

## Overwatch Systems Announces the Acquisition of Paragon Imaging

Morristown, NJ, November 30, 2005. Overwatch Systems (“Overwatch”), a Kelso and Company (“Kelso”) and Pegasus Investors (“Pegasus”) sponsored portfolio company, effective today announced the acquisition of Paragon Imaging of Woburn, MA. Paragon was founded in 1987 to provide software for geospatial analysts. The ELT® (Electronic Light Tablet) brand product line is used by a high percentage of the tactical image analysts in the US, including the US Air Force Theatre Battle Management Core System, the Naval Special Ops Warfare Command and the Defense Intelligence Agency (“DIA”). The Paragon engineering team members are specialists in NITF (National Imagery Transmission Format) and comply with a range of Department of Defense certifications.

The senior management of Paragon has chosen to use a portion of their sale proceeds to invest back into Overwatch Systems and will continue to run the company operating as the Boston Operations of Overwatch. The Boston Operations will report to Kirk Brown, President of the Geospatial Operations of Overwatch. Kirk was the early advocate for acquiring Paragon and expressed his enthusiasm for the transaction. “Paragon enables us to offer our customers an imagery analysis product line that spans from the strategic analyst to the tactical field user. Their market position will also deepen our customer relations with the tactical analysts in the US Military and will create new opportunities for both organizations in the international community. Paragon strengthens our engineering team and allows each group to focus on complementary product developments. This will further accelerate our existing market leadership position. The customers of each of our organizations will benefit from the technology offered by the other.”

Mark Stott and Jack Connors the principal shareholders of Paragon said at the time of the closing “We’re very pleased to align our future with Overwatch. We had been approached by other buyers but felt the Overwatch strategy of linking these intelligence resources together makes sense for our customers and our employees, and we’re delighted to have an opportunity to be part of this larger team.”

Daroth Capital Advisors LLC acted as the exclusive financial advisor to Overwatch in this transaction.

**About Overwatch Systems:** Overwatch Systems is dedicated to meeting the Information Technology needs of the Defense and Intelligence communities. The Company’s strategy is to selectively acquire software companies and combine their analysts’ software tools to enable members of the US Intelligence community to work cooperatively and better serve the 21st century soldier. Overwatch, which is co-owned by senior management, is backed by Kelso & Company, one of the nation’s oldest private equity firms, and Pegasus Investors, which has prior experience in investing in companies focused on image analysis. Overwatch was founded in January of 2004 by Bill Craven, former CEO of Paravant, Inc. Since inception, Overwatch has acquired Austin Info Systems, Ltd. (“AIS”), Sensor Systems, Inc. (“Sensor”) and IT Spatial, Inc. (“ITS”). AIS, with support from ITS, is a leader in developing intelligence analysis tools and an important contributor to the US military’s effort in the War on Terror. Sensor is the leader in developing image exploitation and analysis software primarily for the Intelligence Community. Together with Kelso and Pegasus, Overwatch is seeking additional acquisition candidates to complement and accelerate its strategy. For more information, please visit [www.overwatch.com](http://www.overwatch.com)

**About Daroth Capital Advisors LLC:** Daroth Capital Advisors LLC, a New York-based investment bank, provides a full array of financial advisory services to companies, financial sponsors and institutional investors. The firm works with its clients to identify, structure and execute diverse and innovative transactions. Daroth is registered as a broker dealer with the SEC and is a member of the NASD and SIPC. For more information, please visit [www.daroth.com](http://www.daroth.com).