merger consideration to be received by Vertex stockholders in the mergers as a result of possible increases or decreases in the trading price of Vectrus' common stock following announcement of the transactions;
- the opinion of Goldman Sachs, delivered to the Board orally on March 5, 2022 and in writing on March 7, 2022, to the effect that, as of the date of Goldman Sachs' written opinion and based upon and subject to the factors and assumptions set forth therein (as more fully described in the section entitled "— Opinion of Vectrus' Financial Advisor"), the exchange ratio pursuant to the merger agreement was fair from a financial point of view to Vectrus;
- the terms and conditions of the merger agreement, including each party's representations, warranties and covenants, the conditions to each party's obligations and the commitments by both Vectrus and Vertex to complete the transactions and the likelihood of closing the mergers;
- the governance terms set forth in the merger agreement and in the shareholders agreement to be entered into upon the closing of the mergers, including (i) that Vectrus' continuing directors will continue to constitute a majority of the Board immediately following the completion of the mergers, (ii) that the Chairperson of the Board will be a Vectrus continuing director, (iii) that the chair of each of the standing committees of the Board will be a continuing Vectrus director and that half of the members of each standing committee of the Board will consist of Vectrus continuing directors, and (iv) that Vectrus' current Chief Executive Officer and Chief Financial Officer will continue to serve in their respective positions for the combined company;
- the limitations that the Vertex Holdco Parties agreed to in the shareholders agreement to be entered into upon the closing of the mergers, including (i) a six-month "lock-up" restriction on the Vertex Holdco Parties' ability to sell shares of Vectrus common stock, (ii) a standstill agreement that, among other things, will restrict the Vertex Holdco Parties from acquiring more than 62.5% of our outstanding common stock, (iii) that the Vertex Holdco Parties' rights under the shareholders agreement will not transfer with the transfer of such person's Vectrus common stock, and (iv) that Vertex Holdco Parties' rights under the shareholders agreement will be reduced or will terminate if the Former Vertex Stockholders cease to hold certain ownership percentages of our shares;
- the fact that Vertex's obligation to consummate the mergers is not subject to a financing condition, and Vertex delivered a debt commitment in an aggregate amount sufficient to cover (i) the repayment of Vectrus' existing credit facilities, (ii) the redemption of all of the issued and outstanding shares of Vertex's preferred stock and (iii) the fees and expenses reasonably expected to be incurred by Vectrus and Vertex in connection with the transactions;
- the Board's belief that greater overall size and scale will create an enhanced market profile for the combined company and provide the combined company with improved access to capital markets and shareholders with increased liquidity over time;
- Vertex's future tax benefits, which had an estimated net present value of approximately of $158 million, and are expected to provide annual tax deductions of approximately $78 million (resulting in expected annual cash tax savings of approximately $18 million) for the next 12 years, and annual tax deductions of approximately $53 million (resulting in expected annual cash tax savings of approximately $12 million) for the next 3 years thereafter;

- the ability of both companies and, in the case of Vertex, AIP Fund VI, to effectively execute and implement complex transactions, and their track records of successfully integrating acquired businesses;
- the Board's belief that Vectrus and Vertex share similar corporate cultures and will integrate effectively;
- the Board's belief that the combined company would continue to be led by a strong, experienced management team and that the addition of the directors identified by Vertex's stockholders would add further valuable experience and in-depth familiarity with Vertex to the combined company's board of directors;
- the Board's belief that the pool of potential strategic transaction parties available to Vectrus only is limited as compared with the potential strategic transaction parties of the combined company;
- the fact that the merger agreement does not preclude a third party from making an unsolicited proposal for a competing transaction with Vectrus and that, under specified circumstances and subject to certain conditions, Vectrus may furnish non-public information to and enter into discussions with such third party regarding the competing transaction; and
- the fact that if Vectrus were to receive a Vectrus acquisition proposal that the Board determines constitutes or would reasonably be expected to lead to a superior proposal, the Board would be able, subject to certain conditions, to consider the superior proposal and withdraw or modify its recommendations to our shareholders regarding the stock issuance proposal and the charter amendment proposal and terminate the merger agreement to accept a superior proposal under certain circumstances and subject to certain conditions (including the payment of a termination fee).

The Board also weighed the factors described above against a number of risks and other factors identified in its deliberations as weighing negatively against the mergers, including the following principal factors (which are not necessarily presented in order of priority):

- the restrictions on the conduct of our business during the period between the execution of the merger agreement and the closing of the mergers;
- the costs associated with the completion of the transactions and the realization of the benefits expected to be obtained in connection with the mergers, including management's time, energy and potential opportunity cost;
- the risk of not capturing all of the anticipated cost savings and synergies and the risk that other anticipated benefits might not be realized;
- the effect of any failure to complete the transactions, including potential termination fees and shareholder and market reactions;
- the risk that regulatory agencies may not approve the transactions or may impose terms and conditions on their approvals that adversely affect the business and financial results of the combined company;
- the challenges inherent in the combination of two businesses of the size and complexity of Vectrus and Vertex, including disruption to their respective businesses and commercial relationships, and the possible diversion of management attention for an extended period of time;
- the fact that, upon completion of the mergers, the Board will be comprised of 11 directors, with five such directors designated for nomination and election;
- the fact that, after the transactions, holders of our common stock immediately prior to the effective date of the mergers would collectively hold approximately 37.75% of the common stock of the combined company on a fully diluted basis, that AIP Fund VI, through its affiliate Vertex Holdco, will become the combined company's majority shareholder and that the combined company will be a "controlled company" under the NYSE rules;
- the fact that, after the transactions, the Vertex Holdco Parties will have certain governance rights under the terms of the shareholders agreement, subject to the Former Vertex Stockholders retaining

certain ownership thresholds, including (i) the right to nominate five directors to our Board, (ii) beginning at our 2024 annual shareholders meeting, the right to support a sixth nominee to our Board, which may have the effect of causing our Board to be comprised of a majority of directors who are representatives of the Vertex Holdco Parties, and (iii) the right to approve certain significant actions by the combined company;

- the increase in the overall number of shares of common stock of the combined company that will be outstanding following the transactions, and the resulting decrease in the aggregate percentage ownership interest of our legacy shareholders;
- certain of Vectrus' executive officers may have interests in the mergers that may differ from, or be in addition to, the interests of Vectrus shareholder;
- uncertainties with respect to certain aspects of Vertex's business and its ability to integrate and realize the synergies and other benefits contemplated from its recent acquisition of the TTS Business;
- the fact that Vectrus had not engaged in a competitive bid process or other broad solicitation of interest for an acquisition of Vectrus (although such decision not to engage in a competitive bid process was informed by (i) the nature of the transactions and the continuing role of Vectrus' directors controlling the board of the combined company through at least the 2024 annual meeting, (ii) the fact that between November 9, 2021 and March 7, 2022 (i.e., during the period of time between the receipt of Vertex's initial indication of interest and the announcement of the transactions), Vectrus did not receive any other indications of interest regarding any other potential business combination transactions; (iii) the fact that the discussions with Other Party A regarding a stock-for-stock merger did not result in agreement on acceptable terms, including with respect to the exchange ratio, and such discussions ceased in October 2021, and (iv) the fact that, under the merger agreement, potentially interested parties may submit a Vectrus acquisition proposal in the period between the announcement of the execution of the merger agreement and the shareholder vote to approve the stock issuance proposal, and if the Board determines that such proposal constitutes or would reasonably be expected to lead to a superior proposal, the Board may consider the superior proposal);
- the merger agreement precludes Vectrus from soliciting, initiating or taking any action to knowingly facilitate or induce the submission of any Vectrus acquisition proposal;
- the termination fee may discourage third parties that might otherwise be interested in a business combination with, or acquisition of, Vectrus from making a Vectrus acquisition proposal; and
- the various other risks described in the section of this proxy statement entitled "Risk Factors."

The Board also considered the interests that the executive officers of Vectrus have with respect to the mergers in addition to their interests as shareholders of Vectrus generally (see the section of this proxy statement entitled "— Interests of Vectrus' Executive Officers in the Mergers").

Although the foregoing discussion sets forth the principal factors considered by the Board in reaching its recommendation, it is not intended to be exhaustive and may not include all of the factors considered by the Board, and each director may have considered different factors or given different weight to each factor. The above factors are not presented in any order of priority. In view of the variety of factors, the amount of information and the complexity of the matters considered, the Board did not find it practicable to, and did not, make specific assessments of, or assign relative weights to, the specific factors considered in reaching its recommendation. The explanation of the reasoning of the Board and certain information presented in this section are forward-looking in nature and should be read in light of the factors discussed in the section of this proxy statement entitled "Cautionary Statement Regarding Forward-Looking Statements."

After careful consideration, the Board unanimously (i) determined that the merger agreement and the transactions contemplated thereby, including the mergers, the stock issuance and the charter amendment, are advisable and in the best interests of Vectrus and its shareholders, (ii) approved, adopted, ratified and declared advisable the merger agreement, the mergers and the other transactions contemplated thereby, including the stock issuance and the charter amendment, and (iii) resolved to recommend that the shareholders of Vectrus approve the amendment to the Vectrus articles of incorporation, to reflect a new corporate name for Vectrus, and the issuance of Vectrus common stock in connection with the mergers, in each case, on the terms and subject to the conditions set forth in the merger agreement. Accordingly, the Board unanimously recommends that Vectrus' shareholders vote "FOR" the stock issuance proposal and the charter amendment proposal.

Opinion of Vectrus' Financial Advisor

At a meeting of the Board on March 5, 2022, Goldman Sachs rendered to the Board its oral opinion, subsequently confirmed by delivery of a written opinion, dated March 7, 2022, to the Board, to the effect that, as of the date of Goldman Sachs' written opinion and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to Vectrus.

A copy of the full text of the written opinion of Goldman Sachs, dated March 7, 2022, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement as Annex B. The summary of Goldman Sachs' opinion contained in this proxy statement is qualified in its entirety by reference to the full text of Goldman Sachs' written opinion. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Board in connection with its consideration of the mergers and the opinion does not constitute a recommendation as to how any Vectrus shareholder should vote with respect to the stock issuance or any other matter.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to shareholders and Annual Reports on Form 10-K of Vectrus for the five fiscal years ended December 31, 2021;
- certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Vectrus;
- certain other communications from Vectrus to its shareholders;
- Vectrus' financial statements;
- certain publicly available research analyst reports for Vectrus;
- certain internal financial analyses and forecasts for Vertex prepared by Vertex management; and
- certain internal financial analyses and forecasts for Vectrus on a standalone basis and pro forma for the mergers and certain financial analyses and forecasts for Vertex, in each case, as prepared by Vectrus management and approved for Goldman Sachs' use by Vectrus (collectively referred to as the "Vectrus financial forecasts", as described in the section of this proxy statement entitled "— Certain Unaudited Prospective Financial Information Utilized by Our Board of Directors and Financial Advisor"), including certain operating synergies projected by Vectrus management to result from the mergers, as approved for Goldman Sachs' use by Vectrus (as included in the "pro forma combined company financial forecasts" forming a part of the "financial forecasts", as described in the section of this proxy statement entitled "— Certain Unaudited Prospective Financial Information Utilized by Our Board of Directors and Financial Advisor").

Goldman Sachs also held discussions with members of the senior managements of Vectrus and Vertex regarding their assessment of the past and current business operations, financial condition and future prospects of Vertex and with the members of senior management of Vectrus regarding their assessment of the past and current business operations, financial condition and future prospects of Vectrus and the strategic rationale for, and the potential benefits of, the mergers; reviewed the reported price and trading activity for the shares of Vectrus common stock; compared certain financial and stock market information for Vectrus and certain financial information for Vertex with similar information for certain other companies the securities of which are publicly traded; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.