

# CORUM

MERGERS & ACQUISITIONS

**Q2 2007 M&A BRIEFING**

**Software & IT Mergers & Acquisitions**

Corum Group Ltd.  
10500 NE 8<sup>th</sup> Street  
Suite 1500  
Bellevue, WA 98004-4355 U.S.  
+1-425-455-8281

Corum Group International S.à.r.l.  
General Guisan-Quai 30  
8002 Zurich, Switzerland  
+41-44-251-82-65

**[www.corumgroup.com](http://www.corumgroup.com)**

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## About Corum Group

Corum Group Ltd. is the global leader of software M&A providing M&A services to software and information technology companies worldwide. With eleven offices globally, Corum has completed over \$6 billion in transactions in 14 countries in its 21-year history and publishes the industry's most widely distributed M&A research.

The firm also hosts the renowned *Selling Up Selling Out* conference series, the most attended software M&A education conference in the world. Additionally, Corum is the Platinum Sponsor of World Financial Symposiums – Educating Technology Leaders conference.

Corum is staffed by highly experienced former CEOs, who are supported by the industry's leading researchers, writers and valuers. The firm has invested more than \$20 million in building the world's largest IT database (with over 70,000 contacts) to help ensure unparalleled success in client engagements.

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The information in this report reflects prevailing conditions and our views as of this date, and is subject to change accordingly. In preparing this M&A Briefing, we have relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. All data was compiled from Corum's proprietary M&A database and industry research, unless otherwise noted. In addition, our analysis does not purport to provide appraisals of any assets, stock or business entity, and should not be used as the basis for any investment decisions.

## President's Message

### M&A Boom Times – Can it Get Any Better?

I was intrigued by a recent article stating “When greed exceeds fear, markets rise, and vice versa”. There is little doubt that a healthy dose of greed is driving our M&A and public equity values to new highs. As buyers of companies and investors in equities place their bets on the future, they continuously balance the quest for returns with the risks taken to achieve those returns. With the moderate interest rate climate we have enjoyed over the past 5 years, generous credit terms made borrowing easy and this has helped fuel current market valuations. But, as discussed later in this report, we don't believe we are in a bubble, as much of the growth and investment activity is based on very solid businesses with real customers, technologies and revenue, unlike the bubble years of the past.

The market overall remains strong, although we are sensitive to the disruptive impact of events such as the sub-prime mortgage market collapse, and potential impact on the broader credit markets. Rising oil prices have failed to slow consumer spending, and overall economic growth continues on a worldwide basis. Inflation remains moderate, and the Fed has not bumped interest rates for over a year, although that could change. So, can it get any better? Possibly, but things could also turn, although we see continued health in the technology M&A markets.

The second quarter extended the positive trends we have seen over that past 7 quarters. We continued to see strong demand for software companies demonstrated by good buyer interest, rising valuations, and record closings. Strategic buyers led the way, as we witnessed a slight slowdown in activity from private equity firms, perhaps an indication that they are digesting the rash of recent deals, and also moving up market given recent fundraising rounds that raises their minimum investment targets.

As you will see from the statistics, deal activity was strong across most sectors. Most notably, the Internet, Vertical Market, Networking and Infrastructure, IT Services and Wireless/Mobile sectors continued to be strong, in part as strategic buyers continued to scramble for quality deals in rapidly consolidating spaces.

For more insight into trends in the marketplace, please join us for our mid-year M&A webinar on Thursday, July 12. During this one-hour session, we will discuss trends in the markets, providing commentary on key buyers, deals of significance, valuation trends and sectors we believe will be active in the upcoming months, and much more. A Q&A session will follow.

We hope you find this information of value, and consider Corum as a resource as you map out your strategies for M&A, whether you are a seller, buyer or investor.

Best regards,



Ward Carter  
President

## Senior Deal Makers

### Corum Group Ltd.

Bruce Milne  
Founder/CEO



Ward Carter  
President



Nat Burgess  
Exec Vice President



Mark Reed  
Exec Vice President



Bill Montgomery  
Sr. Vice President



Marshall Warwaruk  
Vice President



Dick Davis  
Regional Director



Jeff Brown  
Regional Director



### Corum Group International

Miro Parizek  
Managing Director



Frank Berger  
Regional Director



Morten Løfsnæs  
Regional Director



Thomas Eggers  
Regional Director



Jérôme Fougerat  
Regional Director



## Q2 2007 Overview

M&A activity has remained strong and on stride to surpass even last year's records as private equity firms and corporate buyers have shrugged off stock market volatility, problems in the subprime market and fighting in the Middle East, and continued to pour money into acquisitions across sectors and borders.

The same characteristics we have seen for the past 18 months are continuing to drive this resilient M&A market including: the strong liquidity situation worldwide, relatively low and stable inflation and valuations remaining in line.

An important buffer to the recent market fluctuations is that there are billions of private equity dollars that have to be deployed. These investors tend to be less focused on short-term volatility. Additionally, strategic buyers are being rewarded in markets for smart deals and are thus becoming more comfortable engaging in meaningful M&A dialogues.

We are often asked – Is this another bubble? One generally overlooked key to ongoing success is that this M&A environment has been marked by broad participation. Deals during this boom have been happening throughout many industries. There is no specific sector bubble risk like the tech sector was in 2000. Today, there is broader participation and rotational balancing between hot (and troubled) sectors with tech receiving its share of interest. Deals are being financed by fast-growing cash flows and forgiving capital markets, not overpriced stock.

We would like to report that tech deals lead the way at nearly \$350 billion however, by sector the top was the financial services industry with deal volume of \$542 billion in the first half. Consumer staples activity tripled to \$172 billion globally while telecoms, which topped lists last year, decreased 42 percent to \$119 billion according to Thomson.

Globally, merger volume in the first quarter rose 15 percent according to Dealogic statistics. Are we slowing down? Not yet.

According to new Thomson research, global corporate merger activity in the first half of 2007 surged 53 percent to a record high \$2.5 trillion as Europe equaled the United States for the first time in four years, increasing 73 percent in the

first half to \$1.02 trillion, while the United States gained 45 percent to \$1.03 trillion. Further, M&A in the first half soundly exceeded the 1999 all-time high of \$1.9 trillion by a third.

Can a multi-billion dollar software sector consolidate in a matter of months? We witnessed just that with the recent activity in advertising networks:

- Microsoft acquiring aQuantive (the parent company of Avenue A | Razorfish, Atlas and DRIVEpm) for roughly \$6 billion
- Google picked up DoubleClick for \$3.1 billion
- Yahoo acquired RightMedia for \$680 million
- WPP Group acquired 24/7 Real Media for \$649 million

Financial news this quarter was often volatile. On top of oil prices and fighting abroad, the first shoe from the meltdown in the subprime mortgage market dropped in February and March, when the majority of the more than 80 loan originators that ran into trouble began to go under. And more recently, the second shoe dropped as two subprime-focused hedge funds at Bear Stearns ran into trouble, followed by others in the U.S. and overseas. In late June, the Fed, as widely expected, left its target for the federal funds rate, charged on overnight loans between banks, at 5.25%, where it has been for almost exactly a year. In the statement accompanying its decision, it said, that "readings on core inflation have improved modestly in recent months," a more optimistic assessment than at its last meeting, on May 9, when it said "core inflation remains somewhat elevated".

Even with increased rumblings from financial sectors this quarter, we believe that the time continues to be right for M&A exits and that the beneficial conditions in the tech sector will continue at least for the rest of the year.

### The Story

Headlines often paint a picture of what's going on:

- "Deals, deals - and more deals"  
[CNNMoney.com – April 2 2007](#)
- "Stock Surge + Bond Boom = M&A Magic"  
[Wall Street Journal – April 20, 2007](#)

- “Solid earnings and high M&A activity drive IT”  
IDG News Service – May 3, 2007
- “New Rules May Ease Sarbanes-Oxley Audits”  
Forbes.com – May 22, 2007
- “Tech Gets Older, Bigger”  
Forbes.com – May 31, 2007
- “Corporate IT spending growth to slow in Q3”  
IDG News Service – June 1, 2007
- “IT buyouts and acquisitions going strong”  
IDG News Service – June 7, 2007
- “Rate concerns could cool down M&A boom”  
Reuters Fri Jun 8, 2007
- “IBM sees software acquisitions key to profit rise”  
Reuters - June 18, 2007
- “Dark side to leverage slows buyouts”  
USA Today – June 28, 2007

### Mega Deals in 2007

With strategic build versus buy decisions and change occurring at lightning speed, software always has been an acquisitive industry. The longer the M&A boom lasts, the more it continues to evolve. As smaller, more digestible targets have been snapped up; the trend has been toward larger acquisitions. There were as many multi-billion dollar deals inked in the first five months of this year as there were during the same five-month periods from 2002 to 2006 collectively. Deal values over one billion dollars are becoming so commonplace in fact, we may need to drop this section where we place special highlight on them. Deal announcements over one billion dollars in disclosed value during the second quarter included:

- Citigroup to buy Bisy – \$1.45 billion
- Hellman & Friedman to acquire Catalina Marketing – \$1.7 billion
- Silver Lake and ValueAct Capital acquire Acxiom – \$3 billion
- Thomas H. Lee Partners/Fidelity National Financial, Inc. to acquire Ceridian – \$5.3 billion
- Google is acquiring DoubleClick – \$3.1 billion
- Microsoft is acquiring aQuantive – \$6 billion
- The Blackstone Group is acquiring Alliance Data – \$7.8 billion
- Silver Lake and TPG Capital are acquiring Avaya Inc. – \$8.2 billion

- Kohlberg Kravis Roberts to acquire First Data – \$25.6 billion

### IT M&A Environment

Strategic acquirers remain aggressive. They are making acquisitions to gain critical mass within their core markets, to round out core product offerings and to increase profitability. IBM, for example, is actively acquiring software companies – banking on software, which accounts for 20 percent of revenue but generates 40 percent of pretax earnings, to lift overall profitability. We are also seeing an increase in the number of non-technology companies diversifying with the acquisition of software or Internet companies. The larger companies are actively courting the market for opportunities. Increasingly sophisticated and disciplined in acquisition strategies, strategic buyers have developed effective acquisition processes that allow them to act quickly on opportunities. When they do want a targeted company, however, they are likely to be in strong competition not only with other well-disciplined strategics but also with well-funded private equity groups.

Now in its 4th year, the consolidation of the technology industry will continue in software, Internet and IT services. Key drivers will be enterprise customer demand for vendor consolidation, convergence in voice, video and data services, the ongoing evolution of the software business model to a service orientation, and significant R&D investment requirements for next generation technologies. These forces along with wide-scale geographic expansion will cause technology companies to reevaluate their portfolios, resulting in not only increased acquisitions but also an increase in divestiture activity.

Highlights of the major trends in M&A in the software industry have remained the same and have steadily continued throughout 2006 and thus far in 2007 including:

- Continued availability of cash in deal structure but a significant rise in the use of stock
- Consolidation by industry players and private equity
- Internet comes of age with commerce, advertising, community, and SaaS software delivery driving deals

- Preference for M&A over IPOs continues to create opportunities, although the foreign exchanges are quite active
- International expansion continues to escalate
- Innovation and convergence in markets drive buy versus build
- Increasing M&A sophistication and know-how in business development executives
- Publicly traded software companies, most of which had grown through acquisitions themselves, are being acquired
- Increasing number of divestitures

**Hot Sectors in 2007:**

Hot sectors for Q2-2007 included:

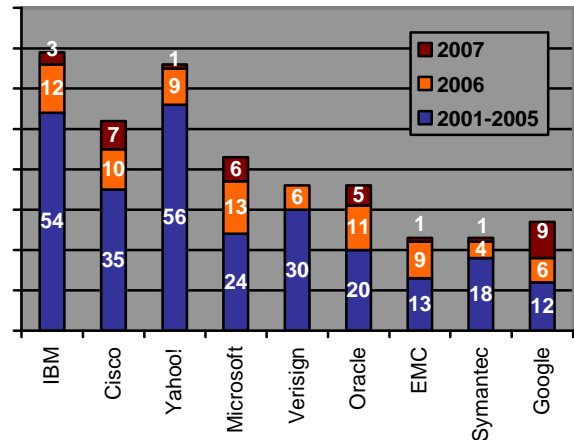
- Internet (commerce, advertising, social sites, games, communications, speech, search, and new business models)
- Networking and Infrastructure
- Wireless/Mobile
- Software as a Service
- Vertical Markets, especially healthcare and financial services
- IT Services
- Security

**Q1 Most Active Buyers**

Several companies (strategic) we tracked announced acquisitions of two or more companies in the second quarter. Of note, SAP, which has not been known to be highly acquisitive, picked up three companies this quarter. Other companies include:

- Broadcom – Global Locate, Octalica
- Business Objects – Cartesis, Inxight Software
- CAE – MultiGen Paradigm, Engenuity Technologies
- CDC – Saratoga Systems, Vectra Corporation
- Experian – Emailing Solutions, Hitwise
- Google – DoubleClick, Feedburner, Panoramio, Marratech, GreenBorder Technologies, Zenter, PeakStream
- IBM – Telelogic AB, Watchfire
- Infor – Workbrain, Hansen Information Technologies
- Microsoft – ScreenTonic, aQuantive
- Motorola – Modulus Video, Terayon Communication Systems
- Oracle – Lodestar, Agile Software, AppForge

- SAP – MaXware, Wicom Communications, OutlookSoft
- Shea Development – Bravera, Riptide Software
- SolarWinds – Neon Software, ipMonitor
- Software AG – ORGAPLAN Software, webMethods
- SunGard – Energy Softworx, Finetix, Aspiren,



Not all activity should be monitored in quantity though, as a number of software shoppers made their largest single acquisitions ever (or at least over a decade) during 2007 such as Microsoft with its \$6 billion aQuantive move, Software AG and webMethods for \$550 million, and SAP with Outlooksoft for \$490 million.

**M&A Top Performer Spotlight**

Every quarter we like to spotlight companies that have a long history of successfully utilizing an M&A strategy as a powerful tool for growth. Past spotlights have included Symantec, Microsoft, Google, Cisco, SunGard, and IBM. Now let's look at Infor.

**Infor** (originally known as Agilisys) began in 2002 with a team of software industry veterans and private equity firms that recognized the fallout from the Internet bubble and the down times that followed had formed an opportunity to create a new kind of application business.

Its first purchase was a process-industry ERP system called Adage, followed shortly by a group of applications focused on the auto industry. This was in keeping with the company's charter to create a portfolio of products for specific vertical markets. From that point there has been no looking back. Infor and its major investor, Golden Gate Capital, have made an unprecedented

string of acquisitions that took the company from startup to more than \$2 billion in revenue in just four years.

The company remains committed to its original concept of assembling products for specific vertical industries, size segments, and geographies. Although the company is digesting a bit after making three massive acquisitions in August of 2006 (SSA Global, Systems Union, and Extensity) acquisitions still figure prominently in the company's growth plan going forward. In fact, Infor's strong revenue growth goals clearly mean more major acquisitions.

While the company feels its business model would result in respectable organic growth in the high single digits, the real growth strategy is to continue acquiring products and companies in the existing verticals and adjacent markets. This will generate additional maintenance and license revenue and increase the opportunities for cross-selling within the ever-growing installed base. The company believes that it has developed a very disciplined and effective process for evaluating, acquiring, and assimilating software businesses, and it intends to capitalize on this core competency.

Infor is committed to supporting and enhancing all acquired product lines and says it has no plans to retire products. There is also no strategy to merge the product lines into some amalgamated product or to force customers to migrate from one product line to another.

While Infor is investing in functional and technological enhancements for its products, its approach will be much more evolutionary and the enhancement prioritization will be very customer driven. Traditionally, software vendors dedicate a major part of their R&D investments to enhancements that might increase sales to new customers, either by expanding the product footprint or addressing adjacent markets. This means that existing customers are often facing the expense and disruption of new releases with very little new functionality that applies to them. In Infor's case, the strategy is to expand product footprints and enter new verticals through acquisition. Its acquisition of Workbrain in April marked its 20<sup>th</sup> acquisition in 5 years.

Infor acquisitions this quarter include:

- Workbrain, a Canadian online workforce management software vendor

- Hansen Information Technologies, an applications provider for the public sector

### Industry Trend Spotlight

*"It won't be software as a service anymore; it will be 'just' software. The same way that it is not object oriented programming anymore, it is 'just' programming." – Gianpaolo Carraro, Microsoft*

If not number one, SaaS remains near the top of everyone's buzz list this year. As Carraro refers in the above quote, at some point it will get so well established people will stop trying to define it. Still, IDC called SaaS "an IT market in Hyperdisruption."

We see SOA adoption and SaaS/BaaS (business as a service) creating significant new opportunities, potentially accelerating the growth of innovation communities/ecosystems, which will lead to a proliferation of new micro-vertical software and services. Not limited to just software vendors, services vendors are aggressively transforming more of their IP into software, taking advantage of online delivery models to gain the leverage needed to profitably serve the growing SMB opportunity.

We thought you might enjoy reading a piece of editorial comment from Nat Burgess, an Executive Vice President at Corum and someone who is extremely "plugged in" to movements in the software industry.

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There is a war going on between software vendors, and it is not as simple as the "SaaS vs. licensed software" stories that we read about in the press. What is the common denominator between the huge, incumbent software vendors? They are all platform vendors. They call it database (Oracle), operating system (Microsoft), application (SAP), but ultimately they provide a platform that they and their partners use as a basis for building and delivering applications.

What happens in a SaaS world? ISVs tap into a platform in the sky. We don't need to look much farther than the consumer web, where almost all important technology trends are initiated and tested, to see where the market is going. Consumer web companies can experiment

on different markets, fail quickly, and identify promising technologies and markets on a trial and error basis. eBay, Amazon and Skype offer seamless interfaces that streamline the user experience and anticipate the user trajectory within an application. Most business software is clunky by comparison. Consumer lessons are moving into the business web. We call it Web 2.0 in the enterprise. It looks like eBay or Amazon, but it is a business application. It is delivered as a service through an AJAX front end on a browser, but integrates with the legacy data and applications that it will ultimately replace. Most importantly, it is a platform. Fifteen years ago, ISVs licensed Progress Software's 4GL as their database platform. Today, Oracle and Microsoft are fighting for the same business. Tomorrow it might be Google (after they acquire Salesforce.com).

Technology issues become controversial because they are important to the growth or survival of companies, and the same issues pop up again and again wearing different hats. Should software be proprietary and closed – the stable “black box” that runs reliability because nobody but its author is allowed to touch it? This is the classic position of the incumbent. Or should software be open so that other vendors can tie into the system? No surprise, this position is generally taken by the upstart, trying to get into large accounts that already have an incumbent. Should software be delivered as a service (formerly known as ASP, and before that, time share) or as software that is installed and maintained by the customer? Should any processing happen on the desktop? Or should it be a “dumb terminal?”

Microsoft tried to keep customers off the Internet by keeping MSN a closed system. That spawned Netscape. They have now put a desktop search bar in their operating system that is so inferior to Google's that even if the anti-trust authorities don't make them open search to competitors, the customers will require it. History tells us that open systems will prevail.

SaaS is also an important trend, but like most over-hyped trends, it is misunderstood. Customers, especially large customers, don't want SaaS, but they definitely don't want to repeat the drive-by ERP fiascos, where tens of millions of dollars in software were tossed over the firewall and consultants never quite got it running. Customers want to pay for the value

they get from software, and that desire will result in revenue being spread out over time. Meanwhile the financial community requires recurring revenue to back equity and debt financing, IPOs, and to support a DCF for M&A purposes.

So let's accept that open systems and SaaS will carry the day. What are the implications for the future of software, and software M&A? Simple: A lot of money will be made, and a lot of deals will happen around the platform. What platform? I don't know yet. It is an emerging trend. Web server technologies from IBM, CA and Software AG have picked up market share in the enterprise, but are not breakout plays. Salesforce.com has recently been touting “PaaS” (platform as a service), a program that allows ISVs to develop software that runs on the Salesforce.com servers. History tells us that the incumbent eventually gets it right, but Google and Salesforce.com are going to give them a run for their lives.

Examples of SaaS deals during the first quarter included:

- Salesforce.com acquires Koral
- e-Future acquires Beijing Wangku Hutong Information Technology
- RocketCity acquires The Intellimark Group
- StarCite acquires Travent
- Prime Companies purchases RepairPage.com

### **The Battle for Content**

While not a software industry issue, we often quote financial research by Thomson in our reports and the company has now given us M&A news to report in its own right. Thomson created quite a stir in the content world with its announced buyout bid for Reuters this quarter. The matches in a Thomson-Reuters merger are fairly obvious – Thomson gets Reuters' successful low-latency content delivery and automated trading platforms for investment bankers as well as online ad revenues from Reuters' media offerings; Reuters in turn gets a presence into the securities industry buy side and retail operations. In a rapidly consolidating global securities marketplace, that would leave Thomson and Bloomberg as the only really viable content alternatives for supporting large-scale securities trading operations. Along these lines,

News Corp.'s campaign to acquire Dow Jones & Co. is moving forward as this report is being published as the two sides reached a preliminary understanding on a framework to protect the editorial integrity of The Wall Street Journal and Dow Jones's other publications.

We are set for some fireworks in online content as Microsoft and Yahoo reopen talks to figure out a better fit in light of Google's now-leading Web presence. This may be a merger or alliance of necessity. It would cede that Yahoo has largely missed the boat on enterprise content while Microsoft has stumbled with consumer content, even as Google has forged highly profitable paths into both arenas. Certainly, Microsoft and Yahoo!, both highly competitive companies, won't be happy taking a back seat. The potential for a Microsoft-Yahoo alignment is as much about global competition as it is with any U.S.-oriented concerns. Asian and European markets are tipping Google's way in comparison to Yahoo and Microsoft, a trend that may be accelerated by Google's office automation tools that would allow developing nations just starting to come online to avoid the dominance of Microsoft Office tools as a prerequisite for playing in the digital economy. We will have to stay tuned to see what develops on this front.

### Cash Still Dominates

We have continued to see record levels of cash available to corporate and financial buyers, and those cash reserves will continue to fuel M&A activity this year. Non-financial companies in the S&P 500 index now hold nearly \$700 billion in cash; double the amount only five years ago. Google, for example, was sitting on a cache measuring over \$10 billion when it moved to acquire DoubleClick for \$3.1 billion in cash.

Initially, U.S. companies were repairing their balance sheets after the scary economic downturn in the early 2000s. But in 2006, they already started to make use of their cash in the form of growing merger and acquisition activity. According to Dealogic in 2006, cash-only deals accounted for nearly three-quarters of all M&A activity. Companies were using their cash troves rather than using their shares to buy rivals.

In the Private Equity world, Dealogic research shows private equity buyout deals are on track to smash last year's \$422 billion in announced

deals, with a large portion of consideration being paid in plain old cash.

However, stock deals as a currency for M&A are on the rise this year. Strong purchasing power with stock potentially can mean strategic buyers are gaining leverage in the marketplace as equity values rise, often pricing private equity players out of the market. If the trend continues, strategic buyers have the power to shift M&A valuations much higher. As we learned during the bubble years, however, this is not necessarily always a good thing.

Analysis indicates that deals in the M&A boom beginning in 2003 are creating proportionally more value--and that acquiring companies are keeping more of it for their shareholders.

According to research, the market's estimate of the value that deals created in the past 10 years for the buyer and seller combined averages around 3.4% of the transaction value. During the current boom, however, the average has been 6.1%, with the annual numbers trending upward to +10.6%, from +2.1%. Today, in fact, the average is at a 10-year record high. Those numbers stand in stark contrast to the previous booms.

The financial structure of the deals announced during these two periods of intense M&A activity differs as well. This time around, cash deals represent a much greater percentage of the public-to-public transactions -- nearly half, compared with the 1999 to 2000 range of 20% to 30%. Cash deals generally received a more favorable market reaction than stock deals, possibly because of trading and signaling effects. Cash deals generated an average DVA of +13.7%, compared with -3.3% for pure-stock deals.

This greater share of cash deals during the present boom partially explains the market's more favorable reactions. Yet even when we compared those reactions on a like-for-like basis, both cash and stock deals did better in the current boom. Both kinds of deals have also created more value as the boom has progressed; in contrast, during the previous boom, both types of deals created progressively less value.

-- Forbes (2007)

With so many deals in the news, it's only natural for investors to wonder which company will be bought next, and which stock will be next to gain focus. The M&A wave has buoyed stock prices across the board, a number of market watchers say, by adding another source of demand for shares. In addition, companies being taken private, combined with the recent rash of stock buybacks by those with large cash hoards, has also served to reduce the overall supply of shares. Simple supply and demand has created an updraft, benefiting the average investor. And the deal making may push stocks higher still.

## Valuations

Mergers and Acquisitions activities have reached new heights, along with valuation in the second quarter of 2007 as compared to the previous quarter. Despite the fears of the Chinese market's downturn, continued deterioration in subprime loans, slowdown in housing, increased energy prices, interest rates, and let's not forget about the Middle East conflict, the M&A market is still thriving.

Both private equity players and strategics are competing for companies with similar attributes; attractive financial profile, recurring revenue model, high growth, domain expertise, and dominance in niche markets or geographical presence. As a result, sellers are being rewarded with higher valuations. For example, Microsoft's acquisition of aQuantive for \$6 billion yielded a trailing-twelve-month (TTM) revenue multiple of 13.57 times, and Google's acquisition of DoubleClick for \$3.1 billion garnered a corresponding TTM revenue multiple of 20.6 times. Although many deals announced during the second quarter of 2007 did not garner similar valuations multiples as aQuantive and DoubleClick, they did, however receive attractive premiums.

We can also observe the strong valuation trends in the software industry from the 21 public software sectors that Corum tracks. Out of the 21 sectors, only 6 experienced a decrease in median TTM EV/S multiple in this quarter compared to the previous quarter. Of the sectors that experienced increased valuation multiples, Enterprise Applications, Internet Infrastructure, and Security ended the second quarter with the highest multiples of 3.98x, 3.91x, and 3.69x, respectively.

With high levels of cash available and appetites to do deals from both private equity firms and strategic buyers going strong, M&A activities should continue to maintain their pace through the end of the year. As a result, values should maintain their positive momentum in the near term.

## Private Equity

Private equity has been one of the biggest drivers in the current M&A market that could hit record levels for the second year in a row. The amounts of money private equity firms have spent buying

companies totals just over \$900 billion so far this year, according to financial data provider Dealogic. Estimates for the technology sector in the first half of 2007 come in over \$110 billion.

What is making the technology sector so appealing? One significant factor is simply the maturing of our industry. Beyond that, most analysts and industry watchers agree that the increasing competition among cash-rich private equity shops is also driving the trend. We would see far more activity in services and software than in hardware, primarily because the balance sheets and business models lend themselves to leverage. Because the competition among private equity for deals is so fierce, we are seeing transactions in hardware and services, areas that wouldn't necessarily be as appealing under different circumstances.

In past years, financial buyers usually offered lower valuation prices for their acquisitions. This has changed. As a result of competitive forces, private equity firms now often reside at or near the top of the list for targeted contact on acquisition opportunities and competitive valuations.

The issue we see now is whether record levels of private equity participation in the deal markets are sustainable, and if so, what the long-term impact on businesses will be. Further, we have discussed the ramifications of the massive amounts of debt being created by the private equity borrowed money deal structures in our last two reports. Leverage is a term that recently conjures a vision akin to Darth Vader in the minds of investors. Turmoil is beginning to set in, Wall Street is cooling and financial institutions loaning the money for those kinds of deals are now saying there's too much debt involved. Private equity executives are also conceding perhaps their tax rate on capital gains is vulnerable to reform.

Another sign that investors may be recalibrating their view of risk is the performance of shares of the highly anticipated IPO of the Blackstone Group. Part of Blackstone's performance problems has been fueled by the bill introduced in Washington that would increase tax on its profits.

While private equity keeps making waves, the above-mentioned concerns reflect fears that once the debt markets turn, and lending restrictions tighten – there could be a sharp downturn in

buyouts, and deals overall. Until that happens though, expect the deals to keep on coming. The bankers behind the nation's biggest private equity funds will adapt to tap new sources of funding and more sophisticated ways to make deals happen.

Examples of private equity deals for tech companies in the second quarter included:

- First Data accepts KKR Buyout
- Thomas H. Lee Partners and Fidelity National Financial acquire Ceridian
- Silver Lake and TPG Capital are acquiring Avaya Inc.
- Hellman & Friedman to acquire IRIS Software and Computer Software Group

### IPOs

The markets are starting to put more and more emphasis again on growth potential and profitability or potential profitability. People (investors) are starting to think they can actually make money in IPOs. The same holds true for IT IPOs in general. In 2003, we saw IT sales gradually resume. It takes two, three, or four years of a solid track record to make a company a good candidate for IPO. These companies are looking toward their next step in growth, which is IPO or acquisition.

May's strong performance, coupled with a stable first quarter, boosted the number of venture-backed IPOs for the first 5 months of 2007 to 33, the highest level since 2000. Furthermore, the average offer amount from January through May broke all-time records to reach \$156.7 million per issue. Adding to this trend, the 3-month period from March to May 2007 marked the first consecutive stretch for \$1 billion plus monthly volume – the first time this has occurred since 2000's 9-month stretch. The following chart compiles Thomson's reporting.

YTD January-May				
Year	No of IPOs	Offer Amt (\$Mil)	Post Offer Value (\$Mil)	Avg Offer Amt (\$Mil)
2000	116	12,044	63,843	103.83
2001	12	878	4,801	73.18
2002	12	1,076	5,609	89.63
2003	2	157	375	78.6
2004	25	1,732	7,035	69.29
2005	10	738	3,349	73.82
2006	21	1,720	6,813	81.89
2007	33	5,171	24,562	156.7

Mark Heesen, president of the NVCA was cautiously optimistic about the recent activity.

*“The venture-backed IPO volume in May and the market performance of those companies that went public thus far this year is very favorable compared to the last several years. These companies have successfully run the gauntlet, having weathered the technology bubble burst and Sarbanes Oxley compliance costs.*

*They are likely the strongest batch of newly public companies in some time. However, we will need to see consecutive double digit monthly IPO volume for the rest of 2007 to declare any sort of recovery. Meaningful Sarbanes Oxley reform will go a long way towards helping other promising venture-backed companies reach their IPO goals.”*

The industry composition for the first 5 months of 2007 shows the majority of offerings occurring in the Medical, Health, and Life Sciences industries followed closely by Information Technology issues. At the date of this writing, average performance is strongest for offerings in the

information technology sector which have realized a 13.9% increase from their offer price to closing price, which compares favorably to the 8.6% change from offer to close price for all issues on U.S. exchanges in the same time period. Interestingly, technology companies, especially those focused on convergence, are among the better performers in the recent surge of initial public offerings as the market looks to build on the strength it saw in May. Of the tech outfits that have gone public in June, optical communications company Infinera Corp. was up 85% from its offering price of \$13 a share; digital content delivery firm Limelight Networks Inc. was up 27.5% from its \$15 offering price; wireless infrastructure equipment provider Starent Networks Corp. was up 20% from its IPO price of \$12; and online content provider TechTarget was up a more modest 10% from its \$13 offering price. The better performers share one thing in common: They all help network operators provide value-added services in the delivery of video, voice and data. This segment was also very hot on the M&A side of the markets.

Data Domain, which went public in the second quarter, recorded the second best IPO of the year, up 66% on their first day of trading. The U.S. IPO market is defiantly trending up, but can't compare to the significant momentum emerging exchanges like London's AIM have recently experienced, especially with U.S.-based

companies. Currently, there are close to 40 U.S. companies listed on the AIM, a number which has almost doubled from the previous year.

### International Markets

The current M&A boom has been driven in part by the inexorable trend toward globalization. Savvy executives know domestic acquisitions are easier to execute and present less risk, but globalization is often essential.

We are seeing tremendous cross-border deal activity as many companies view M&A as a key strategy for revenue growth and expansion via geographic reach. Companies increasingly have global ambitions and the confidence and wherewithal to execute foreign acquisitions both large and small.

As we mentioned in the overview, during the first six months of the year Europe equaled the United States for the first time in four years, increasing 73 percent in the first half to \$1.02 trillion while the United States gained 45 percent to \$1.03 trillion. According to Thomson Financial data, Britain claimed the most deals with 1,261, valued at \$173 billion.

M&A transactions can be hindered by cultural differences alongside other risks that can be more easily addressed. Amid increasing expansion by private equity houses into global markets, some still harbor concerns over cross-culture M&A deals. Tossing that aside, European deals by private equity firms increased by 28 percent to \$133 billion.

While India didn't show up on the radar as much this quarter, the country continues to rise in importance on the global technology M&A stage, particularly in Europe. According to information published by the Federation of Indian Chambers of Commerce and Industry (FICCI) firms flush with funds are expected to spend more than \$35 billion this year on buying or merging with foreign companies. Indian businesses seemed to have an increasing appetite for risk and this was driving global merger and acquisition deals. Indian firms spent \$4.3 billion on international mergers and acquisitions in 2005 and this went above \$15 billion in 2006. Building brands is not easy. When it comes to branded products, Asian companies (other than Japan) have intense pressure to go for acquisitions.

The longer the M&A boom lasts, the more it continues to evolve. As smaller, more digestible targets have been snapped up; the trend has been toward larger acquisitions. A further consequence of the intense competition now being experienced in the search for quality deals is that buyers are looking further a field for acquisition opportunities. Companies in emerging markets also continue to increase their impact on deal activity, a movement we think likely to continue to grow in 2007 and beyond.

Corum has always been focused on building global representation and, up until last year, we used to tell our audiences that over 30% of our deals were international or cross-border. In 2006 and continuing thus far in 2007, however, we saw continuous upward trends in global M&A in which now 58% of the deals had either the buyer or seller from another country.

Examples of international deals Corum tracked during the first quarter by country include:

#### Canada:

- Open Solutions Inc. is acquiring Vancouver-area software firm Fincentric Corp. Both companies sell software and services to banks, credit unions and other financial service providers.
- Securus Technologies is acquiring Syscon Holdings, a provider of offender management software systems to the corrections and law enforcement industry.
- GPS Industries, Inc., innovator of Wi-Fi-enabled GPS systems for golf facilities, resorts and residential communities, has acquired Golf IT, a provider of sophisticated golf course operations software.
- Mitel Networks Corp. is buying Inter-Tel Inc. The companies said the merger will allow them to extend their reaches with SMBs and expand into the large-business IP communications market. (Pending)
- CMS Software, Inc and XKO Software Limited have agreed to merge, creating a new international force in ERP software.
- SolarWinds, a leader in network management software, has acquired privately held ipMonitor Corporation developer of network monitoring software.
- OSI Consulting, Inc. acquired EML, Inc., provider of expert technology consulting services to the Canadian federal government for over a decade.

- Kaboose Inc., the largest independent family focused online media company in North America, has acquired Amazing Moms Inc.
- Pitney Bowes acquired Digital Cement Inc., a professional services firm that provides relationship management strategy and services to help companies acquire, retain, manage and grow their customer relationships.
- Hostopia.com Inc. has acquired all of the software assets of Nexthaus, Inc., a U.S.-based developer of leading-edge software applications for mobile devices.

**Austria:**

- UC4 Software GmbH, an Austrian based provider of enterprise job scheduling and data center automation products and solutions acquired AppWorx Corporation, one of the leading providers of event-driven business application automation and batch integration technologies.
- Bentley Systems, Incorporated today announced that it has acquired TDV GmbH of Austria, a leading provider of structural modeling, analysis, and design software for bridge engineering serving engineers, designers, and owners.
- Intergraph Corporation has acquired GISquadrat which is based in Austria and provides geospatial software and services.

**Belgium:**

- Kronos has acquired privately held Captor, a provider of workforce management solutions serving customers throughout Europe.

**Denmark:**

- Mamut ASA has acquired business unit Stellar Business Software from Danish company Allerup edb A/S. Stellar Business Software develops, distributes and sells business software solutions.
- Swedish search company, Eniro AB of Sweden, planned to acquire the entire share capital of Krak, a provider of online directory services.

**France:**

- MathWorks has acquired PolySpace Technologies, a provider of embedded software tools for the automatic detection of run-time errors at compile time.

- Experian has acquired Emailing Solution, a leading permission-based email marketing provider.
- Microsoft is acquiring European mobile phone advertising company ScreenTonic.
- Business Objects is acquiring former rival and BPM specialist Cartesis.
- Business Objects is acquiring Inxight Software, a leading provider of software solutions for unstructured information discovery, including text analytics, federated search, and data visualization.

**Germany:**

- Software AG plans to make its biggest acquisition in a decade by buying U.S. software firm webMethods.
- Software AG, has acquired CRM specialist ORGAPLAN Software GmbH, provider of CRM solutions in the German banking and savings bank sector.
- AOL announced today that it has acquired ADTECH AG, a leading international online ad-serving company.
- Intelligentias, Inc. also is acquiring DATAKOM, provider of legal interception of telecommunications, test systems and security software.

**The Netherlands:**

- Benefon Oyj has acquired GeoSolutions B.V., a developer of location-based technologies, products, and services for mobile and Internet-connected devices.
- GHX, LLC has acquired Market4care, a provider of e-procurement and other supply chain services to hospitals and healthcare suppliers.

**Norway:**

- SAP acquired identity management software company MaXware.

**Finland:**

- Video game maker THQ Inc. acquired Universomo Ltd., a private company that develops video games for mobile devices.
- Benefon Oyj has acquired GeoSolutions B.V., a developer of location-based technologies, products, and services for mobile and Internet-connected devices.
- Birdstep is acquiring Finland-based Secgo Software Oy, provider of mobility solutions for the enterprise.

- SAP acquired Wicom Communications, which designs call-center applications based on IP (Internet Protocol) technology.
- Symphony Technology Group is acquiring Aldata, a Finland-based provider of supply chain software for retail, wholesale and logistics companies.

**Sweden:**

- IBM (Rational Unit) is acquiring software provider Telelogic AB a leading global provider of software and services for Enterprise Lifecycle Management.
- Google acquires Marratech, a developer of online video conferencing software.
- WebTrends Inc. is acquiring Webcontrol, a leading web analytics services company in Stockholm, Sweden.
- TechTeam Global Inc., (Swedish subsidiary) an information technology outsourcing services provider, bought SQM (Nachrichten) Sverige AB, a Sweden-based provider of consulting, outsourcing and staffing services.
- TeliaSonera acquired Dimension Data Sweden, a subsidiary of the global systems integrator Dimension Data Holdings plc.

**United Kingdom:**

- The Sage Group plc, has acquired Snowdrop Systems Limited, provider of human resources, personnel and payroll management software.
- Invensys Systems a global automation, controls and process solutions group and CIMNET, Inc. announced an agreement to merge CIMNET into Invensys.
- CMS Software, Inc and XKO Software Limited have agreed to merge, creating a new international force in ERP software.
- StarCite, Inc., provider of On-Demand Global Meeting Solutions, has acquired Travent Limited, EMEA, a UK-based provider of enterprise meeting management and global technology solutions.
- Micro Focus International plc (UK) has agreed to acquire Acucorp Inc., provider of technologies for the modernization and enhancement of business-critical applications.
- WPP Group PLC, is buying the online advertising company 24/7 Real Media Inc.
- GTECH Sports Betting Solutions is acquiring Finsoft, a provider of real-time transaction and information management systems for the commercial sports-betting market.

- Autodesk is acquiring privately held NavisWorks a provider of software for 3D coordination, collaboration, and sequencing in design and construction.
- PTC, the Product Development Company, has acquired CAM technology provider NC Graphics Ltd.
- Hellman & Friedman has agreed to acquire UK software companies IRIS Software and Computer Software Group from HgCapital.
- SunGard has acquired Aspiren, a specialist software provider focused primarily on the public sector.
- royalblue Group plc is acquiring LatentZero Limited, a privately owned supplier of front-office software to investment managers.
- PerkinElmer has acquired Improvision, a provider of cellular imaging software and integrated hardware solutions used in life sciences research.
- Westcon Group (subsidiary of Datatec), is acquiring Crane Telecommunications Group, a value-added distributor for voice, data and converged communications solutions.
- BT is acquiring Comsat International, a provider of data communication services for corporations and public sector organizations in Latin America.

**Australia/New Zealand:**

- PayPerPosthas acquired Zookoda, a pioneering provider of blog broadcasting services.
- CDC Software acquired Australia-based Vectra Corporation, a leading provider of information security consulting services, managed services and enterprise security solutions.
- InterSystems Corporation has acquired Australia-based TrakHealth, an application partner of InterSystems since 1991.
- Deltek has acquired WST Pacific, its longtime earned value management partner, to add additional EVM skilled development, services and support resources.
- Accenture acquired Mediasenz, an Australian-based media auditor.
- Henry Schein is acquiring Software of Excellence International, a provider of innovative clinical and practice management solutions to dental professionals.

**China:**

- Finet Group acquired Hangzhou Tianchang Network Technology Co. Ltd., an online game company in China.
- BIZ Outsourzng has acquired the Guangzhou Yin Han Technology Company, a mobile game developer and distributor incorporated in China.
- e-Future Information Technology is acquiring Beijing Wangku Hutong Information Technology Co., Ltd., one of the leading web enablers of China Yellow Pages and B2B e-business service providers in China.
- Synnex has acquired a controlling interest in China Civilink, which functions as HiChina Web Solutions in China.
- mInfo Inc., acquired Guanxi SMS, the most popular mobile search service for foreigners in China.
- CDC Software is acquiring Saratoga Systems, a leading provider of CRM solutions for large, global enterprises.
- CDC Software acquired Australia based Vectra Corporation, a leading provider of information security consulting services, managed services and enterprise security solutions.

**Israel:**

- Radware acquired Covelight Systems, provider of analytical software that triggers network responses to business threats and opportunities based on embedded business logic.

**Brazil:**

- UTZ Technologies, Inc. is acquiring PhoneBrasil Inc. Telephonica VoIP Digital.
- Datasul SA, acquired YMF Arquitetura Financeira de Negocios SA ("YMF"), a firm specialized in the development and distribution of software and services for asset management industry.

**Time to Sell?**

Growth moving forward will depend on larger scale deals; the robustness of the economy; capital raised by private equity and the relative stability in interest rates and capital markets. Companies that consider private equity to be a short-term phenomenon will be left behind. They need to be affirmative in competing with private equity for deals...a sit and wait approach will not work.

For anyone considering an exit, the current M&A market is healthy and we expect it to remain robust in the near term. Despite the positive outlook, technology-related deals can present unique challenges, especially in the areas of sustainability of the business model, quality of revenues and cash flows, intellectual property and intangible valuations, and cultural and merger integration. Sellers need to ensure they have the appropriate expertise and external transaction advisory professionals to sort through the myriad complexities to derive the best possible structure, terms, and fit.

Beyond economic factors, the timing of an M&A event is perhaps the most critical factor in achieving M&A goals, dramatically affecting valuation and success rate. Timing can depend on where you are in your company's lifecycle: positive momentum in terms of revenue and earnings growth, customer wins and new product releases. Outside industry events should also be taken into consideration when contemplating M&A timing: a competitor's acquisition, increased deal activity signaling consolidation, or entry into your market by a larger company. As is usually the case in M&A, the earlier you are acquired in a technology shift or consolidation period, the better position you will find yourself in negotiations.

**Software Industry Public Peer Group Valuations**  
As of June 29, 2007

<b>Software Sectors</b>	<b>TTM EV/S Multiple</b>	
Digital Media	2.07 x	↑
Enterprise Applications		
Enterprise Applications	3.98 x	↑
Business Intelligence	3.25 x	↑
Enterprise Content Management	2.37 x	↑
Supply Chain Management	2.29 x	↑
Enterprise Infrastructure		
Enterprise Infrastructure	2.88 x	↑
Connectivity/Legacy Extension/Web Services	2.56 x	↑
Software Development Tools	2.22 x	↑
Storage	3.29 x	↓
Gaming & Entertainment	2.24 x	↓
Internet		
Internet Infrastructure	3.91 x	↑
Internet Pure Plays	3.23 x	↓
IT Services	0.89 x	↑
Security	3.69 x	↑
Wireless	1.75 x	↑
Vertical Market Software		
Engineering	3.29 x	↓
Financial Services Industry	3.12 x	↓
Government/DOD/Homeland Security	1.15 x	↓
Healthcare Industry	2.53 x	↑
Other Vertical Markets	2.71 x	↑
Telecom Industry	1.52 x	↑

**Key Definitions:**




EV = Enterprise Value; Enterprise Value = Market Value + Debt – Cash

TTM EV/S = Enterprise Value/Trailing Twelve Month Sales

P/E = Price per share/Earnings per share

Trailing multiples are based on the most recent reported results

Forward multiples are based on First Call earnings and revenue estimates

 Positive change from Q4: 06    
  Negative change from Q4: 06    
  No change from Q4: 06

## Privately Held Software Company Listings

Why is understanding the larger non-public companies in your market important? Many are backed by venture capital or private equity firms, providing additional leadership, relationships and most importantly money to grow the business and filling needs for international expansion, R&D, sales, marketing, etc.

Because of this companies of all sizes need to be aware of the growing group of privately held technology companies, as a large portion of them are competing for both customers and acquisition opportunities with their public counterparts. Entering the public markets has been the end goal for many technology companies, but in today's market we are seeing more and more companies retreat from the public ranks, primary due to acquisition and the stringent rules and regulations associated with listing on U.S. markets. That said, smaller, less regulated foreign exchanges are becoming a popular option.

We foresee private firms continue to be major players in the software and IT market place, underscoring the need for companies of all sizes to understand the private buyer community, as they look toward growth and exit strategies. The sampling listed below illustrates the power of private firms, many of which are active buyers.

### Privately Held Software Listing

Company	Sector	Company	Sector
Leitch	Digital Media	Booz Allen	IT Services
Pinnacle Systems	Digital Media	Mercer	IT Services
Quark	Digital Media	PA Consulting	IT Services
Ziff Davis	Digital Media	Towers Perrin	IT Services
Consona Corporation	Enterprise Applications	8e6	Security
Exact Holdings	Enterprise Applications	Network General	Security
Infor Global	Enterprise Applications	SafeNet, Inc.	Security
Kronos Incorporated	Enterprise Applications	Sophos	Security
Primavera Systems	Enterprise Applications	Surf Control plc	Security
Synogy, Inc.	Enterprise Applications	WatchGuard Technologies	Security
Workscope, Inc.	Enterprise Applications	Webroot	Security
Information Builders	Business Intelligence	iTouch plc	Wireless
SAS Institute	Business Intelligence	Bentley Systems	Engineering
Catalyst International	Supply Chain Management	The MITRE Group	Government/DoD/Homeland Security
Lily Software Assoc.	Supply Chain Management	Epic Systems Corp	Healthcare
RedPrairie Corporation	Supply Chain Management	IDX Systems	Healthcare
Edios	Gaming	Medical Information Tech	Healthcare
Infogrames	Gaming	BancTec	Financial Services
Axiom Corporation	Enterprise Infrastructure	Ceridian	Financial Services
Allen Systems Group	Enterprise Infrastructure	First Data Corporation	Financial Services
Avaya Inc.	Enterprise Infrastructure	John H. Harland Co.	Financial Services
Enterasys Networks	Enterprise Infrastructure	Metavante	Financial Services
Embarcadero	Enterprise Infrastructure	Open Solutions	Financial Services
Wyse Technology	Enterprise Infrastructure	SS&C Technologies	Financial Services
Vitria	Enterprise Infrastructure	Sungard Data Systems	Financial Services
Attachmate/WRQ	Legacy Extention / SOA	Activant Solutions	Vertical Markets
Global360, Inc.	Legacy Extention / SOA	Datatel	Vertical Markets
Green Hills Software	Software Development Tools	Deltek	Vertical Markets
Serena Software	Software Development Tools	Gelco Information	Vertical Markets
Snap Appliance	Storage	Sabre Holdings	Vertical Markets
Xiotech	Storage	Aspect Software	Telecom
Go Daddy Software	Internet	Telcordia	Telecom
Inovis, Inc	Internet		
Register.com	Internet		
WebTrends	Internet		

## Transaction Highlights Q2: 07

### 5 Largest Transactions Q2:07

Buyer	Seller	Value (Millions \$)	Sector	Comments
Kohlberg Kravis Roberts & Co.	First Data Corporation	\$25,600.00	Financial Services	Multiple trends are exhibited in this transaction. The dominant role private equity is playing in the technology industry, the fact that private equity transactions are getting bigger, and growing are trends towards First Data's market, electronic payments. The scale of this transaction is a prime example of how powerful the private equity community is. It also puts most every public company on notice that they too could be a take-over candidate, assuming the target's financial position can support the typical private equity model which includes a large portion of debt.
Silver Lake Partners and TPG, Inc.	Avaya Inc.	\$8,200.00	Enterprise Infrastructure	After a month or so of rumors Silver Lake Partners and TPG, Inc. teamed up again in the largest leveraged buyout of a infrastructure/networking company. Avaya's improving cash flow and profit margins, top position in corporate phone equipment sales and backing from Silver Lake and TPG strongly positions the firm against direct competitor Cisco. The merger agreement allows Avaya to solicit proposals from third parties during the next 50 days.
The Blackstone Group	Alliance Data Systems	\$7,800.00	Vertical Market	Blackstone's purchase price of \$7.8 billion, including \$1.1 billion of debt, is giving Alliance shareholders a 30% premium over the previous days closing price. Blackstone looks to grow the business which has exhibited continued growth over the years, underlying their competitive position in the market-place. This transaction is another example of the recent consolidation this quarter by private equity firms in the transaction processing market.
Microsoft Corporation	aQuantive, Inc.	\$6,000.00	Internet Infrastructure	Microsoft added one of the leading digital marketing companies, aQuantive, shortly after Google acquired DoubleClick and Yahoo! acquired RightMedia, along with other transactions in the space. This activity seems to have pushed Microsoft into paying almost a 2x premium for aQuantive. Bringing aQuantive into the fold will greatly enhance their online advertising platform, backing their bet on ad monetization as vehicle for long term growth.
Thomas H. Lee Partners and Fidelity National Financial	Ceridian Corporation	\$5,300.00	Enterprise Applications	Ceridian was acquired by two firms, one a leading private equity company and the other an insurance and claims management services firm, both of which have a successful acquisition history. The two buyers bring complementary skills and resources which aid Ceridian in achieving their strategic objectives going forward. Ceridian received a 17% premium and was experiencing recurring and predictable revenue, strong cash flow and an established position in growing markets.

### 5 Private Equity Transactions of Interest Q2:07

Buyer	Seller	Value (Millions \$)	Sector	Comments
Kohlberg Kravis Roberts & Co.	First Data Corporation	\$25,600.00	Financial Services	Multiple trends are exhibited in this transaction. The dominant role private equity is playing in the technology industry, the fact that private equity transactions are getting bigger, and growing are trends towards First Data's market, electronic payments. The scale of this transaction is a prime example of how powerful the private equity community is. It also puts most every public company on notice that they too could be a take-over candidate, assuming the target's financial position can support the typical private equity model which includes a large portion of debt.
Silver Lake Partners and TPG, Inc.	Avaya Inc.	\$8,200.00	Enterprise Infrastructure	After a month or so of rumors Silver Lake Partners and TPG, Inc. teamed up again in the largest leveraged buyout of a infrastructure/networking company. Avaya's improving cash flow and profit margins, top position in corporate phone equipment sales and backing from Silver Lake and TPG strongly positions the firm against direct competitor Cisco. The merger agreement allows Avaya to solicit proposals from third parties during the next 50 days.
Battery Ventures	Quovadx, Inc.	\$136.70	Vertical Market	Quovadx, including their operating divisions, Rogue Wave Software and Integration Solutions, have been 100% acquired by Battery Ventures which is continuing to execute upon their vertical market acquisition strategy. Both Rogue Wave and Integration Solutions will move forward as independent entities. Quovadx sold their CareScience division to Premier Inc. for \$34.9 million just prior to the Battery announcement.
Carlyle Group	RMI	Undisclosed	Vertical Market	Carlyle has a diverse portfolio of investments including technology and transportation - RMI touches both. RMI provides web-based transportation and logistics products mainly in the railroad segment of the transportation industry. Carlyle's re-capitalization will help RMI develop new technologies while expanding to related market segments in the U.S. and abroad.
Silver Lake Partners and ValueAct Capital	Acxiom Corporation	\$3,000.00	IT Services	Acxiom is being acquired and taken private by two Bay Area investment firms in a transaction valued at \$3 billion, including the assumption of \$756 million of debt. Acxiom is receiving a premium of approximately 14% over the previous closing price. ValueAct was a previous investor in Acxiom.

**Transaction Highlights Q2: 07 (Continued)**

**5 Strategic Transactions of Interest Q2:07**

Buyer	Seller	Value (Millions \$)	Sector	Comments
Google, Inc.	DoubleClick Corporation	\$3,100.00	Internet Infrastructure	There are strong synergies between Google and DoubleClick - Google's leading advertising platform coupled with DoubleClick's expertise in ad management technology, provides a win-win for customers and consumers alike. "It has been our vision to make Internet advertising better, less intrusive, more effective and more useful" said Sergey Brin, Co-Founder and President, Google. Reportedly Microsoft was also bidding on the firm, and later acquired aQuantive. Google paid approximately 10x revenue for the privately held online advertising firm.
Infor Global Solutions	Workbrain Corporation	\$227.00	Enterprise Applications	Human Capital Management has been a hot segment as of late, and Workbrain has a strong position in the market. Infor plans to utilize Workbrain's HCM technology, expanding solutions related to time and attendance, scheduling, absence management and workforce planning. Infor has completed almost 20 transactions to date, pushing them into the third largest ERP vendor behind Oracle and SAP. Infor is backed by Golden Gate Capital.
Eniro AB	Krak	\$72.30	Internet Infrastructure	With Eniro's acquisition of Krak, they hold the number one online position in Denmark and further strengthen their lead as the top search company in the Nordic countries. Krak offers yellow page searches, maps, b2b directories and portal solutions. As major internet players like Yahoo! have been expanding geographically, this transaction will provide greater scale for Eniro, enabling a greater ability to compete.
SonicWall, Inc.	Aventail Corporation	\$25.00	Security	SonicWall, a long-time player in the SSL VPN market for SMB's and the mid-market enterprise, has added Aventail which will strengthen their position and offerings for the large enterprise, a market SonicWall wanted to be in. In addition the Aventail technology will make them more competitive in the remote access market.
Sage Group plc	Snowdrop Systems Limited	£17.00	Enterprise Applications	Snowdrop Systems offers human resources, personnel and payroll management software and related services to over 700 mid-sized UK companies. Snowdrop's technology and target customer meshes well with Sage as their existing technology is mainly focused on smaller businesses. 2006 revenues for Snowdrop, up 35% from the prior year, were £7.5 million with EBITA of £1.1 million.

**5 International Transactions of Interest Q2:07**

Buyer	Seller	Value (Millions \$)	Sector	Comments
WPP Group PLC	24/7 Real Media, Inc.	\$649.00	Internet Infrastructure	As the global advertising market trends more and more towards the Internet, traditional advertising firms like WPP are using acquisition to ensure they remain competitive in the space and continue to meet clients constantly evolving needs. This is not WPP's first technology transaction and underscores their commitment in digital advertising technology and digital media. Microsoft was rumored to be an active bidder for 24/7.
Websense, Inc.	SurfControl plc	\$400.00	Security	In an effort to expand into the SMB marketplace and better compete in the global security market, Websense, based in San Diego, CA, acquired Surfcontrol, a direct competitor out of the UK. In addition to geographic and target market expansion, another key component was Surfcontrol's SaaS email security solution which they acquired through BlackSpider Technologies, also located in the UK. The transaction is to be financed using both cash and debt.
Software AG	webMethods, Inc.	\$546.00	SOA	By bringing webMethods under Software AG ownership, the combined company will be positioned as one of the global leaders in SOA and BPM, and will more than double Software AG's customer base and presence in North America. Although both firms are in the SOA space, there is minimal technology and customer overlap. Software AG recently announced their plans to double revenue to €1 billion.
UC4 Software	AppWorx	Undisclosed	Enterprise Infrastructure	Austrian job scheduling vendor, UC4, has acquired US-based Appworx, resulting in a global provider of IT process automation and optimization solutions. Private equity firm, Carlyle Group (UK), which owns 80% of UC4, supported the transaction with a follow on investment in UC4.
SAP AG	OutlookSoft Corporation	Undisclosed	Business Intelligence	SAP continues to execute on their "fill in the gaps" acquisition strategy, this time acquiring performance management software vendor Outlooksoft. This acquisition comes at an opportune time, as the need for CFO solutions continues to expand, and SAP's current performance needed improvement, along with increased pressure from direct competitor Oracle and their acquisition of Hyperion. Outlooksoft has a customer base of over 700, with 150 of those being SAP customers as well.

## Software Sector Analysis and Representative Q2 Transactions

## Digital Media

The digital media sector is growing and evolving at a rapid pace. Mergers and acquisitions are a key factor in this growth and evolution as traditional media companies are quickly moving to expand into the digital space.

With a healthy number of transactions, the second quarter was strong for M&A activity in digital media. Activity in this sector is being driven by a number of trends, led by the convergence of media, communications and technology; coupled with shifting consumer media consumption habits. The integration of Internet applications and digital media continues with high speed as the players in those fields aim at adding functionality to become full capability suppliers.

Outside of the wild valuations in the digital advertising world, Viacom's \$450 million acquisition of the London-based online social music network, Last.fm, was one of the largest deals of the quarter. One of the services offered to their members is a customized radio station, created on the basis of software which monitors what music they listen to through iTunes or other media players and recommends songs streamed from other members' computers.

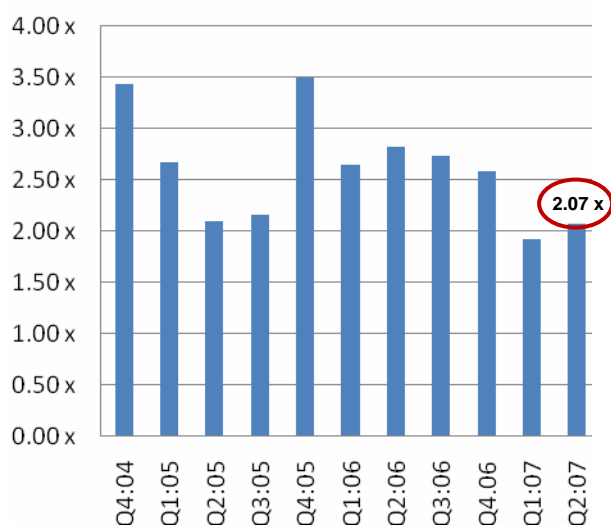
A comment in one of the digital media publications recently concluded: *"Very soon we will be surrounded by a total Internet-based media and entertainment offering – the only remaining issue being how to expand the capacity of the batteries in our notebooks to make use of it."*

**Digital Media**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ADBE	Adobe Systems Inc.	\$40.15	\$23,610.0	\$21,440.0	42.31 x	19.85 x	8.00 x	23.48 x	6.32 x
AAPL	Apple Computer Inc.	\$122.04	\$105,560.0	\$91,700.0	38.62 x	23.33 x	4.25 x	29.77 x	3.15 x
AVID	Avid Technology Inc.	\$35.35	\$1,460.0	\$1,290.0	N/A	15.18 x	1.42 x	21.69 x	1.25 x
CCUR	Concurrent Computer Corp.	\$1.79	\$128.3	\$117.1	N/A	N/A	1.83 x	179.00 x	1.41 x
JUPM	Jupitermedia Corp.	\$7.28	\$261.4	\$320.4	91.00 x	10.85 x	2.32 x	31.65 x	2.10 x
NNDS	NDS Group plc	\$46.95	\$2,700.0	\$2,220.0	23.95 x	12.22 x	3.35 x	17.72 x	2.82 x
RNWK	RealNetworks Inc.	\$8.17	\$1,260.0	\$692.2	9.18 x	37.54 x	1.58 x	62.85 x	1.09 x
SEAC	SeaChange International Inc.	\$7.76	\$229.2	\$187.9	N/A	20.74 x	1.13 x	97.00 x	1.02 x
<b>Median Valuation Multiples</b>					<b>38.62 x</b>	<b>19.85 x</b>	<b>2.07 x</b>	<b>30.71 x</b>	<b>1.75 x</b>

**Historical Peer Group Valuations:  
Digital Media**



**Market Headlines:**

“Mozilla+iTunes+Rhapsody+SongBird”  
*InternetNews.com – June 2007*

“ABC News to Cut Jobs, Focus on Digital Media”  
*World Screen News – June 2007*

“Fast Times at Digital High”  
*MediaPost Publications – June 2007*

“Digital Media Barons Just Can’t Get Enough”  
*MoneyWeb South Africa– June 2007*

**M&A Transactions**

**RoyaltyShare Acquires Musicalc**

RoyaltyShare, a provider of digital royalty solutions to the entertainment industry, acquired Musicalc, a UK-based provider of royalty accounting software for the music industry. With the acquisition, RoyaltyShare expands its European presence, enhances its royalty applications to serve its record label customers, and adds royalty processing software and services for music publishers. The acquisition immediately extends RoyaltyShare's business to include a number of leading European record labels and music publishers, as well as providing key staff to form the basis of its European operations.

Announcement Date: June 27, 2007  
Deal Value: Undisclosed

**Jupitermedia Acquires AdsOfTheWorld.com and CreativeBits.org**

Jupitermedia Corporation has acquired the assets of AdsOfTheWorld.com and CreativeBits.org. Both web sites provide user-generated content for the creative and design communities and have a robust following with over 1.0 million unique monthly visitors combined. These sites will be part of Jupitermedia's Graphics.com network. The acquisitions provide Jupitermedia with the opportunity to cross-promote its offerings, which include digital images, music, footage, flash, fonts, animations and illustrations, to a community of over 1.0 million creative professionals.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**KickRadio Acquires Media Broadcast Network**

KickRadio.com, in conjunction with its partnership group, acquired MBN. MBN is an excellent fit for KickRadio and strengthens its vision and goals for becoming the voice of new music from around the world. This acquisition strengthens both KickRadio and Media Broadcast Network's position in distributing entertainment content over the Internet on a global scale. The KickRadio / MBN business vision and strategy is the promotion of new music by established and emerging artists in an interactive way to a worldwide listening audience using syndicated on-demand Internet radio streaming broadcasts, podcasts, available syndicated re-broadcasts on traditional FM and AM radio stations, as well as other digital delivery systems including satellite transmissions and the mobile Internet.

Announcement Date: June 4, 2007  
Deal Value: Undisclosed

**Fox Interactive Media is Acquiring Photobucket and Flekto**

Fox Interactive Media, a division of News Corporation, is acquiring Photobucket and Flektor, Inc. Photobucket is one of the web's most popular photo- and video-sharing services, and Flektor is a next-generation website that provides users with a suite of web-based tools to transform their photos and videos into dynamic slideshows, postcards, live interactive presentations and video mash-ups. The acquisition of these two companies is a strategic fit for Fox that reinforces its position in user-generated content. Photobucket extends its reach among personal media sharing enthusiasts and the innovative new entrant, Flektor, brings highly differentiated new tools to the table that will drive the next generation.

Announcement Date: May 30, 2007  
Deal Value: Undisclosed

**Motorola to Acquire Modulus Video**

Motorola, Inc. is acquiring Modulus Video, Inc., a privately held company innovator in MPEG-4 Advanced Video Coding (AVC) compression systems designed for delivery of high value video content in the IPTV, cable, broadcast and satellite marketplace. Modulus Video has

partnered with Motorola for over two years bringing high-quality encoding solutions to key customers around the world. This acquisition will complement Motorola's recent acquisitions of Broadbus, Kreatel, Tut Systems and Netopia in the creation and delivery of an integrated, end-to-end video delivery system for multiple network architectures.

Announcement Date: May 17, 2007  
Deal Value: Undisclosed

**DG FastChannel to Acquire Pathfire**

DG FastChannel, provider of digital media services to the advertising and broadcast industries, is acquiring privately held Pathfire, Inc. Pathfire provides a robust digital media distribution pathway and sophisticated network operations center serving the television and entertainment industries. Pathfire distributes third-party long-form content, primarily news and syndicated programming, through a proprietary server-based network via satellite and Internet channels. Pathfire is the primary distribution method for the majority of syndicated programming. Pathfire's separate and distinct IP multicast digital satellite delivery network and blue chip customer list are excellent add-ons to DG FastChannel's business.

Announcement Date: April 24, 2007  
Deal Value: \$30 million (Stock)

**Viacom to Acquire Last.fm**

Viacom is acquiring London-based online social music network Last.fm. Last.fm operates a streaming radio service and social network, where members can allow software to monitor what songs they listen to in iTunes or other media players. The service then creates a customized radio station that recommends songs streamed from other members' computers. The service also offers community features that match users based on musical tastes.

Announcement Date: April 24, 2007  
Deal Value: \$450 million

**Akamai Acquires Red Swoosh**

Akamai Technologies, Inc. has acquired Red Swoosh, Inc., developer of innovative client-side technology for supporting the management and

distribution of media files in a controlled fashion, respecting the rights restrictions and copyrights of all publishers. By providing a controlled environment with effective business rules, Red Swoosh's technology is designed to empower content publishers and distributors to manage and monetize large-file distribution to edge devices, such as set top boxes and personal computers. The acquisition of Red Swoosh is expected to augment Akamai's distributed

Internet presence by combining client-side file management and distribution software with Akamai's scalable backend control system and global network of edge servers.

Announcement Date: April 12, 2007  
Deal Value: \$15 million

## Enterprise Applications

The enterprise applications marketplace, comprised of Business Intelligence, Content Management and Supply Chain along with other enterprise applications like CRM and HR, continues to show growth through acquisition activity. We have seen the long-term strategy of key players such as SAP, Oracle, and Infor Global to add valuable niche players to their growing suites of products as a way to protect existing customer bases and add new ones. Examples of this strategy in Q2 were SAP's acquisition of Outlooksoft, Oracle's deal for Agile, and the Infor-Workbrain transaction.

To that end, this quarter SAP AG acquired corporate performance management software company OutlookSoft Corporation. Over the past 12 months, SAP has made a number of moves designed to put together a complete suite of software for CFOs. A year ago, SAP bought compliance software vendor Virsa Systems and established a governance, risk and compliance management unit. Then, in February, SAP acquired analytics software company Pilot Software. The idea is to combine all of these products into an integrated suite for CFOs.

Oracle Corp. added yet one more acquisition to its bulging shopping basket with a \$495 million cash deal to buy Agile Software Corp. This is an example of another foreign body from Oracle invading SAP's customer base. Although it targets a relatively small market, Agile could help Oracle sell more software to hundreds of SAP customers. Many of the 1,250 customers who use Agile's product life management software are high-tech companies that also run some of SAP's applications.

Infor Global Solutions purchased Canadian online workforce management software vendor Workbrain Corp. Human capital management (HCM) is an increasingly popular set of ERP applications which help companies automate their human resources processes, from the initial hiring of a new employee through tracking that individual's performance while working for the organization. Infor plans to use Workbrain's software to expand its existing HCM software, particularly in the areas of time and attendance, scheduling, absence management and workforce planning.

Business Objects was active in the business intelligence space with two second quarter deals. The consolidation of the business intelligence and business performance management software markets continued after Business Objects acquired former rival and BPM specialist Cartesis. Business Objects said that deal would extend its ability to offer a full reporting platform providing integrated BI and BPM functionality. Business Objects also acquired Inxight Software, a leading provider of software solutions for unstructured information discovery, including text analytics, federated search, and data visualization. The combination of Business Objects and Inxight Software will provide organizations with a comprehensive BI solution to address all of their data assets.

Finally, two significant acquisitions in the content management and supply chain space demonstrated the continued activity in those markets.

Data storage software maker, Mobius Management Systems Inc., was acquired by enterprise software company, Allen Systems Group Inc., for \$197.2 million cash. Mobius is a provider of integrated solutions for enterprise archiving and records management and will continue as a wholly-owned subsidiary of ASG. This acquisition, combined with its acquisition of Cypress Corporation in 2005, will allow ASG to offer a complete solution for Total Content Management.

i2 Technologies, Inc. acquired Blue Agave Software, Inc., a provider of software application solutions designed to help consumer goods suppliers understand, predict and respond to daily consumer demand for every item at the store level. With the acquisition of Blue Agave, i2 can help consumer goods suppliers to take full advantage of consumer demand signals – including point-of-sale and RFID data – to quickly take action when issues and opportunities arise, before sales are lost and consumers complain. The Blue Agave solution is a natural extension of i2's offerings, providing end-to-end planning and execution capabilities to manufacturers and their retail partners.

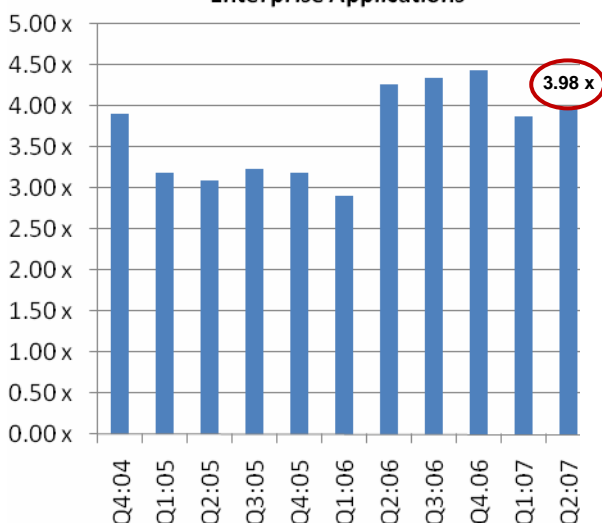
We expect this consolidation activity to continue for the balance of 2007.

**Enterprise Applications**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
CA	CA, Inc.	\$25.83	\$13,650.0	\$13,970.0	117.4 x	13.83 x	3.55 x	23.70 x	3.29 x
LWSN	Lawson Software Inc.	\$9.89	\$1,860.0	\$1,570.0	N/A	32.87 x	2.37 x	28.26 x	1.89 x
ORCL	Oracle Corp.	\$19.71	\$101,330.0	\$101,340.0	26.28 x	14.64 x	5.95 x	14.71 x	4.38 x
QADI	QAD Inc.	\$8.30	\$270.4	\$233.7	63.85 x	12.18 x	0.98 x	18.04 x	0.85 x
SAP	SAP AG	\$51.07	\$61,760.0	\$56,530.0	24.55 x	14.99 x	4.41 x	20.76 x	3.61 x
CRM	Salesforce.com	\$42.86	\$4,950.0	\$4,760.0	N/A	86.12 x	8.58 x	158.74 x	4.76 x
<b>Median Valuation Multiples</b>					<b>45.06 x</b>	<b>14.82 x</b>	<b>3.98 x</b>	<b>22.23 x</b>	<b>3.45 x</b>

**Historical Peer Group Valuations:  
Enterprise Applications**



**Market Headlines:**

“Software Compliance Is Not Just About Licensing”

*Register, UK – Apr 2007*

“Does ERP Matter?”

*InfoWorld – Apr 2007*

“All Aboard Oracle”

*Forbes – Apr 2007*

“CRM Breaks Into Show Business”

*e-commerce Times – June 2007*

“Google, Salesforce Deepen Ties

*MSNBC – June 2007*

**M&A Transactions**

**Google Acquires Zenter**

Google has purchased the assets of Zenter, which produces software for the creation of online slide presentations. Google will combine the technology of Zenter and the recently acquired Tonic Systems in its quest for the perfect presentation technology. When you create a document--whether it's a text document, a spreadsheet, or a presentation -- you usually want to share it, collect feedback, or communicate about it in some way. Tonic produces technology for presentation creation and document conversion and Google said at the time that the company would assist in adding presentation sharing and collaboration capabilities to Google Docs & Spreadsheets.

Announcement Date: June 20, 2007

Deal Value: Undisclosed

**Kronos Extends Market Leadership into Europe with Acquisition of Captor**

Extending its market leadership into Europe, Kronos has acquired privately held Captor. With headquarters in Belgium, Captor is a provider of workforce management solutions serving customers throughout Europe. Kronos' acquisition of Captor brings together two market leaders with a shared vision to help organizations around the globe effectively manage their workforce. The transaction marks a significant milestone in the execution of Kronos' global expansion strategy, providing Kronos with an even stronger European foundation. This enables Kronos to meet the growing demand as multi-national organizations increasingly turn to the company to manage their global workforce. Kronos' acquisition of Captor also enables the company to better address the needs of existing local and multi-national customers in the complex European workforce management market.

Announcement Date: June 13, 2007  
Deal Value: Undisclosed

**Mamut Acquires Danish Stellar Business Software**

Mamut ASA has acquired business unit Stellar Business Software from Danish company Allerup edb A/S. Stellar Business Software develops, distributes and sells business software solutions for small and medium sized companies in Denmark. A letter of intent was signed by the parties in December 2006. The business unit has 11 employees and reached a turnover of MDKK 10 with EBIT reaching MDKK 1 in 2006.

Announcement Date: June 4, 2007  
Deal Value: \$1.8 million + 400,000 shares of stock

**Thomas H. Lee Partners and Fidelity National Financial acquire Ceridian**

Thomas H. Lee Partners, L.P. ("THL Partners") and Fidelity National Financial, Inc. are acquiring Ceridian Corporation. Ceridian is a leading provider of human resources, transportation and retail information management services, serving businesses and employees in the U.S., Canada and Europe. Ceridian operates through two principal divisions, Human Resource Solutions (HRS) and Comdata. Ceridian has a profile similar to that of Alltel Information Services which Fidelity acquired in 2003 and used as the cornerstone in building what is now Fidelity National Information Services, a nearly \$10 billion market cap company.

Announcement Date: May 30, 2007  
Deal Value: \$5.3 billion (Cash)  
Seller Revenue: \$1.59 billion TTM

**Datasul acquires YMF Arquitetura Financeira de Negocios SA**

Datasul SA, a Brazilian multi-national provider of integrated management software solutions, announced the acquisition YMF Arquitetura Financeira de Negocios SA ("YMF"), a firm specialized in the development and distribution of software and services for the asset management industry, and a market leader in Brazil and in Latin America. Established in 1993, with headquarters in Sao Paulo and offices also in Rio de Janeiro, Curitiba and Porto Alegre, YMF built its expertise in banks, asset management firms,

hedge funds, pension funds, insurance companies and stock exchanges. With this acquisition, Datasul structures the development unit for the financial sector and immediately adds 70 large-sized clients, among which are largest financial groups with activities in Brazil.

Announcement Date: May 24, 2007  
Deal Value: \$22.5 million (Cash)

**Oracle Buys Agile Software**

Oracle Corp. added yet another acquisition to its bulging shopping basket with a deal to buy Agile Software Corp. Agile specializes in software that helps companies manage key products. Agile recently ran into accounting trouble because the value of some employee stock options had been misstated for years. The company absorbed \$69.6 million in expenses to correct the problem, raising its combined losses to more than \$140 million since April 2001. This is an example of another foreign body from Oracle invading SAP's customer base. Although it targets a relatively small market, Agile could help Oracle sell more software to hundreds of SAP customers. Many of the 1,250 customers who use Agile's product life management software are high-tech companies that also run some of SAP's applications.

Announcement Date: May 15, 2007  
Deal Value: \$495 million (Cash)  
Seller Revenue: \$130 million (Total revenue reported by Oracle)

**Sage Buys Snowdrop Systems**

The Sage Group plc, a global supplier of business management software solutions, has acquired Snowdrop Systems Limited, provider of human resources, personnel and payroll management software and related services to over 700 mid-sized businesses in the UK. The company provides businesses with the software to automate and manage more effectively a broad range of HR activities including recruitment, personnel, pay and flexible benefits, e-HR, training and development and succession planning. The acquisition of Snowdrop brings to Sage a portfolio of HR and payroll software solutions for the UK mid-market, complementing its existing software solutions.

Announcement Date: May 9, 2007  
Deal Value: \$33.5 million (Cash)

Seller Revenue: \$14.8 million (Revenues in calendar 2006)

### **SAP to Buy OutlookSoft**

Business applications vendor SAP AG is acquiring corporate performance management software company OutlookSoft Corporation in another acquisition aimed at filling out its product portfolio to better meet the needs of chief financial officers. Over the past 12 months, SAP has made a number of moves designed to put together a complete suite of software for CFOs. A year ago, SAP bought compliance software vendor Virsa Systems and established a governance, risk and compliance management unit. Then, in February, SAP acquired analytics software company Pilot Software. The idea is to combine all of these products into an integrated suite for CFOs.

Announcement Date: May 11, 2007  
Deal Value: Undisclosed

### **Silverpop Acquires Vtrenz**

Silverpop, a leading email marketing service provider, announced the acquisition of marketing automation and lead management company, Vtrenz. Offering a true, on-demand marketing solution, Vtrenz is in the forefront of delivering automated, multi-channel marketing solutions that optimize lifecycle marketing campaigns throughout all stages, from initial interest to engagement and beyond. Together, Silverpop and Vtrenz provide the broadest lifecycle marketing solution for B-to-B and B-to-C marketers in mid-market and enterprise organizations.

Announcement Date: May 8, 2007  
Deal Value: Undisclosed

### **Invensys to Acquire CIMNET**

Invensys Systems, a global automation, controls and process solutions group, and CIMNET, Inc. announced an agreement to merge CIMNET into Invensys. CIMNET designs, markets and integrates software for manufacturing facilities. CIMNET's products allow manufacturing companies to schedule and monitor work flow in real time and reduce operating costs by improving the quality of products being produced. The combination of CIMNET's Factelligence software with the customer base and distribution

network of Invensys will greatly enhance the solutions provided to new and existing customers of both companies.

Announcement Date: May 3, 2007  
Deal Value: \$23.2 million (Cash and debt)  
Seller Revenue: \$5.3 million TTM

### **Software AG Acquires ORGAPLAN Software GmbH**

Software AG, one of Europe's providers of premium CRM solutions, has acquired German CRM specialist, ORGAPLAN Software GmbH. With approximately 200 customers, ORGAPLAN Software GmbH is the leading provider of CRM solutions in the German banking and savings bank sector. The acquisition is a further step in Software AG's strategy of growth through sector focusing.

Announcement Date: April 26, 2007  
Deal Value: \$7.9 million (All earnout)

### **CDC Software to Acquire Saratoga Systems**

CDC Software is acquiring Saratoga Systems, a leading provider of CRM solutions for large, global enterprises. The Saratoga CRM solutions are designed for specific vertical industries that are additive and complementary to the vertical industries already addressed by current CDC Software solutions. The Saratoga CRM solutions are designed for, and widely used by large companies in the chemicals, consumer products, energy, insurance and selected manufacturing industries. The Saratoga CRM applications are also highly complementary to the Ross Enterprise solutions for chemicals manufacturers, and the recently acquired Respond applications for complaint and feedback management. The acquisition of Saratoga will represent another logical step in CDC's strategy as vertical industry specialists.

Announcement Date: April 17, 2007  
Deal Value: Undisclosed

### **CMS Software and XKO Software to Merge**

CMS Software, Inc and XKO Software Limited have agreed to merge, creating a new international force in ERP software. Marlin Equity Partners of Los Angeles, California has provided financial backing to the transaction. These are highly complementary businesses. The

combination adds strength to mutual product development programs but there is minimal operational overlap. Together, the companies' .Net and web services products will bring enterprise class performance to mid-sized organizations. The combined business will have sales of over \$50 million and employ 300 professionals serving more than 1,400 customers from offices in Europe, North America and Asia.

Announcement Date: April 2, 2007  
Deal Value: Undisclosed

**Infor to Acquire Workbrain**

Acquisitive mid-market applications player Infor Global Solutions plans to purchase Canadian

online workforce management software vendor Workbrain Corp. HCM is an increasingly popular set of ERP applications which help companies automate their human resources processes, from the initial hiring of a new employee through tracking that individual's performance while working for the organization. Infor plans to use Workbrain's software to expand its existing human capital management (HCM) software, particularly in the areas of time and attendance, scheduling, absence management and workforce planning.

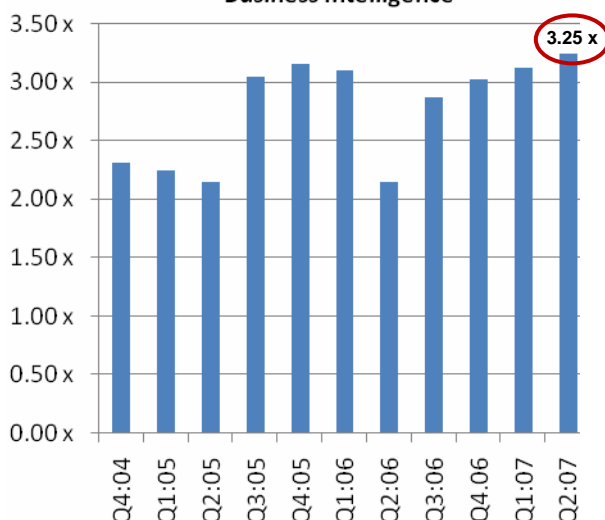
Announcement Date: April 2, 2007  
Deal Value: \$227 million (Cash)

**Business Intelligence**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
APLX	Applix Inc.	\$16.45	\$261.8	\$234.9	28.36 x	23.23 x	4.12 x	27.42 x	2.90 x
BOBJ	Business Objects SA	\$38.84	\$3,720.0	\$3,150.0	53.94 x	12.03 x	2.40 x	16.05 x	1.80 x
COGN	Cognos Inc.	\$39.70	\$3,480.0	\$2,780.0	28.98 x	13.30 x	2.78 x	N/A	N/A
INFA	Informatica Corp.	\$14.77	\$1,290.0	\$1,100.0	33.57 x	20.83 x	3.25 x	20.51 x	2.55 x
MSTR	MicroStrategy Inc.	\$94.49	\$1,170.0	\$1,100.0	19.17 x	10.76 x	2.17 x	15.09 x	2.92 x
<b>Median Valuation Multiples</b>					<b>28.98 x</b>	<b>13.30 x</b>	<b>3.25 x</b>	<b>18.28 x</b>	<b>2.72 x</b>

**Historical Peer Group Valuations:  
Business Intelligence**



**Market Headlines:**

- “New Sources of Business Intelligence”  
*PC World – Apr 2007*
- “BI 2.0: Data Visualization Meets Social Networking”  
*Intelligent Enterprise – June 2007*
- “Rethinking Business Intelligence”  
*CIO Today – June 2007*
- “Is Business Objects the Next BI Buyout Target?”  
*Seeking Alpha – June 2007*

**M&A Transactions**

**Business Objects to Acquire Inxight Software**

Business Objects is acquiring Inxight Software, a leading provider of software solutions for unstructured information discovery, including text analytics, federated search, and data visualization. The combination of Business Objects and Inxight Software will provide organizations with a comprehensive BI solution to address all of their data assets. With the combined technology, companies will now have streamlined access to both structured information within databases and data warehouses, and unstructured information such as emails, documents, notes fields, and web content that is estimated to comprise more than 80 percent of all organizational data. Inxight brings a compelling combination of text analytics, federated search, and visualization capabilities to the BusinessObjects XI platform to enable customers to easily discover, manage,

and analyze unstructured content inside and outside of their organization.

Announcement Date: May 22, 2007  
Deal Value: Undisclosed

**Tibco to Acquire Spotfire**

TIBCO Software Inc. is acquiring Spotfire Inc., a rapidly growing, privately held software company and a leader in next-generation business intelligence software. This is the latest example of TIBCO's ongoing commitment to providing a complete, real-time and event driven infrastructure. While a myriad of data management technologies, applications and interface standards are making information increasingly available today, the technically diverse environment where the data resides too often remains unresponsive and disconnected from business users across the enterprise. Spotfire provides an interactive, visual approach to data analysis that puts the power to ask and

answer questions on demand directly into the hands of a wide range of business professionals. TIBCO believes that uniting Spotfire's next generation BI capabilities with its own solutions for service-oriented architecture (SOA), business process management (BPM), and business optimization will transform the way business users interact with data to offer a complete and contextual picture for making truly informed decisions.

Announcement Date: May 1, 2007  
Deal Value: \$195 million (Cash)

**Business Objects SA to Acquire Cartesis SA**

The consolidation of the business intelligence and business performance management software markets continued after Business

Objects announced plans to acquire former rival and BPM specialist Cartesis. The company added that Cartesis' focus on the finance department would also add new governance, risk and compliance management functionality, as well as better support for U.S. and international financial reporting standards to its existing performance management products. Business Objects said that deal would extend its ability to offer a full reporting platform providing integrated BI and BPM functionality.

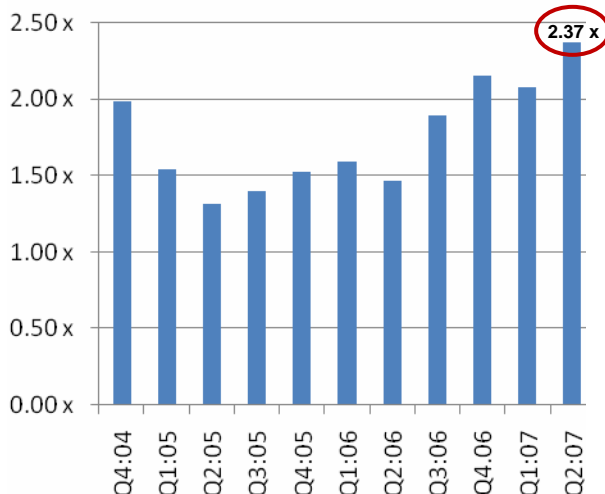
Announcement Date: April 24, 2007  
Deal Value: \$307.1 million

**Enterprise Content Management**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
IWOV	Interwoven Inc.	\$14.04	\$611.9	\$459.4	200.57 x	17.88 x	2.37 x	25.07 x	2.05 x
OTEX	Open Text Corp.	\$21.76	\$1,090.0	\$1,320.0	53.07 x	11.34 x	2.51 x	N/A	N/A
VIGN	Vignette Corporation	\$19.16	\$547.2	\$354.1	36.15 x	15.44 x	1.79 x	21.29 x	1.74 x
<b>Median Valuation Multiples</b>					<b>53.07 x</b>	<b>15.44 x</b>	<b>2.37 x</b>	<b>23.18 x</b>	<b>1.90 x</b>

**Historical Peer Group Valuations:  
Enterprise Content Management**



**Market Headlines:**

“Content Management Vendors Eye Mid-Market”  
*IDG News – Apr 2007*

“Businesses Struggle with Electronic Records Rules”  
*IDG News – June 2007*

“CMS Watch Finds Turbulence at Top of ECM Market”  
*CMS Watch – Apr 2007*

“ECM: The On-Demand vs. On-Premise Debate”  
*ECM Connection – June 2007*

**M&A Transactions**

**Iron Mountain Acquires Accutrac Software, Inc.**

Iron Mountain Incorporated, provider of information protection and storage services, acquired Accutrac Software, Inc., a provider of records management software and professional services. Accutrac's client-based software enhances Iron Mountain's core records management capabilities by helping customers to better manage, retain, and access records throughout their lifecycle from creation through disposition. Additionally, Accutrac's licensed-based software delivers robust records management functionality and the flexibility to integrate with other software applications like Enterprise Content Management systems.

Announcement Date: June 25, 2007

Deal Value: Undisclosed

**BlueCielo ECM Solutions Acquires DataCore Technology**

BlueCielo ECM Solutions Inc, a provider of Engineering Content Management (ECM) software solutions, announced that it has acquired DataCore Technology. DataCore Technology is a specialist in implementing electronic data management (EDM) systems. Both companies will merge their activities and operate as one. The merger of the two companies is part of BlueCielo's aggressive growth strategy to provide integrated ECM solutions to specific vertical markets such as energy, oil and gas, petrochemical, government, life sciences and manufacturing. The acquisition of DataCore will support BlueCielo's plans to accelerate growth and meet customer demand in a booming market. DataCore's activities in recent years have been predominantly centered on BlueCielo's line of products.

Announcement Date: June 6, 2007

Deal Value: Undisclosed

**LexisNexis Acquires Image Capture Engineering, Inc.**

LexisNexis, a leading provider of information and services solutions, announced that LexisNexis Applied Discovery has acquired Image Capture Engineering, Inc. – the industry pioneer in the development of discovery document processing software. Because of their natural connection in the discovery workflow, the combination of LAW 5.0 PreDiscovery with LexisNexis Concordance from a single vendor will increase client control over discovery projects with streamlined processing and review, uniform customer support, and the resources and broad expertise from LexisNexis to continue development and innovation.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**KANA to Acquire eVergance**

KANA Software, Inc., provider of multi-channel customer service, is acquiring eVergance Partners, LLC, a management consulting and systems integration firm offering end-to-end consulting services for CRM optimization, knowledge management, and web self-service deployments. Through this acquisition, KANA will significantly expand its professional services portfolio to meet growing demand for consulting and implementation services. eVergance brings a proven track record of more than 200 successful customer service engagements, as well as a history of thought leadership in the knowledge management and web self-service space.

Announcement Date: May 7, 2007  
Deal Value: Undisclosed

**Shea Development Corp to Acquire Bravera**

Shea Development Corp., an emerging leader in the business process automation and content delivery space, will acquire Bravera, Inc., an enterprise-level, on-demand business process and content management company. The acquisition broadens SDC's presence in the business process management and content management market. The addition of Bravera will enable SDC to deliver complex, leading-edge technology solutions while further leveraging the companies' joint customer base,

consulting resources and product development capabilities.

Announcement Date: April 26, 2007  
Deal Value: Undisclosed

**SDL to Acquire Tridion**

SDL International, provider of Global Information Management (GIM) solutions, is acquiring Tridion, provider of enterprise class Web Content Management (WCM) solutions. SDL's acquisition of Tridion will further strengthen SDL's leadership position in Global Information Management by adding a world-class WCM solution to the SDL solutions portfolio. Through the integration of SDL's Translation Management System with Tridion's WCM system, SDL and Tridion will deliver the first Global Web Content Management solution that allows corporations to communicate and interact with global audiences in multiple languages in an effective, efficient and timely manner.

Announcement Date: April 24, 2007  
Deal Value: \$94 million

**Allen Systems Group to Acquire Mobius**

Data storage software maker Mobius Management Systems Inc. has agreed to be acquired by enterprise software company Allen Systems Group Inc. Mobius is a provider of integrated solutions for enterprise archiving and records management, and will continue as a wholly-owned subsidiary of ASG. This acquisition, combined with its acquisition of Cypress Corporation in 2005, will allow ASG to offer a complete solution for Total Content Management. This is a vitally important component to Business Intelligence and to its Business Service Management solution.

Announcement Date: April 12, 2007  
Deal Value: \$197.2 million (Cash)  
Seller Revenue: \$91.58 million TTM

**Salesforce.com Acquires Koral**

Salesforce.com makes a move into content management with its tiny Koral buy. The last time Salesforce.com acquired a company – Kieden, in August – it created a new category within its hosted services business to help users manage Google advertisements. With the acquisition of content collaboration software

developer Koral, Salesforce.com is adding another new category to its growing business: unstructured content management and collaboration. Its third acquisition to date, Salesforce will use the Koral technology to expand its Apex platform services and begin an expansion into the realm of SaaS-based content management.

Announcement Date: April 10, 2007  
Deal Value: Undisclosed

**Shea Development Acquires Riptide Software**

Shea Development Corp., Inc., a vendor in the business process and content management spaces, is acquiring Riptide Software. Riptide is a custom software and systems development

company with a strong track record of delivering mission-critical, zero-defect engagements on custom, mid-to-large-scale software systems for government and commercial customers. The combined entity will result in the world's newest company in this high-growth market offering a standards-based, real-time, thin-client scalable solution that provides large corporate and government customers with robust and secure BPM and CM solutions. This acquisition will allow Shea to reliably expand its ability to deliver advanced functionality tailor-made to its customers' requirements and integrate legacy systems with its own state-of-the-art BPM and CM solutions.

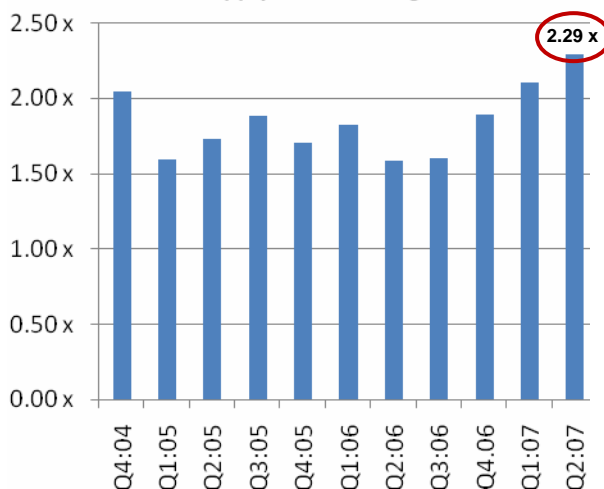
Announcement Date: April 9, 2007  
Deal Value: Undisclosed (Cash and stock)

**Supply Chain Management**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
AGIL	Agile Software Corp.	\$8.06	\$461.4	\$297.5	N/A	N/A	2.29 x	100.75 x	2.06 x
AZPN	Aspen Technology Inc.	\$14.00	\$1,230.0	\$1,130.0	33.33 x	14.66 x	3.52 x	17.28 x	3.17 x
ITWO	i2 Technologies, Inc.	\$18.64	\$395.2	\$486.1	20.71 x	8.93 x	1.73 x	12.10 x	1.60 x
LGTY	Logility Inc.	\$11.02	\$142.2	\$108.2	24.49 x	9.25 x	2.48 x	N/A	1.85 x
MANH	Manhattan Associates Inc.	\$27.91	\$752.5	\$667.2	34.89 x	11.33 x	2.19 x	19.94 x	1.89 x
<b>Median Valuation Multiples</b>					<b>28.91 x</b>	<b>10.29 x</b>	<b>2.29 x</b>	<b>18.61 x</b>	<b>1.89 x</b>

**Historical Peer Group Valuations:  
Supply Chain Management**



**Market Headlines:**

“Tech Companies Still Committed to RFID, but Customers are Uncertain”

*Information Week – June 2007*

“RFID: Living Up to Expectations”

*RFID.org – June 2007*

“New Technologies Boost Procurement’s Potential”

*Supply Chain Mgt Review – May 2007*

“The Supply Chain as Growth Driver”

*Supply Chain Mgt Review – May 2007*

**M&A Transactions**

**Intelligentz Acquires Franklin Wireless**

Intelligentz Corporation acquired Franklin Wireless, a Radio Frequency Identification (RFID) solutions provider. This acquisition was a big step in Intelligentz’s expansion into the financial market in order to track assets of financial and secure data. Franklin Wireless will continue to operate under SecurLynx and continue growing their already impressive customer base. SecurLynx is an extension of Intelligentz’s asset tracking continuation patent portfolio and collaborates upon Intelligentz’s existing product line including middleware, proprietary hardware designs, as well as inventory management software.

Announcement Date: June 1, 2007

Deal Value: Undisclosed

**Symphony Technology Group is Acquiring Aldata Solution Oyj**

Symphony Technology Group is acquiring Aldata, a Finland-based provider of supply chain software for retail, wholesale and logistics companies. Symphony Technology already holds a 29% stake in Aldata Solution. The company said being acquired by Symphony Technology would help it establish its credentials with clients, since it is a small firm that is often criticized by rivals for not having long-term staying power. Clearlake Capital is helping to lead the leveraged financing package.

Announcement Date: May 23, 2007

Deal Value: \$167 million

**i2 Acquires Blue Agave Software, Inc.**

i2 Technologies, Inc. has acquired Blue Agave Software, Inc., a provider of software application solutions designed to help consumer goods suppliers understand, predict and respond to

daily consumer demand for every item at the store level. With the acquisition of Blue Agave, i2 can help consumer goods suppliers to take full advantage of consumer demand signals – including point-of-sale and RFID data – to quickly take action when issues and opportunities arise, before sales are lost and consumers complain. The Blue Agave solution is

a natural extension of i2's offerings, providing end-to-end planning and execution capabilities to manufacturers and their retail partners.

Announcement Date: May 1, 2007

Deal Value: Undisclosed

## Enterprise Infrastructure

M&A activity in the Enterprise Infrastructure sector was strong not only in the number of transactions announced during the quarter but also in the dollar volume on the deals. Many of the buyers targeted firms that broadened and extended their product offerings with strategically significant capabilities.

However, the acquisition of Avaya by Silver Lake+TPG stands out not only for its size of \$8 billion, but also because private equity won over strategic acquirers. Many speculated about whether Nortel or Cisco or even Oracle, IBM or Microsoft might be the ultimate buyer. In the end Avaya's board decided the private equity buyers offered the best value to Avaya's shareholders. The transaction demonstrates that the VoIP and unified communications markets are expected to be stronger than ever. As a private company Avaya will be able to aggressively compete in its core business and spend less time worrying about Wall Street analysts.

Another noteworthy transaction was Software AG's acquisition of webMethods, a deal driven by a variety of strategic factors. This transaction pushes Software AG squarely into the top tier of middleware and integration players. It extends the company's geographic presence, increases the customer base, extends its vertical market offerings, adds system integration partners, and provides complementary technology. This acquisition is another consolidation of the global SOA market and emphasizes that SOA is not a fad but is key to the future of IT infrastructure. This transaction also shows another current M&A phenomenon: the falling value of the U.S. dollar has made American companies more attractive to foreign buyers.

For the foreseeable future we expect M&A in the Enterprise Infrastructure sector as a whole to remain active.

First, storage management will continue to be a challenge as the volume of stored content rises rapidly. Rich media and user-generated content will drive much of the growth. In the enterprise, unstructured data like Word documents, Excel spreadsheets, and PDF documents are adding to the volume. Enterprises are struggling to gain a complete picture of their data assets, and they need tools to manage and make use of those assets. In addition, virtualization is highly cost effective and gaining momentum, but it adds to storage management challenges as it drives storage consolidation.

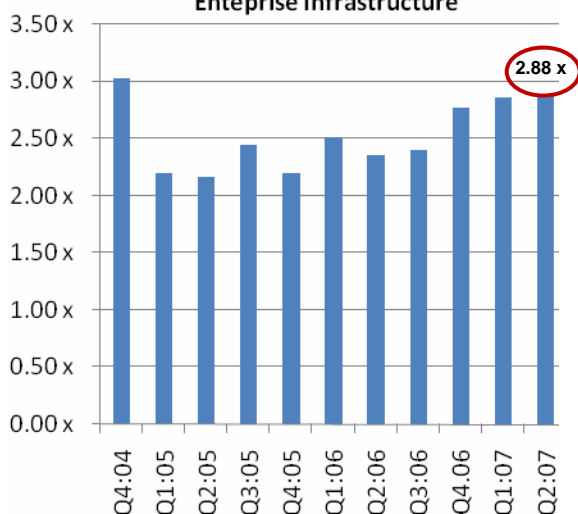
Second, network management has become critical as distributed IP networks and real-time applications are increasingly important to the enterprise. Trends in VoIP, IPTV, collaboration and messaging, and Software as a Service (SaaS) are changing the way executives look at their networks. No longer is the network just a necessary but dull IT asset; instead the network has gained prominence as a key enabler of business agility and an asset that contributes directly to achieving corporate goals. Intelligent or application-aware networks of tomorrow will require more sophisticated solutions for monitoring, traffic analysis and optimization.

**Enterprise Infrastructure**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
AV	Avaya Inc.	\$16.84	\$7,580.0	\$6,780.0	35.08 x	9.99 x	1.29 x	24.41 x	1.23 x
BMC	BMC Software Inc.	\$30.30	\$6,080.0	\$4,780.0	29.42 x	10.50 x	3.03 x	16.74 x	2.78 x
CSCO	Cisco Systems Inc.	\$27.85	\$169,080.0	\$153,230.0	25.09 x	14.21 x	4.58 x	17.97 x	3.87 x
CA	CA, Inc.	\$25.83	\$13,650.0	\$13,970.0	117.41 x	13.83 x	3.55 x	23.70 x	3.29 x
IBM	Int'l Business Machines Corp.	\$105.25	\$156,280.0	\$170,480.0	16.81 x	8.88 x	1.84 x	13.62 x	1.72 x
NOVL	Novell Inc.	\$7.79	\$2,710.0	\$1,540.0	N/A	24.47 x	1.60 x	43.28 x	1.58 x
PKTR	Packeteer Inc.	\$7.81	\$281.0	\$257.0	N/A	N/A	1.74 x	14.20 x	1.37 x
QSFT	Quest Software Inc.	\$16.19	\$1,640.0	\$1,440.0	41.51 x	12.45 x	2.88 x	20.76 x	2.42 x
RHT	Red Hat Inc.	\$22.28	\$4,300.0	\$4,010.0	76.83 x	36.93 x	10.04 x	25.91 x	6.35 x
<b>Median Valuation Multiples</b>					<b>35.08 x</b>	<b>13.14 x</b>	<b>2.88 x</b>	<b>20.76 x</b>	<b>2.42 x</b>

**Historical Peer Group Valuations:  
Enterprise Infrastructure**



**Market Headlines:**

“IBM Sees Software Acquisitions Key to Profit Rise”

*Reuters – June 2007*

“On Demand Software in Demand”

*Barron's – May 2007*

“SOA-Aware Network Infrastructure”

*Network Computing – June 2007*

“How MySpace is Hurting Your Network”

*PC World – June 2007*

**M&A Transactions**

**Mycroft and Talisen Merge**

Mycroft Inc., a provider of identity and access management, and Talisen Technologies, a top provider of IT and business process management solutions and managed infrastructure services, have combined to form Mycroft Talisen. The company offers an integrated, comprehensive services suite, from Mycroft's expertise in assessment, architecture, development and implementation, spanning through Talisen's capability in maintenance, management and support. The combined experience of the merging companies represents hundreds of successful implementations.

Announcement Date: June 27, 2007  
Deal Value: Undisclosed

**Quest Software to Acquire ScriptLogic**

Quest Software Inc. is acquiring ScriptLogic, which makes Windows-based network administration software. The union is a natural fit for Quest, a market-leading provider of database, applications, and Windows management solutions, and privately held ScriptLogic, a leading provider of systems lifecycle management solutions for Windows-based networks. In addition to expanding Quest's presence in the small- and medium-sized business (SMB) space, the deal broadens Quest's capabilities to support both Windows server-based and client-side needs as well as allowing ScriptLogic to benefit from Quest's global footprint and extensive presence and knowledge in the Windows market.

Announcement Date: June 21, 2007  
Deal Value: \$90 million (Cash)

Seller Revenue: \$20 million 2006 revenues

### **HP to Acquire SPI Dynamics**

HP is acquiring SPI Dynamics, Inc., a provider of web application security assessment software and services, to further strengthen its leadership in the IT application quality management market. Application quality management ensures that business systems, such as e-commerce websites or financial and supply chain applications, function well without any performance issues.

SPI Dynamics technology, which is already integrated with HP Quality Center software, enables customers to assess and identify security vulnerabilities along the entire lifecycle of web applications – from development, quality assurance and deployment. Customers can also use SPI Dynamics software to validate application security and quality after deployment and to meet auditing and compliance requirements, such as Sarbanes-Oxley.

Announcement Date: June 19, 2007  
Deal Value: Undisclosed

### **Kenexa Acquires StraightSource**

Kenexa has acquired StraightSource, provider of recruitment process outsourcing (RPO) services to leading Fortune 500 companies. StraightSource offers both comprehensive and modular recruitment solutions through every aspect of the recruitment process. Working together, StraightSource and Kenexa will combine the most experienced recruiters, process consultants and award winning technology and human resource science to create one of the largest and strongest organizations in hiring. The acquisition of StraightSource will provide additional efficiency to Kenexa's exempt and non-exempt recruitment offering.

Announcement Date: June 8, 2007  
Deal Value: Undisclosed

### **Silver Lake and TPG Capital Are Acquiring Avaya Inc.**

In addition to delivering compelling value for its shareholders, the partnership with Silver Lake and TPG also creates clear value for Avaya employees and customers. Louis J. D'Ambrosio, Avaya's President and CEO, said, "The

investment in our people and technology and the operating structure will enable us to extend our technology and services leadership and continue to deliver the 'gold standard' of communication solutions in the industry." The merger agreement provides for Avaya to solicit proposals from third parties during the next 50 days.

Announcement Date: June 4, 2007  
Deal Value: \$8.2 billion (Cash)  
Seller Revenue: \$5.4 billion TTM

### **BMC to Acquire ProactiveNet**

BMC Software is acquiring privately held ProactiveNet, Inc. ProactiveNet leverages real-time and proactive analyses to identify problems before they impact the business. The acquisition will bring together BMC's acknowledged market leadership in business service management (BSM) with award-winning ProactiveNet technology, delivering the most advanced solution to enable customers to align IT services with business priorities. BMC believes that with the acquisition, none of its competitors can deliver this overall capability for intelligent automation of service delivery.

Announcement Date: May 29, 2007  
Deal Value: Undisclosed

### **Quest Acquires Magnum Technologies**

Quest Software, Inc. entered into the business services management market, one of the fastest growing segments of IT systems management, with the acquisition of BSM vendor Magnum Technologies. The addition of Magnum and BSM technology gives Quest the means to bring together many of its market-leading systems management products and strategically integrate data and information into executive dashboards, SLAs, compliance capabilities and business impact analysis. Quest uses the Magnum capabilities to help organizations connect business-focused IT services to the underlying IT and infrastructure services.

Announcement Date: May 21, 2007  
Deal Value: Undisclosed

### **SolarWinds Acquires Neon Software**

SolarWinds, a provider of management software, has acquired Neon Software, a privately held company that provides innovative

technology for discovery, mapping and visualization of network topology. As networks react to rapidly changing business requirements, they become more complex and dynamic in their design – and the ability to discover, document and visualize the network in real time becomes more difficult. Neon is a perfect fit for SolarWinds and provides the company with real-time discovery, topology mapping, documentation and reporting of critical network systems – essential capabilities for SolarWinds' strategy.

Announcement Date: May 21, 2007  
Deal Value: Undisclosed

**StarCite Acquires Travent, Limited**

StarCite, Inc., provider of On Demand Global Meeting Solutions, has acquired Travent Limited, EMEA, a UK-based provider of enterprise meeting management and global technology solutions to European companies and industry partners. As a StarCite technology distributor for several years, Travent has successfully built its business in Europe by implementing meetings technology solutions for global corporate customers. Through the acquisition, StarCite continues its growth plans to expand globally and secures an impressive base of corporate customers and experienced staff in Europe.

Announcement Date: May 15, 2007  
Deal Value: Undisclosed

**SAP Acquires MaXware and Wicom Communications**

SAP acquired identity management software MaXware, and Wicom Communications which designs call center applications based on IP (Internet Protocol) technology. SAP intends to integrate MaXware's identity management features into its NetWeaver integration middleware in a move to allow businesses to centralize identity management and increase security across their various processes. With Wicom's IP-based contact center application, SAP aims to help businesses improve their customer service operations, connecting services such as marketing, finance and sales, through a variety of channels including e-mail, SMS (Short Message Service) and mobile phones. The Wicom application offers standard web service-based integration to SAP's CRM (customer relationship management) software.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**Radware Buys Covelight Systems**

Radware announced the purchase of Covelight Systems and plans to blend Radware's application-delivery gear with Covelight's analytical software that triggers network responses to business threats and opportunities based on embedded business logic. The combined technologies give real-time analysis to web application transactions. Radware says the acquisition signals a shift in direction for the company to what it calls the Business-Smart Network. With Radware's APSolute and Covelight's Inflight appliances, a business will be able to identify business processes in web transactions and respond to them automatically.

Announcement Date: April 30, 2007  
Deal Value: \$16 million

**UC4 Software Acquires AppWorx Corporation**

UC4 Software GmbH, an Austria-based provider of enterprise job scheduling and data center automation products and solutions, acquired AppWorx Corporation, one of the leading providers of event-driven business application automation and batch integration technologies. The combined company, to be known as UC4 Software, will be the first truly global and independent provider of IT process automation and optimization solutions.

Announcement Date: April 30, 2007  
Deal Value: Undisclosed

**SolarWinds Acquires ipMonitor**

SolarWinds, a leader in network management software, has acquired privately held ipMonitor Corporation, developer of network monitoring software. By providing out-of-the-box monitoring of network services, enterprise applications, and key infrastructure, ipMonitor enables IT managers to quickly assess the availability of mission-critical resources. SolarWinds will grow the capabilities of the ipMonitor solution and use technology assets from the acquisition to expand existing products.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

### **NetEnrich Acquires Luminalto**

NetEnrich, a leading provider of award winning Virtual Private Management technologies and services for remote site IT infrastructure management, acquired Luminalto, a leading provider of IT infrastructure management and optimization services. This acquisition will bring efficiencies in rendering remote IT Infrastructure management and optimization services to enterprises globally. The combined companies provide highly secure, transparent and auditable IT management services to clients, while reducing their total cost of operations and increasing infrastructure uptime.

Announcement Date: April 23, 2007  
Deal Value: Undisclosed

### **Google Acquires Marratech**

Google has acquired Marratech, an online video conferencing company that is based in Sweden. However this does not seem to be the prime reason for buying Marratech. Video-conferencing was just a next logical move for Google. Google has now raised the bar even further in its battle against Microsoft, which has its own web conferencing software, Live Meeting. Cisco also recently acquired WebEx,

which is supposedly the market leader in this segment for \$3.2 billion.

Announcement Date: April 20, 2007  
Deal Value: Undisclosed

### **PHNS Acquires Network Technology Group**

PHNS acquired Network Technology Group, Inc., which provides advanced data center services, physical and network security protection, disaster recovery services, and electronic data vaulting services for commercial customers. NTG's premier data centers provide the highest levels of reliability through multiple-provider fiber trunk access, redundant uninterruptible power supplies and multiple back-up generators. NTG provides both managed and co-located disaster recovery services, electronic data vaulting, business continuity services and integration services. NTG's strong reputation for customer service, superior results and long-standing relationships make it an exciting expansion play for PHNS. The acquired NTG business will be operated as a separate wholly-owned subsidiary.

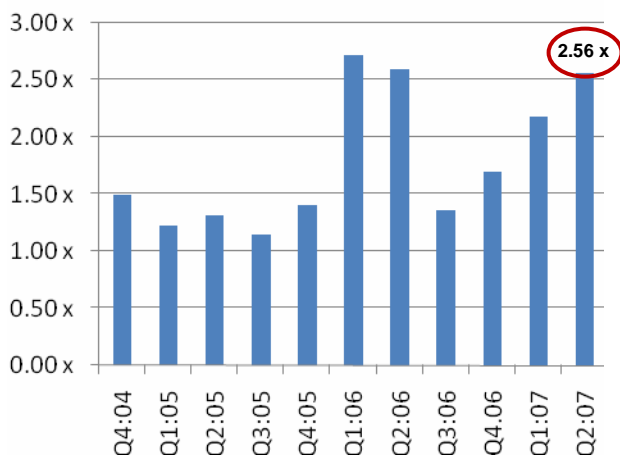
Announcement Date: April 17, 2007  
Deal Value: Undisclosed

**Legacy Extension / Service-Oriented-Architecture**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
BEAS	BEA Systems Inc.	\$13.69	\$5,390.0	\$4,470.0	38.03 x	18.41 x	3.44 x	24.45 x	2.98 x
IONA	IONA Technologies plc	\$5.45	\$196.6	\$137.3	545.00 x	23.00 x	1.80 x	24.77 x	1.54 x
JCDA	Jacada Ltd.	\$3.46	\$69.7	\$54.8	N/A	N/A	2.50 x	N/A	N/A
TIBX	Tibco Software Inc.	\$9.05	\$1,890.0	\$1,380.0	25.14 x	11.46 x	2.64 x	20.11 x	2.16 x
<b>Median Valuation Multiples</b>					<b>38.03 x</b>	<b>18.41 x</b>	<b>2.56 x</b>	<b>24.45 x</b>	<b>2.16 x</b>

**Historical Peer Group Valuations:  
Legacy Ext. / Service Oriented Architecture**



**Market Headlines:**

“SOA Poised to Double in Big Businesses”  
*eChannelLine, Canada – Apr 2007*

“Enterprise SOA Adoption to Double in Next Two Years”  
*eWeek.com – Apr 2007*

“SOA Adoption Crawling at a Snail’s Pace”  
*Network World – May 2007*

“SOA: The New Value Driver”  
*Supply Chain Mgt Review – May2007*

**M&A Transactions**

**Unify Acquired Active Data Corp.**

Unify Corp., a global provider of application modernization software to enable Service-Oriented Architecture (SOA), has acquired Active Data Corporation, a privately held provider of application migration software that will add Microsoft .NET functionality to Team Developer and SQLWindows applications. The acquisition validates Unify's application modernization strategy and expands its Composer suite of solutions to help businesses modernize and service-enable legacy applications. ADC technology and expertise will provide the foundation for Unify to rapidly deliver .NET and ASP.NET deployment capabilities in future versions of its products.

Announcement Date: May 24, 2007  
Deal Value: Undisclosed (Cash paid over the next four quarters plus a two-year earnout)

**Micro Focus Acquires Acucorp Inc.**

Micro Focus International plc has agreed to acquire Acucorp Inc., provider of technologies

for the modernization and enhancement of business-critical applications. In addition to both modernizing and enhancing existing assets, Acucorp's software solutions provide interoperability and portability to more than 600 different computing platforms. Acucorp's technology is highly complementary to Micro Focus' core business, and the acquisition provides the opportunity for Micro Focus to expand its reach into the small and medium-sized enterprise ("SME") market.

Announcement Date: May 4, 2007  
Deal Value: \$40.7 million (Cash)  
Seller Revenue: \$13.1 million (2006)

**Iona Technologies Buys LogicBlaze**

Iona Technologies, a provider of distributed service-oriented architecture (SOA) infrastructure solutions for performance-demanding IT environments, bought privately held LogicBlaze Inc., an Open Source software company with solutions for SOA and business integration. The acquisition of LogicBlaze enables IONA to accelerate its strategy of

delivering innovative, enterprise Open Source SOA solutions to the large IT organizations typified by the Company's customers. LogicBlaze's employees are respected experts in the Open Source community, and are key contributors to the most popular Open Source projects related to SOA, including Apache ActiveMQ and Apache ServiceMix. Many IT organizations and ISVs are incorporating these innovative Apache projects as key components of their software infrastructure in enterprise SOA environments.

Announcement Date: April 9, 2007  
Deal Value: Undisclosed

### **Software AG Buys webMethods**

In a move to strengthen its position in the U.S. market, Germany's applications and business software company Software AG plans to make its biggest acquisition in a decade by buying U.S. software firm webMethods. The acquisition is a milestone for Software AG, for which it says

it has been preparing for the last three or four years. This transaction will significantly strengthen the combined company's leadership in the fast-growing SOA and Business Process Management (BPM) markets. Together, the companies bring an expanded product portfolio to a global customer base of over 4,000 organizations and 100 partners in complementary geographies around the globe. Specifically, Software AG will more than double its customer base in North America. This combination also brings complementary industry strengths and minimal customer overlap, providing immediate and mutual access to additional customer segments, particularly in financial services, manufacturing and the public sector. It really is about a land grab in terms of market share. webMethods now has a world-class distribution channel.

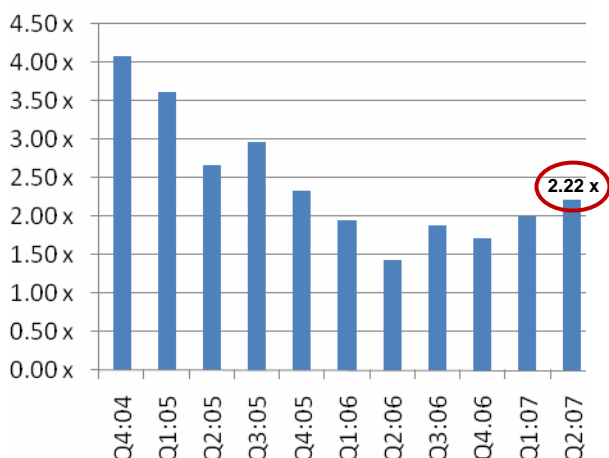
Announcement Date: April 5, 2007  
Deal Value: \$546 million (Cash)  
Seller Revenue: \$208.8 million TTM

**Software Development Tools**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
BORL	Borland Software Corp.	\$5.94	\$431.8	\$424.4	N/A	N/A	1.39 x	34.94 x	1.34 x
CPWR	Compuware Corporation	\$11.86	\$3,570.0	\$3,260.0	26.36 x	16.29 x	2.69 x	17.19 x	2.47 x
ILOG	ILOG S.A.	\$12.30	\$233.3	\$162.9	37.27 x	22.88 x	1.05 x	N/A	N/A
PRGS	Progress Software Corp.	\$31.79	\$1,300.0	\$1,040.0	41.83 x	10.54 x	2.22 x	16.82 x	2.03 x
WIND	Wind River Systems Inc.	\$11.00	\$942.5	\$854.8	N/A	31.50 x	2.86 x	21.57 x	2.31 x
<b>Median Valuation Multiples</b>					<b>37.27 x</b>	<b>19.58 x</b>	<b>2.22 x</b>	<b>19.38 x</b>	<b>2.17 x</b>

**Historical Peer Group Valuations:  
Software Development Tools**



**Market Headlines:**

“IDC: Open-Source Market to Be Worth \$5.8 Billion by 2011”

*CIO.com – June 2007*

“Open Source Is Ready For the Enterprise”

*Web 2.0 Journal – June 2007*

“Software Development and Services Now Go Together”

*Times of India – June 2007*

**M&A Transactions**

**Gomez Acquires BrowserCam**

Gomez Inc., the leader in web application experience management, has acquired BrowserCam to solidify its offerings for cross-platform web experience testing. This is a very strategic technology acquisition. BrowserCam is the established market leader in on-demand, web-based services for validating the end-user experience during web design and development. BrowserCam Screen Capture and Remote Access services allow web designers, developers and quality assurance (QA) engineers to validate the end-user experience on hundreds of possible combinations of operating systems, browser types and screen resolutions. BrowserCam’s Screen Capture Service gives web developers and designers the ability to see how their web pages actually render across more than 200 different configurations of web user environments. The BrowserCam Remote Access Service gives web developers immediate, on-demand access to a vast array of testing machines and, by doing so, allows for testing of dynamic page interactions

and rich technologies such as JavaScript, Flash, and Ajax.

Announcement Date: June 28, 2007

Deal Value: Undisclosed

**IBM to Buy Telelogic AB**

IBM (Rational Unit) is acquiring software provider Telelogic AB. Telelogic is a leading global provider of software and services for Enterprise Lifecycle Management (ELM). IBM’s acquisition of Telelogic will complement its entire portfolio to help its clients drive efficient and effective software development processes that are vital to product delivery. IBM said its acquisition of Telelogic – which has customers mainly in the aerospace and defense, telecommunications and automotive industries – means clients will have a wider range of software and system development capabilities.

Announcement Date: June 11, 2007

Deal Value: \$745 million (Cash)

### **The MathWorks Acquires PolySpace Technologies**

The MathWorks has acquired PolySpace Technologies, a software company based in France that provides embedded software tools for the automatic detection of run-time errors at compile time. PolySpace tools detect the types of run-time errors that are responsible for 30 to 40 percent of all software errors. This acquisition enables a tighter coupling of the PolySpace automatic verification tools to MathWorks products, aimed at reducing the verification bottlenecks in embedded system development workflows.

Announcement Date: April 25, 2007  
Deal Value: Undisclosed

### **MontaVista Acquires Liberté**

MontaVista Software, Inc, provider of embedded Linux, has bought Liberté, the European-focused Linux design services company, and a close affiliate. The increase in the European sales and services team will help to maintain MontaVista's dominant share of the commercial Linux market as demand for the open-source OS explodes across nearly every sector of the embedded market.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

### **Sun Microsystems to Acquire SavaJe**

Sun Microsystems, Inc. said it will buy the intellectual property assets of privately held SavaJe Technologies, which makes an operating platform and application development tools for wireless networks. SavaJe offers the SavaJe Mobile Platform, an open Java platform that wireless service providers and handset makers can use to brand and add features to mobile phones. Sun created the Java code to the open source community for development of more Java applications. Sun promised more details about its plans for SavaJe at the JavaOne Conference in San Francisco.

Announcement Date: April 12, 2007  
Deal Value: Undisclosed

### **Battery Ventures to Acquire Quovadx**

Battery Ventures has agreed to acquire Quovadx Inc. The deal includes Quovadx's ISD division, which provides enterprise solutions for hospitals, government entities and health plans, and its Rogue Software group, which provides reusable software components and services to professional developer application development. It will not include Quovadx's CareScience division, which was sold in a separate transaction to Premier Inc. for \$34.9 million.

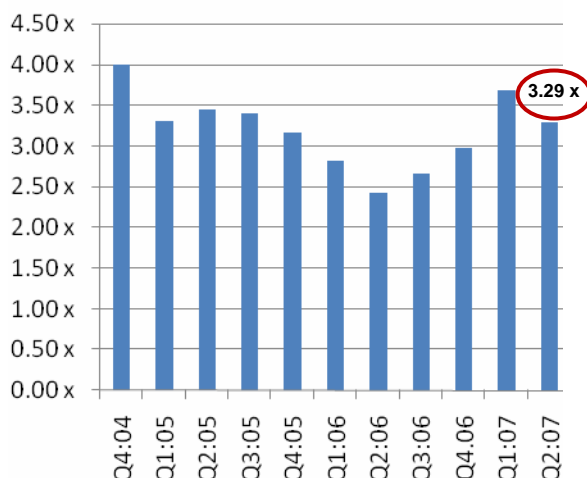
Announcement Date: April 2, 2007  
Deal Value: \$136.7 million (Cash)

**Storage**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
BRCB	Brocade Communication Systems I	\$8.31	\$3,330.0	\$2,740.0	33.24 x	12.92 x	2.83 x	N/A	N/A
EMC	EMC Corporation	\$18.10	\$37,980.0	\$36,580.0	31.75 x	13.96 x	3.16 x	22.63 x	2.57 x
ELX	Emulex Corporation	\$21.84	\$1,860.0	\$1,630.0	156.00 x	11.33 x	3.68 x	17.61 x	3.06 x
NTAP	Network Appliance, Inc.	\$29.19	\$10,830.0	\$10,000.0	37.91 x	18.13 x	3.57 x	17.80 x	2.30 x
QLGC	QLogic Corporation	\$16.65	\$2,560.0	\$2,010.0	25.23 x	9.46 x	3.43 x	14.35 x	2.78 x
QTM	Quantum Corporation	\$3.17	\$631.5	\$1,080.0	N/A	11.42 x	1.06 x	N/A	0.91 x
<b>Median Valuation Multiples</b>					<b>33.24 x</b>	<b>12.17 x</b>	<b>3.29 x</b>	<b>17.71 x</b>	<b>2.57 x</b>

**Historical Peer Group Valuations: Storage**



**Market Headlines:**

“Virtualization Drives Advances in Storage Management”

*Network World – May 2007*

“Storage Software Market On A Roll, IDC Says”

*CTR – June 2007*

“Migrating From Tape to Disk Backups”

*Data Storage Connection – June 2007*

“Amazon Offer: Its Gigabytes Now For Sale

*Wall Street Journal – June 2007*

**M&A Transactions**

**NETGEAR to Acquire Infrant Technologies**

NETGEAR, Inc., a worldwide provider of networking products, is acquiring privately held Infrant Technologies, Inc. Infrant is dedicated to bringing enterprise-level storage technology to small businesses and professional home users at affordable prices. Its ReadyNAS family of network attached storage products implements RAID data protection, enabling users to store and protect critical data easily, efficiently and intelligently. This acquisition fits NETGEAR's strategy of expanding its product portfolio,

strengthening its global brand presence and adding proven management talent. The ReadyNAS portfolio also complements NETGEAR's digital home entertainment products, including the EVA8000 Digital Entertainer HD which streams digital content from the PC, the Internet and NAS storage devices to the TV.

Announcement Date: May 3, 2007  
Deal Value: \$60 million (Cash plus potential earnout of up to \$20 million)

## Gaming & Entertainment

### Market Consolidation – Is it slowing down or taking a short break?

Acquisitions in the second quarter of 2007 were down substantially with a decrease in the number of deals reported compared to the prior three-month period (Q1: 2007). This seems to run contrary to our earlier reports of a continuing trend in market consolidation and is inconsistent with industry analysts' growth predictions for the mobile gaming industry as whole.

### Market Insights and Statistics: What's a couple of billion between analysts?

Informa Telecoms & Media forecasts that global mobile games revenues will grow from a \$3.4 billion industry today to over \$11 billion by 2011, while DFC Intelligence forecasts subscription revenue from online games to grow from \$2 billion in 2005 to \$6.8 billion by 2011.

Gartner expects mobile gaming to grow almost 50% in 2007, and by 2011 it is expected to reach \$9.6 billion. Gartner defined mobile gaming as video games on mobile phones as long as there was some revenue stream – so demos, preloaded and pre-bundled games were excluded because there is no direct consumer revenue component. The growth in 2007 will lead the mobile gaming market to a value of about \$4.3 billion.

- **Asia/Pacific** is expected to reach \$1.8 billion in 2007, \$4.6 billion by 2011.
- **Western Europe** is forecast to grow from \$1.5 billion in 2007 to \$2 billion in 2011. The majority of users from this region download games via operator sites.
- **North America** is expected to grow from \$716.9 million in 2007 to \$1.7 billion in 2011. Such low revenue rates are explained by the fact that among developed nations the U.S. is the slowest to adopt wireless technologies.

Support of those analysts' predictions of 50% annual growth in sales comes from the likes of Gameloft that announced another big rise in mobile games sales as their revenues increased 54% in the first quarter of 2007 to €22.7 million. Europe was still the main market for Gameloft as 44% of their sales came from that region with the U.S. a strong second at 39% and 17% from ROW (rest of world.)

### On the Capital Raising Front

Oberon Media completed a new round of funding from new and existing investors. No figures were given, although the company did confirm investors included Goldman Sachs, Oak Investment Partners, Lehman Brothers and others.

U.S.-based mobile games and content portal operator Playphone announced it has received \$18.75 million in their third and latest financing round which will be used to expand operations and develop new international markets. The financing round was led by Scale Venture Partners and was joined by Cardinal Venture Partners and Menlo Ventures.

### Interesting factoids: 160 million mobile game downloads

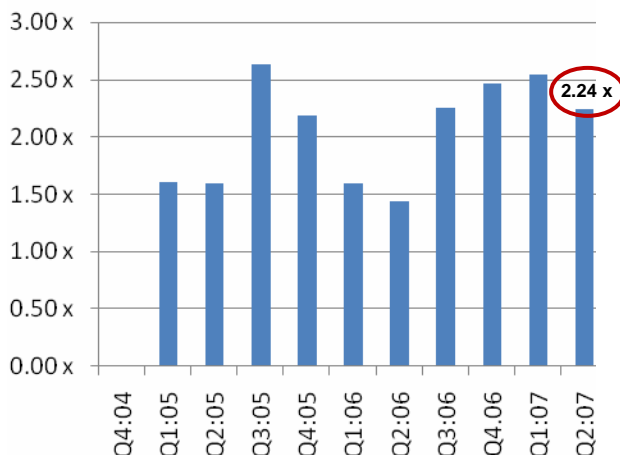
Qualcomm reached a new milestone in their Brew strategy as Japanese operator KDDI distributed 160 million Brew-based mobile games and applications since the launch of the service. Of these 160 million downloads, 7 million were generated in January of this year alone from their catalog of 3,000 items; they launched the service back in 2003.

**Gaming**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ATVI	Activision Inc.	\$18.67	\$5,290.0	\$4,390.0	66.68 x	19.93 x	2.91 x	32.19 x	2.41 x
ERTS	Electronic Arts Inc.	\$47.32	\$14,740.0	\$11,850.0	197.17 x	35.16 x	3.83 x	24.02 x	2.66 x
KNM	Konami Corporation	\$23.22	\$3,190.0	\$3,120.0	24.19 x	9.54 x	1.36 x	N/A	N/A
MWY	Midway Games Inc.	\$6.36	\$581.2	\$685.3	N/A	N/A	4.25 x	N/A	2.54 x
THQI	THQ Inc.	\$30.52	\$2,040.0	\$1,630.0	30.22 x	5.57 x	1.58 x	17.44 x	1.25 x
TTWO	Take-Two Interactive Software Inc.	\$19.97	\$1,470.0	\$1,370.0	N/A	30.57 x	1.38 x	28.53 x	0.96 x
<b>Median Valuation Multiples</b>					<b>48.45 x</b>	<b>19.93 x</b>	<b>2.24 x</b>	<b>26.27 x</b>	<b>2.41 x</b>

**Historical Peer Group Valuations: Gaming**



**Market Headlines:**

- “Game Biz Grapples with Changes”  
*CNET News.com – Apr 2007*
- “Game Developers Adapt to Multicore World”  
*CNET News.com – Apr 2007*
- “Are You Addicted to Video/Online Gaming?”  
*ABC News – June 2007*
- “Gaming the Masses”  
*San Diego Union Tribune – June 2007*
- “Video Game Market Accelerates In India”  
*Electronic Design – June 2007*

**M&A Transactions**

**D3Publisher of America to Acquire Vicious Cycle Software**

D3Publisher of America, Inc., a publisher and developer of interactive entertainment software, is acquiring Vicious Cycle Software, Inc. Vicious Cycle Software creates titles for all age groups based on both licensed and original intellectual property, and is the developer of the Vicious Engine development technology for consoles, handhelds and the PC. The addition of Vicious Cycle to D3PA marks D3’s first acquisition of an internal developer and further strengthens its capabilities in delivering top quality games to the North American market.

Announcement Date: June 20, 2007  
Deal Value: Undisclosed

**Oberon Media Acquires I-play**

In a strategic move to become the world’s first company to deliver integrated casual-games solutions across multiple platforms, online games powerhouse Oberon Media is acquiring

I-play, the independent leader in casual mobile games. In conjunction, Oberon Media also announced an additional round of funding from existing and new investors including Goldman Sachs, Oak Investment Partners, Lehman Brothers and others. Oberon Media is the fastest growing company in the casual games category, with a growth rate greater than 100 percent year-over-year. The combined company will hold an intellectual property portfolio with more than a thousand games including chart-toppers *Agatha Christie – Death on the Nile*, *Dream Day Wedding* and *The Fast and The Furious*, the ultimate casual mobile racing franchise which boasts more than 7 million downloads to date.

Announcement Date: May 31, 2007  
Deal Value: Undisclosed

**Finet Acquires Hangzhou Tianchang Network Technology**

Finet Group Limited acquired Hangzhou Tianchang Network Technology Co. Ltd., an online game company in China with strong

game development and operating capabilities. Established in early 2005, Tianchang is a market leader in China's MMORPG market with a strong 200+ development and operations team, and an extensive nationwide online and offline multi-channel distribution network for its pre-paid game cards. This is the first acquisition in China's massive multiple online role playing game sector. Through the acquisition, Finet immediately gains a solid foothold in China's fast growing online gaming market that has proven to be highly profitable and scalable, and reaches a key milestone in executing its Internet, Media and Mobile (IMM) growth strategy in China.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

**Sony Online Entertainment Acquires Leading Sigil Games Online**

Sony Online Entertainment LLC, a global provider of online games, has acquired Sigil Games Online, Inc. Through the deal, SOE now owns *Vanguard: Saga of Heroes*, Sigil's tent pole property, a highly-successful massively multi-player online game. The Sigil acquisition also builds on SOE's successful strategy of cultivating game development studios around the world to further boost the company's capabilities.

Announcement Date: May 15, 2007  
Deal Value: Undisclosed

**THQ Acquires Universomo**

Video game maker THQ Inc. acquired Universomo Ltd., a private company that develops video games for mobile devices. Based in Finland, Universomo has been offering mobile game development solutions for leading

global game publishers since 2002. The company's proprietary game development environment and automated porting solution supports all major mobile platforms, enabling rapid and cost efficient development and porting on a worldwide basis. Bringing cross-platform mobile development capabilities in-house is a key component in THQ's growth strategy. The combination of Universomo's award-winning creative development skills and their proven porting solution will enable new technology efficiencies for THQ Wireless, giving it the scalability to focus on building both cornerstone brands and new, owned properties.

Announcement Date: May 9, 2007  
Deal Value: Undisclosed

**BIZ Outsourcing Inc. Acquires Guangzhou Yin Han Technology Company**

BIZ Outsourcing, Inc. has acquired the Guangzhou Yin Han Technology Company Limited ("YinHan"), a mobile game developer and distributor incorporated in China. Among its game library are the popular Role-playing Games (RPG) *Journey to the West* and *Essence of Swords*, both distributed over the Wireless Application Protocol (WAP) platform of China Mobile network; and other game types that ride on a variety of mobile phone services platforms including Java, Short Messaging Service (SMS) and Interactive Voice Response (IVR) platform. Strategically headquartered in Guangzhou City of China, YinHan has maintained solid relationships with local and national mobile operators including China Mobile Guangdong branch.

Announcement Date: April 12, 2007  
Deal Value: Undisclosed (Stock)

## Internet

Well, it's finally happening. We are constantly speaking at trade shows, hosting workshops or sponsoring conferences where we have often been asked, "So, do you see trade sale viability for smaller Web 2.0 sites?" This was especially the case in context of discussions around the famous MySpace and YouTube deals. In general, industry leaders began by placing bigger bets and making larger acquisitions to provide them with the critical mass needed to build viable and sustainable Web 2.0 businesses. Now they are filling in their Web 2.0 businesses with complementary social websites. We see this as the second stage of their strategies with the goal of creating economies of scale.

For instance, Murdoch's News Corp. acquired MySpace in 2005, and within a very short period secured a \$900 million advertising deal with Google worth nearly twice what they paid for the company. To take advantage of their successful partnership and to leverage it with a larger audience, MySpace has now acquired the world's top photo-sharing site, Photobucket, for \$250 million. This is not only happening with the larger players, but there is also active consolidation among the smaller players as they strive to build the critical mass needed to similarly take advantage of economies of scale.

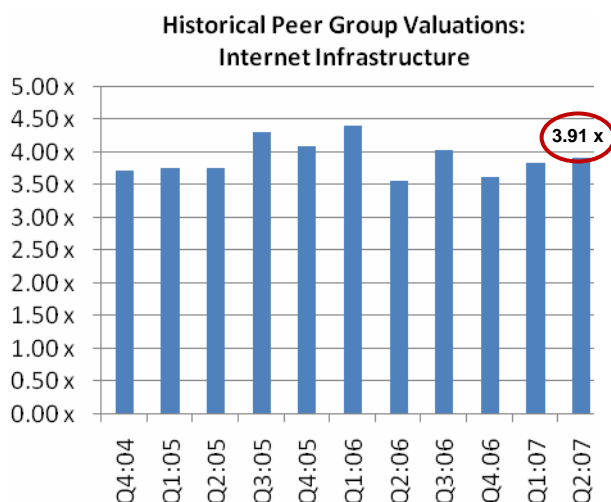
Two such examples include KickRadio's and Demand Media's transaction. KickRadio.com, striving to become the voice of new music from around the world, acquired Media Broadcast Network, a global distributor of entertainment content, for an undisclosed amount. Demand Media, a social media company, acquired Expertvillage.com, a platform for local producers of how-to videos providing a much broader audience for their videos. In addition to the consolidation of both large and smaller players, the M&A activity in this sector is also international. As an example, we point to the Germany-based Open Business Club AG acquiring a significant Spanish and Latin American player in their space, Neurona.

Of course, the activity is not limited to Web 2.0 companies. Both the Internet infrastructure and Internet pure play segments saw deals covering all sizes ranging from \$1.6 million in the case of Advant-e Corporation's acquisition of Merkur Group, to \$6 billion in the largest acquisition ever made by the world's biggest software firm, as Microsoft acquired aQuantive. In addition, we continue to monitor deals taking place all over the world, from the U.S. to Sweden, to China, to the UK, to Germany, to France, to Italy.

**Internet Infrastructure**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
AKAM	Akamai Technologies Inc.	\$48.64	\$8,020.0	\$7,970.0	128.00 x	40.12 x	16.70 x	28.44 x	9.69 x
ARTG	Art Technology Group Inc.	\$2.66	\$340.3	\$315.6	53.20 x	45.68 x	2.91 x	24.18 x	2.28 x
BEAS	BEA Systems Inc.	\$13.69	\$5,390.0	\$4,470.0	38.03 x	18.41 x	3.44 x	24.45 x	2.98 x
BCSI	Blue Coat Systems Inc.	\$49.52	\$733.2	\$631.7	N/A	112.60 x	3.55 x	24.04 x	2.13 x
CSCO	Cisco Systems Inc.	\$27.85	\$169,080.0	\$153,230.0	25.09 x	14.21 x	4.58 x	17.97 x	3.87 x
CTXS	Citrix Systems, Inc.	\$33.67	\$6,080.0	\$6,140.0	32.07 x	22.00 x	5.43 x	19.02 x	4.09 x
DRIV	Digital River Inc.	\$45.25	\$1,870.0	\$1,370.0	30.99 x	12.76 x	4.26 x	19.34 x	3.29 x
JNPR	Juniper Networks, Inc.	\$25.17	\$14,250.0	\$12,280.0	N/A	22.18 x	5.20 x	25.17 x	3.94 x
SUNW	Sun Microsystems Inc.	\$5.26	\$18,780.0	\$15,580.0	N/A	14.04 x	1.12 x	27.68 x	1.08 x
THK	Think Partnership Inc. (CGI)	\$2.99	\$201.6	\$209.9	N/A	21.64 x	2.71 x	24.92 x	1.75 x
<b>Median Valuation Multiples</b>					<b>35.05 x</b>	<b>21.82 x</b>	<b>3.91 x</b>	<b>24.31 x</b>	<b>3.13 x</b>



**Market Headlines:**

“Software Giants Square Up Over Web 2.0”  
*Broadband Finder, UK – Apr 2007*

“Wikis, Blogs, RSS Aim for the Workplace”  
*IDG News – Apr 2007*

“Is Web 2.0 Safe?”  
*PC World – May 2007*

“U.S. Ad Expenditures Down 0.3% in Q1, Internet Surges 16.7%”  
*Media Buyer Planner – June 2007*

“Want Fast Internet? Go To Finland”  
*Seattle Post Intelligencer – June 2007*

**M&A Transactions**

**Advant-e Corporation to Acquire Merkur Group**

Advant-e Corporation, a provider of Internet-based business-to-business electronic commerce services via its sole operating subsidiary, Edict Systems, Inc., is acquiring privately owned Merkur Group, Inc. For over 10 years, Merkur Group has helped organizations streamline the document-intensive aspects of procure-to-pay and order-to-cash business processes. Merkur Group solutions provide multi-channel document delivery, receipt, capture, archive, and workflow capabilities. This acquisition provides Advant-e with the opportunity to grow top-line revenue with document processing products that are compatible with its existing e-commerce solutions.

Announcement Date: June 15, 2007

Deal Value: \$1.6 million (Cash and stock)

**WebTrends to Acquire Webcontrol**

WebTrends Inc., a provider of web analytics and Marketing Performance Management (MPM) solutions, is establishing a Nordic hub and center of excellence as part of its continued global expansion and growth strategy through the acquisition of Webcontrol, a leading web analytics services company in Stockholm, Sweden. The acquisition of Webcontrol increases WebTrends’ presence in the Nordic market to offer localized services, including consulting, business analyst services, and training in local languages. Previously, Webcontrol provided consultancy in the Nordic market and has worked with some of the region’s largest organizations, helping to dramatically improve their marketing performance using WebTrends Marketing Lab.

Announcement Date: June 15, 2007  
Deal Value: Undisclosed

**Eniro Acquires Krak**

Swedish search company, Eniro AB of Sweden, planned to acquire the entire share capital of Krak, a Virum-based provider of online directory services. Krak is Denmark's leading online search service, and also produces and distributes maps and B2B catalogues, and provides online portal solutions to the public sector. Eniro said that it plans to merge Krak's activities with Eniro Denmark.

Announcement Date: June 4, 2007  
Deal Value: \$72.3 million  
Seller Revenue: \$35.4 million

**Google Acquired Feedburner**

Google announced its acquisition of Feedburner, a provider of online feed distribution and management tools. No financial terms were disclosed, although TechCrunch had previously reported a \$100 million price. Feedburner had raised \$10.2 million over three rounds since 2004, from firms like Mobius Venture Capital, Portage Venture Partners, Sutter Hill Ventures and Union Square Ventures. A web feed is a way for online publishers to syndicate their content and deliver it straight to readers. Each day, FeedBurner delivers feeds to millions of users around the world and offers unique and useful tools for publishers to analyze, optimize, and monetize their content. Further, FeedBurner offers a feed advertising platform for advertisers to reach engaged feed readers through targeted in-feed ads and innovative techniques like RSS feed-driven ads.

Announcement Date: June 1, 2007  
Deal Value: Undisclosed

**eBay Acquires StumbleUpon**

eBay Inc. has acquired StumbleUpon, an early-stage company that helps people discover and share content online. This acquisition will provide eBay with in-depth exposure to a fast-growing community-based service with approximately 2.3 million users. StumbleUpon gives people a new way to discover relevant and entertaining content based on personal preferences and community recommendations. StumbleUpon's downloadable toolbar provides

an engaging and unique experience to its users, but it is the similarities in the two company's approaches to the concept of community that make it such a compelling addition to eBay.

Announcement Date: May 30, 2007  
Deal Value: \$75 million

**Microsoft Acquires aQuantive**

Microsoft is acquiring aQuantive in the biggest acquisition ever made by the world's largest software maker. Microsoft said aQuantive, which operates marketing services firm Avenue A/Razorfish, would expand its push into Internet advertising through aQuantive's tools for serving up online ads and tracking their impact. With about 2,600 employees, aQuantive will continue to operate from its Seattle headquarters as part of Microsoft's online services business. This deal takes Microsoft's advertising business to a new level, and the company is committed to earning a bigger slice of that \$40 billion pie that's growing. The all-cash deal tops a mega-billion dollar consolidation spree across the online advertising market, sparked when Google Inc. agreed to buy DoubleClick Inc. Yahoo Inc. followed by snatching up Right Media, WPP Group Plc acquired 24/7 Real Media Inc., and Publicis agreed to buy online ad agency Digitas in December, among others. Microsoft's sense of urgency probably heightened after it lost out on DoubleClick to Google.

Announcement Date: May 17, 2007  
Deal Value: \$6 billion (Cash)  
Seller Revenue: \$442.2 million (2006)

**WPP Group Acquires Real Media 24/7**

WPP Group PLC, the world's second-largest advertising and marketing conglomerate, is buying the online advertising company 24/7 Real Media Inc. It was the latest deal in the booming online advertising business as traditional marketing firms seek to quickly build up their profiles in Internet advertising, which is growing far faster than other kinds of media such as television, radio and newspapers. 24/7 has been the center of takeover speculation since Internet search leader Google Inc. agreed in mid-April to buy online advertising company DoubleClick Inc.

Announcement Date: May 17, 2007  
Deal Value: \$649 million

### **Helius to Acquire PointeCast**

Helius Inc., provider of IPTV solutions for business, is acquiring PointeCast Corporation, a leading global provider of rapid-communication and online training solutions. With the addition of the PointeCast product line, Helius continues to expand its leadership by adding rapid content authoring tools. PointeCast's Publisher product allows users to enhance Microsoft PowerPoint presentations with real-time quizzes, surveys, response tracking and other multimedia features and then instantly convert them into the Adobe Flash format for easy integration.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

### **Reperio Exploration Inc. to Acquire Future Now, Inc.**

Reperio Explorations Inc. announced a reverse merger with Future Now, Inc. and its wholly-owned subsidiary Persuasion Architecture, Inc. Future Now, formed in 1997 and is widely recognized as a leading voice for increasing online conversion rates, accountable multi-channel marketing and optimizing websites based on analytics. Future Now was recently named an authorized consultant for Google's new web-optimizer software tool. Reperio is a junior exploration company that has previously concentrated its efforts on the Fir Property that is located in the Kamloops Mining Division in south central British Columbia. Reperio determined that the claim did not cover enough ground to host a viable exploration target and abandoned the claim.

Announcement Date: May 15, 2007  
Deal Value: Undisclosed

### **AOL Acquires ADTECH AG**

AOL announced today that it has acquired ADTECH AG, a leading international online ad-serving company based in Germany. The ADTECH ad-serving platform differentiates itself via its scalable, enterprise-class infrastructure and publisher-friendly tools. The acquisition provides AOL with an advanced ad-serving platform that includes an array of ad management and delivery applications enabling website publishers to manage traffic and report on their online advertising campaigns. AOL is acquiring a great deal of momentum in the

online advertising space, and its acquisition of ADTECH builds on this by providing AOL with a next-generation ad-serving platform, letting it deepen its relationships with publishers in Europe and the U.S. and provide them a more complete set of solutions.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

### **GTECH to Acquire Finsoft Limited**

Lottomatica S.p.A. announced that its wholly-owned subsidiary, GTECH Sports Betting Solutions Limited, is acquiring UK-based Finsoft Limited, a leading provider of real-time transaction and information management systems for the commercial sports-betting market. In addition, GTECH will acquire substantially all of the assets of BEG Finsoft d.o.o. Belgrade, an affiliated Finsoft company and the Serbian-based development center for Finsoft's sports-betting operations. As a leading provider of sports-betting solutions, Finsoft has built a reputation of providing its clients with leading-edge solutions enabling them to offer their players a vast variety of bets and game offerings through all channels, utilizing real-time risk management. By acquiring Finsoft, Lottomatica Group is now well positioned to deliver a complete, integrated sports-betting solution to its customers and prospects, including fixed odds, pari-mutuel, betting exchange, and soft gaming via the Internet, telephone, retail, interactive TV, and mobile channels, as well as self-service terminals.

Announcement Date: May 15, 2007  
Deal Value: Undisclosed

### **Adobe Systems to Acquire Scene7**

Adobe Systems will acquire Scene7, a firm that helps retailers like Macy's and Levi Strauss add rich media to their web sites. Scene7 provides hosted-service software and services that allow its customers to add features like zoom, personalization and interactivity to their online catalogs. For Adobe, it's the latest in a procession of Internet media-related deals that began with the \$3.4 billion purchase of Macromedia in December 2005. Along with its traditional business of software geared toward creative professionals, Adobe will now be able to host back-end infrastructure that lets its customers add rich media to their sites.

Announcement Date: May 4, 2007  
Deal Value: Undisclosed

**Experian Acquires Emailing Solution**

Experian, the global information solutions company, has acquired Emailing Solution, a leading permission-based email marketing provider. The acquisition further extends and deepens Experian's global reach in the email sector. Emailing Solution currently serves over 300 brands from diverse industries, including Orange (France Telecom), Staples and Hewlett Packard. Experian's CheetahMail, which currently operates in the U.S., the U.K., Ireland and the Netherlands, will now have a larger presence in France and Spain. According to Forrester Research, the French market is one of the largest and fastest growing email markets in Europe. This acquisition strongly positions CheetahMail as one of the leading providers of email marketing in the U.S and in Europe.

Announcement Date: May 3, 2007  
Deal Value: Undisclosed

**Xylem Interactive and Creation Chamber merge**

The largest independent interactive agency in the region was formed when Xylem Interactive, Inc. and Creation Chamber, Inc., two of the U.S.'s most respected online brand design and development firms, announced their merger. The newly formed company, Xylem CCI, is the largest independent interactive practice between Los Angeles and Chicago. The newly formed company brings together the creative excellence from Xylem and the application development expertise of Creation Chamber to form a global interactive practice. The company will focus on the planning, design and development of large-scale web sites, Flash microsites and online marketing technology strategies.

Announcement Date: May 1, 2007  
Deal Value: Undisclosed

**Yahoo! Buying Right Media**

Yahoo! Inc., global Internet giant, is acquiring Right Media Inc., creator of the Right Media Exchange, the industry's largest emerging online advertising exchange. In the deal, which follows Yahoo!'s 20 percent strategic investment in Right Media in October 2006, Yahoo! will

acquire the remaining equity interest in Right Media. This acquisition is an important step in Yahoo!'s long-term vision to build the industry's leading advertising and publisher ecosystem. The acquisition of Right Media will build upon Yahoo!'s leadership in online advertising and is a key step toward executing the Company's long-term strategy to transform how online advertisers connect to and engage with their customers – both on and off the Yahoo! network.

Announcement Date: April 30, 2007  
Deal Value: \$680 million (Cash and stock)

**HP to Acquire Arteis**

HP is acquiring Arteis, a privately held company that operates Logoworks, a leading distributed web-based graphic design service provider. Arteis also owns LogoMaker, a do-it-yourself design application for customers with a more limited budget. HP plans to leverage Logoworks' technologies and services to provide small businesses with access to professional design solutions at a fraction of market cost. Supported by hundreds of graphic designers worldwide, Logoworks' affordable packages range from simple logo design to the development of a full suite of marketing collateral.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**HandHeld Entertainment Acquires Holylemon.com**

HandHeld Entertainment, a digital-media-to-go company, acquired Holylemon.com, an acquisition that continues to solidify HandHeld's position as one of the largest online providers of user-generated content in the European market. Holylemon.com, which is currently generating positive cash flow through the placement of online banner and skyscraper ad sales, features user-submitted and user-generated videos, pictures and games, and attracted more than 1.1 million unique visitors in March 2007. HandHeld continues to acquire web sites as a part of its strategy to focus on the significant growth opportunities within the European market.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**Motorola to Acquire Terayon Communication Systems**

Motorola is acquiring Terayon Communication Systems. Terayon is dedicated to creating video processing solutions that optimize bandwidth and enable content to be delivered based upon viewers' regional and local interests. This can reportedly accelerate a service provider's ability to evolve and capitalize on new business opportunities. The integration of Terayon and its software-driven application solutions is expected to improve Motorola's video infrastructure and mobility core by providing Motorola with video processing solutions that enable digital ad insertion, motion and graphical overlays, channel branding and channel line-up solutions as well as ad insertion delivery technologies.

Announcement Date: April 24, 2007  
Deal Value: \$140 million

**Intela Acquires CrispAds**

Intela acquired CrispAds, a leading blog advertising network. Intela brings its expertise along with their media and marketing client base to CrispAds' extensive blog inventory. Blogging is considered to be the next frontier of online marketing, offering highly targeted advertising opportunities to an audience of passionate, niche market consumers. Blogging engages readers in a way that other formats fall short. Blog advertising enables advertisers to associate their brand with this highly engaging experience. Intela plans to grow the CrispAds platform to support extended CPM, PPC, and CPA advertising opportunities for their clients.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**PayPerPost Acquires Zookoda**

PayPerPost, the marketplace for advertisers to reach bloggers, videographers, photographers, podcasters and social networks, has acquired Zookoda, a pioneering provider of blog broadcasting services. Currently used by over 10,000 bloggers around the world, Zookoda keeps readers updated via email whenever their favorite bloggers issue a new post. Zookoda, an Australian company, is a free service for bloggers and subscribers alike. Over 2.3 million people opt-in to blog newsletters powered by Zookoda technology.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**Online Sales Strategies Acquires GIGcom.com**

Online Sales Strategies, an international technology and intelligent software solutions provider for small business, has acquired GIGcom, a full-service web design and application development firm. The acquisition provides OSSG additional depth to its range of technology services and brands to help small business with large-scale network and e-marketing solutions. It also strengthens OSSG's presence in the marketplace among entrenched solutions providers in its class, positioning the Company for expansion among the small business community.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**Experian Group Acquires Hitwise**

Experian, the global information solutions company, has acquired Hitwise, a leading Internet marketing intelligence company which helps clients monitor the performance of their websites and target their online advertising spending more effectively. Experian has been repositioning its Marketing Solutions business to meet its clients' needs as they continue to switch more of their advertising spending online. Hitwise, which is a rapidly growing, successful business, brings new, unique data to Experian and complements the existing data, tools and expertise that it already offers to clients in other areas such as research services and email distribution. Through its expertise in website monitoring, Hitwise extends the range of marketing services that Experian can offer its clients.

Announcement Date: April 19, 2007  
Deal Value: \$240 million (Cash on approximately \$40 FYE 3/31/07)

**Brilliant Digital Entertainment Acquires Kinotech**

Brilliant Digital Entertainment, Inc. and its subsidiary, Altnet, have acquired ownership of the TrueName patent portfolio through the acquisition of Kinotech, Inc. The portfolio represents primary inventions that are the

cornerstones of open Peer-to-Peer (P2P) indexing and file transfer protocols on the Internet. Among many stated uses, TrueName technology covers the use of file hashes in the identification and accessing of content used by P2P and fingerprinting applications, ISP web-caching devices and numerous others. The usefulness of TrueName technology is reinforced by the growing number of companies around the world that rely on it as a basis for their products. This acquisition further secures Kinetech's business in the global reduction of content piracy to free up Internet bandwidth and improve quality of services as a prerequisite to user-paid content models billed through ISPs and web sites.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

### **Google Acquiring DoubleClick**

Google announced that it would acquire DoubleClick. DoubleClick has something that Google, for all its money and smarts, doesn't: a vibrant advertising business for banners, videos, and other so-called display ads often intended more to promote brands than to generate immediate sales. DoubleClick currently has relationships with virtually every major online publisher and more than half of the online ad agencies. Google clearly thinks that trick could be a multibillion-dollar one in the near future. Google emphasized the importance of display advertising explaining that they thought that display advertising has been important for several years and the market could be equal to – or even bigger – than paid search.

Announcement Date: April 16, 2007  
Deal Value: \$3.1 billion (Cash)  
Seller Revenue: \$150 million (2006 revenues)

### **Interpublic Acquires Reprise Media**

Interpublic is acquiring Reprise Media, Inc., a provider of search engine marketing solutions and the largest independent SEM firm in the United States. Reprise Media is known for its leading edge technology and its ability to use search as the central point for integrated, cross-channel marketing programs. Reprise Media was recently named "Search Agency of the Year" for 2006 by leading industry group OMMA (Online Media, Marketing and Advertising) and has been recognized as one of the 30 fastest

growing companies in the U.S. by Entrepreneur Magazine for the past two years. As part of Interpublic's recently created Futures Marketing Group, Reprise Media will remain a stand-alone unit that will partner with agencies throughout the holding company as well as seeking out its own clients.

Announcement Date: April 11, 2007  
Deal Value: Undisclosed

### **Synnex Buys HiChina**

Information technology supply chain services company Synnex Corp. has acquired a controlling interest in China Civilink, which functions as HiChina Web Solutions in China. The deal gives Synnex control of Beijing-based domain registration and web-site hosting and design company HiChina. The acquisition also gives Synnex access to HiChina's customer base of more than 300,000 China-based end users.

Announcement Date: April 5, 2007  
Deal Value: Undisclosed

### **Cody Ventures Acquires Ten State Street**

Cody Ventures Corporation acquired website content developer Ten State Street. Ten State Street, Inc. is developing a social networking website and an online dating and personals site. The social networking site will include distinctive features. Some of those features will be art and photo galleries, instant messaging, live web chat, user forums, blogging and much more, giving users the ability to create their own personalized landing page. Cody Ventures Corp. intends to generate revenue through Google Ad Sense and top quality affiliate programs in order to create fee-free sites for users.

Announcement Date: April 3, 2007  
Deal Value: Undisclosed

### **Acxiom Corporation Acquires Kefta**

Acxiom Corporation has acquired Kefta, provider of real-time, dynamic personalization solutions for the Internet. Kefta will become part of Acxiom Digital, Acxiom Corporation's business unit dedicated to providing integrated digital marketing solutions to Global 2000 enterprises. Kefta's dynamic targeting solution delivers timely, relevant content to website visitors based

on their unique online behavior and individual characteristics, thereby helping marketers boost response, revenues and customer loyalty. The acquisition bolsters Acxiom Digital's ability to integrate one-to-one, personalized communications across digital channels.

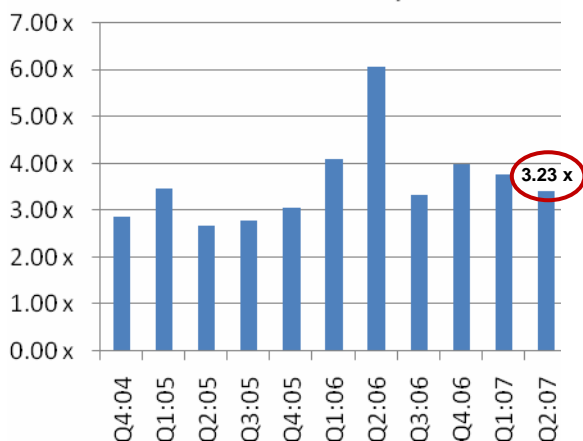
Announcement Date: April 3, 2007  
Deal Value: Undisclosed

**Internet Pure Plays**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
AMZN	Amazon.com Inc.	\$68.41	\$28,030.0	\$28,060.0	115.95 x	36.02 x	2.45 x	52.62 x	1.67 x
CNET	CNET Networks Inc.	\$8.19	\$1,240.0	\$1,280.0	N/A	15.76 x	3.23 x	35.61 x	2.66 x
EBAY	eBay Inc.	\$32.18	\$43,890.0	\$40,300.0	36.16 x	16.45 x	6.35 x	20.37 x	4.62 x
GOOG	Google Inc.	\$522.70	\$162,850.0	\$151,630.0	45.35 x	28.99 x	12.61 x	27.14 x	9.83 x
INSP	Infospace Inc.	\$23.21	\$765.7	\$360.7	N/A	11.22 x	0.98 x	464.20 x	1.51 x
IACI	InterActiveCorp	\$34.61	\$9,950.0	\$9,230.0	51.66 x	9.75 x	1.44 x	17.84 x	1.25 x
MNST	Monster Worldwide Inc.	\$41.10	\$5,370.0	\$4,740.0	158.08 x	16.87 x	3.98 x	21.30 x	2.91 x
RNWK	RealNetworks Inc.	\$8.17	\$1,260.0	\$692.2	9.18 x	37.54 x	1.58 x	62.85 x	1.09 x
YHOO	Yahoo! Inc.	\$27.13	\$36,460.0	\$35,020.0	53.20 x	17.08 x	5.36 x	41.11 x	5.69 x
<b>Median Valuation Multiples</b>					<b>51.66 x</b>	<b>16.87 x</b>	<b>3.23 x</b>	<b>35.61 x</b>	<b>2.66 x</b>

**Historical Peer Group Valuations:  
Internet Pure Plays**



**Market Headlines:**

“Do Virtual Worlds Need Standards?”  
*IDG News – June 2007*

“Social Networking Goes Offline”  
*BusinessWeek – June 2007*

“Internet Closing In On TV as ‘Most Essential Medium’”  
*InternetNews.com – June 2007*

“Is Google the Next AOL?”  
*Seeking Alpha – June 2007*

**M&A Transactions**

**OPEN Business Club AG Acquires Neurona**

OPEN Business Club AG, operator of XING – one of the world’s leading networks for business professionals – has acquired Neurona, the largest contact online business network in Spain and Latin America. The acquisition of Neurona enables XING to position itself as the clear market leader in the field of online networking for business professionals in the Spanish-speaking world. The purchase of Neurona, coupled with OPEN Business Club’s takeover of eConozco in March 2007, means that the Spanish market is now the second key market – besides the German-speaking world – where OPEN Business Club has secured clear market leadership over its global competitors. The takeover will expand XING’s already strong presence in the financial centers of Madrid and Barcelona, to include Mexico City, Buenos Aires, Lima and Bogotá.

Announcement Date: June 22, 2007

Deal Value: Undisclosed

**Yahoo! to Acquire Rivals.com**

Yahoo! is acquiring Rivals.com, the online destination for college and high school sports and recruiting information. The acquisition will significantly expand the community offerings and open publishing capabilities of Yahoo! Sports, which has the most engaged sports audience on the Internet. Among the more than half billion people who touch the Yahoo! brand every month, the Company finds that sports fans are among the most passionate. They believe they are now best positioned to serve this important audience in the U.S. Rivals.com maintains a network of more than 150 individual websites, which attract approximately 2 million fans each month. Because the Rivals.com network also attracts an active community of users on each site, the acquisition will play an important role in building on Yahoo!’s mission to connect its users to their communities. Additionally, Rivals.com is

expected to bring new revenue opportunities to Yahoo!'s advertising and subscription businesses, which are currently the key drivers of Rivals.com's business model.

Announcement Date: June 20, 2007

Deal Value: Undisclosed

**TechTarget Announces Two Acquisitions: TechnologyGuide.com and Ajaxian.com**

IT media company TechTarget, Inc. acquired TechnologyGuide.com, Inc., a company with a portfolio of Internet content sites that provide product reviews, price comparisons and user forums for mobile technology products such as laptops and smartphones. Additionally, TechTarget acquired Ajaxian, Inc., a leading web site and conference which provides content for the community of developers for "Ajax" (Asynchronous JavaScript and XML), a web development technique for creating interactive web applications. The acquisition of TechnologyGuide and Ajaxian increases the depth and range of TechTarget's extensive portfolio of targeted IT resource offerings.

Announcement Date: June 18, 2007

Deal Value: Undisclosed

**Demand Media Acquires ExpertVillage.com**

Demand Media, Inc., the next-generation social media company, acquired ExpertVillage.com, the premier Internet source for professional "how-to" videos filmed and produced by local filmmakers that feature experts on a broad range of topics. The acquisition significantly expands Demand Media's social media platform with a growing library of diverse video content to be distributed across its network of niche social media web properties and available for users to integrate into their Channelme.tv video sites. Demand Media gains instant access to a marketplace of hundreds of motivated filmmakers who are eager to produce instructional videos through ExpertVillage's platform.

Announcement Date: June 12, 2007

Deal Value: Undisclosed

**TouchStone Software Acquires DriverMagic.com**

TouchStone Software Corporation has acquired DriverMagic.com and its related assets. The acquired assets include the web domain DriverMagic.com and the device driver update application DriverWizard. Additional assets include the spyware application HiJackPro and the HiJackPro.com web domain. DriverMagic.com has established itself as an early leader in the online device driver update business and as a highly visible device driver-related website on the Internet. The Company intends to immediately absorb the operations into its existing U.S.-based headquarters with no additional head count. The acquisition of DriverMagic.com will instantly expand and create additional revenue opportunities for TouchStone.

Announcement Date: June 6, 2007

Deal Value: Undisclosed

**KickRadio Acquires Media Broadcast Network**

KickRadio.com, in conjunction with its partnership group, acquired MBN. MBN is an excellent fit for KickRadio and strengthens its vision and goals for becoming the voice of new music from around the world. This acquisition strengthens both KickRadio and Media Broadcast Network's position in distributing entertainment content over the Internet on a global scale. The KickRadio / MBN business vision and strategy is the promotion of new music by established and emerging artists in an interactive way to a worldwide listening audience using syndicated on-demand Internet radio streaming broadcasts, podcasts, available syndicated re-broadcasts on traditional FM and AM radio stations, as well as other digital delivery systems including satellite transmissions and the mobile Internet.

Announcement Date: June 4, 2007

Deal Value: Undisclosed

**Google Acquires Panoramio**

Google is acquiring Panoramio, a developer of Internet software. Panoramio is a website that enables digital photographers to geolocate, store and organize their photographs – and to view those photographs in Google Earth and

Google Maps. Panoramio's site lets people upload photos and identify where they were taken by placing them on Google Earth or Google Maps, where they can be viewed by the public. The acquisition of Panoramio will incorporate that website, its underlying technology, content, developers, and user community into the Google Geo product mix. Panoramio will add interesting, useful content to Google products and will bolster Google's engineering and technical resources.

Announcement Date: June 4, 2007  
Deal Value: Undisclosed

### **Amazon Acquires Dpreview.com**

Amazon.com acquired www.dpreview.com, the web's most comprehensive site for digital camera information and reviews. Dpreview.com provides unbiased reviews and original content regarding the latest in digital cameras, and offers a host of features and forums designed to make it easy for consumers to find the camera that's right for them. With its unique voice and in-depth technical reviews, dpreview.com draws millions of unique visitors each month. Dpreview.com will continue to function as a stand-alone operation based in London.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

### **SonicMountain Acquires Odeo**

SonicMountain acquired Odeo, one of the largest and most prominent podcast aggregation web sites. Odeo is among the first commercial podcasting sites, launched in July 2005. In addition to being an audio aggregator of free web audio content and podcasts, Odeo enables listening, downloading and subscription of podcasts, along with synchronizing libraries with iTunes and other podcatchers. SonicMountain intends to incorporate exciting enhancements to the Odeo community within the next few months. Improvements in content organization, search, discovery, plus podcast hosting of both audio and video are only a sampling of upcoming upgrades planned for the site.

Announcement Date: May 10, 2007  
Deal Value: Undisclosed

### **National Lampoon Acquires Drunk University**

National Lampoon, Inc., a widely recognized brand in comedy, has acquired the website, Drunk University. Drunk University launched in 2002 and attracts more than 5 million page views every month and is one of the Internet's leading college humor sites. Users can submit and browse photo galleries, post videos, chat in the Drunk University forum, read stories, and search for advice and drink recipes. In addition, the site's moderators are all current or former college comedy newspaper writers, and post original online editorial content. Prior to the acquisition, Drunk University had been part of the National Lampoon Humor Network, the most trafficked humor websites on the Internet.

Announcement Date: May 8, 2007  
Deal Value: Undisclosed

### **About.com Buys ConsumerSearch.com**

Topic-based reference site About.com, a unit of The New York Times Co., acquired ConsumerSearch.com, which ranks hundreds of reviews written on products. This acquisition will greatly expand About.com's reach in numerous categories, substantially enhance its library of content and increase its advertising inventory, driving additional revenue growth.

Announcement Date: May 7, 2007  
Deal Value: \$33 million

### **Viacom to Acquire Last.fm**

Viacom is acquiring London-based online social music network Last.fm. Last.fm operates a streaming radio service and social network, where members can allow software to monitor what songs they listen to in iTunes or other media players. The service then creates a customized radio station that recommends songs streamed from other members' computers. The service also offers community features that match users based on musical tastes.

Announcement Date: April 24, 2007  
Deal Value: \$450 million

**Prime Companies Purchases  
RepairPage.com**

Prime Companies, Inc. continued its aggressive push toward capturing another key slice of the multi-million dollar dental industry by acquiring RepairPage.com. The RepairPage.com website allows dentists, and others, to take advantage of its unique total access to a problematic computer as though a technical person were right on-site. This allows for immediate solutions, minimizing inconvenience for patients, down time for dentists and also minimizing revenue loss. By utilizing RepairPage.com, and implementing its "support on demand" web tools, Prime Companies is positioned to better serve its customers and the entire dental industry at large. Both customers and non-customers will have access to Prime Companies' new remote data support facility. It is projected that RepairPage.com will generate \$5 to \$7 million in annual revenue.

Announcement Date: April 18, 2007  
Deal Value: Undisclosed

**Kaboose Acquires AmazingMoms.com**

Kaboose Inc., the largest independent family-focused online media company in North America, has acquired Amazing Moms Inc. Amazing Moms, founded in 1999, is dedicated to providing moms and their families with family activities, and over time has become one of the leading kids' birthday party referral sites on the Internet. In addition to improving the breadth and depth of its content offering, this acquisition secures a strong lead generation driver for Kaboose's Birthday In A Box party business while also expanding the footprint for its advertising partners that are focused on increasing their reach to a highly coveted audience of moms.

Announcement Date: April 2, 2007  
Deal Value: \$750,000 (Cash plus potential earnout)

## **IT Services / Business Process Outsourcing**

We assume readers of this section of our M&A report are people who own relatively small IT service businesses they might want to sell someday. We also assume one of the reasons they read Corum publications is to learn what determines whether or not their company is saleable and whether it can command a good price. Up front we can say with certainty, most small service companies are not great acquisition candidates. Most are too small, most are not profitable enough and most provide services any other company could do as well.

Traditional IT service companies that rely solely on leveraging people resources are easy to start and hard to grow. Just managing more people is hard, and cracking the code to find work in a new city is really hard. One winning strategy is to maintain a very narrow focus. If you and your people are the best at doing something difficult, you have a much better chance to build value than the business offering more generic services. Think about it from the buyer's perspective. His decision may boil down to "is it cheaper and safer to hire and train people, or to buy a company that has some people I may or may not be able to retain."

Another way to break from the pack is to borrow a strategy from the software business and focus on growing your "recurring revenue." A people-focused business essentially has to double the number of people to double the revenue; you can only charge for the numbers of hours they can work. You're also reliant on the fact that each time you complete a job; the client has to make a new purchase decision to commit to the next. A way to solve the problem is to enter into long-term service contracts with your clients. Service contracts can help both you and your client by making it possible to schedule work strategically and bring you a source of dependable revenue. It can help you again when a buyer looks at the revenue from these long-term contracts and realizes the revenue and profits you project for the future are much more likely to be real.

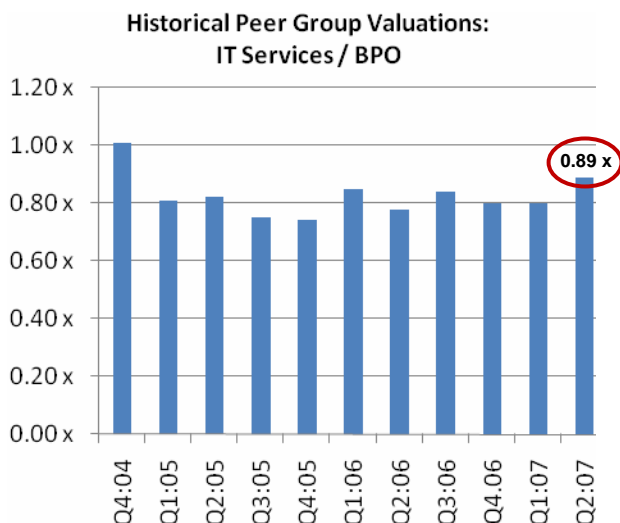
Consider this idea as well. Many IT service companies have developed deep domain expertise in some application space amenable to being offered on a Software as a Service (SaaS) basis. The sale of subscriptions to use software has been embraced by virtually all software vendors, and many IT Service companies almost by accident have developed the expertise and sometimes the software to get into the business. Like service contracts, recurring subscriptions make future revenues much more certain and predictable and shift the core of the company from a people-focus to a technology-focus where the cost of computer power and storage declines steadily on a per-unit basis.

Look at the deals we've listed this quarter. I think you will see some of what's been mentioned here in the descriptions of the companies that did deals.

**IT Services / Business Process Outsourcing**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ACN	Accenture Ltd.	\$42.89	\$25,460.0	\$22,310.0	20.92 x	8142.34 x	1.14 x	19.67 x	1.07 x
ACS	Affiliated Computer Services Inc.	\$56.72	\$5,620.0	\$7,950.0	19.97 x	7.87 x	1.41 x	15.37 x	1.29 x
CAI	CACI International Inc.	\$48.85	\$1,510.0	\$1,740.0	19.21 x	8.67 x	0.92 x	17.70 x	0.86 x
CBR	CIBER Inc.	\$8.18	\$501.2	\$686.5	19.02 x	10.17 x	0.68 x	15.15 x	0.64 x
CSC	Computer Sciences Corp.	\$59.15	\$10,290.0	\$10,770.0	27.38 x	4.74 x	0.72 x	12.91 x	0.65 x
EDS	Electronic Data Systems Corp.	\$27.73	\$14,110.0	\$14,350.0	23.91 x	6.29 x	0.67 x	15.76 x	0.62 x
PER	Perot Systems Corp.	\$17.04	\$2,080.0	\$2,100.0	25.82 x	8.20 x	0.89 x	16.38 x	0.74 x
<b>Median Valuation Multiples</b>					<b>20.92 x</b>	<b>8.20 x</b>	<b>0.89 x</b>	<b>15.76 x</b>	<b>0.74 x</b>



**Market Headlines:**

- “Outsourcing India”  
*Forbes.com – May 2007*
- “Is Vietnam the Next Hotbet for Offshoring?”  
*Supply Chain Digest – May 2007*
- “Blackstone Deal Validates Indian BPO Industry’s Strength”  
*The Hindu, India – June 2007*
- “PE Groups on the Prowl for Indian IT & BPO Cos.”  
*Moneycontrol.com India – June 2007*

**M&A Transactions**

**Perficient Acquires Tier1 Innovation**

Perficient, Inc., an information technology consulting firm serving Global 2000 and other large enterprise customers, has acquired Tier1 Innovation, LLC, an Oracle-focused IT consulting firm. Tier1 is a high growth, high gross margin firm with strong billing rates. The transaction is expected to increase Perficient's annualized revenues to nearly \$220 million. The acquisition of Tier1 deepens and broadens Perficient's growing expertise in the Oracle product suites, adds a footprint in the important Denver/Rocky Mountain market, and should be immediately accretive to cash earnings per share. The acquisition is the tenth since 2004 for Perficient.

Announcement Date: June 26, 2007  
Deal Value: \$14.25 million (50% cash/50% stock)

**Hitachi Consulting Acquires Iteration2**

Hitachi Consulting has acquired Iteration2, recognized as one of the fastest growing and most successful Microsoft Dynamics Partners. Microsoft Dynamics is Microsoft's software solution for the key business processes of Financial Management, Supply Chain Management, and Customer Relationship Management. Iteration2 is a highly regarded Microsoft national implementation partner, with numerous awards and recognition from Microsoft, including: Microsoft Business Solutions Partner of the Year 2005 and 2006, Microsoft Inner Circle 2005 and 2006, and Microsoft Presidents Club 2005 and 2006. Joining forces with Iteration2 deepens Hitachi's strategic relationship with Microsoft while greatly expanding its ability to serve its clients.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**Pitney Bowes Acquires Digital Cement Inc.**

Pitney Bowes acquired Digital Cement Inc., a professional services firm that provides relationship management strategy and services to help companies acquire, retain, manage and grow their customer relationships. In October 2006, Pitney Bowes made an initial investment of \$12 million in Digital Cement, resulting in a minority ownership position and a strategic partnership to market its services. This acquisition is part of the company's focus on delivering more value to customers through high growth areas within the mailstream. Digital Cement will become part of the company's Marketing Services business.

Announcement Date: May 31, 2007  
Deal Value: \$40 million (Cash)

**Silver Lake and ValueAct Capital Acquire Acxiom**

Acxiom Corporation is being acquired by Silver Lake and ValueAct Capital in an all-cash transaction. Acxiom Corporation integrates data, services and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of Acxiom's innovative solutions are Customer Data Integration (CDI) technology, data products, database services, IT outsourcing, consulting and analytics, and privacy leadership. ValueAct Capital has been an investor in Acxiom for several years and sees Acxiom as the clear leader in technology-enabled marketing solutions.

Announcement Date: May 17, 2007  
Deal Value: \$3 billion (Cash, including the assumption of \$756 million in debt)  
Seller Revenue: \$1.38 billion TTM

**Verizon to Acquire CyberTrust**

Verizon is acquiring CyberTrust, a managed services IT security company that was formed via the 2004 merger of TruSecure Corp. and Betrusted Holdings. CyberTrust will be subsumed by Verizon Business, making the division the world's largest government and big business managed security operation. Verizon is trying to up its security game as ever more communications are carried over IP networks. The firm will get its hands on ICSA Labs as part

of the deal, which claims to certify 95 percent of deployed security software.

Announcement Date: May 15, 2007  
Deal Value: Undisclosed

**SunGard Acquires Finetix**

Finetix is a financial services IT consulting firm that emphasizes Agile and other software development approaches. Headquartered in New York City, Finetix specializes in custom trading, risk management and e-commerce solutions and will be integrated into SunGard's Consulting Services business. SunGard serves more than 25,000 customers in 50 countries and has annual revenues in excess of \$4 billion. Terms of the deal were not disclosed, though SunGard said it doesn't expect the transaction will have a material impact on its financial resources.

Announcement Date: April 25, 2007  
Deal Value: Undisclosed

**OSI Consulting Acquires EML**

OSI Consulting, Inc. acquired EML, Inc., provider of expert technology consulting services to the Canadian federal government for over a decade. With a specific focus on PeopleSoft HR applications, EML has served a number of departments across the government with a full range of services including strategic planning, upgrades, and implementations of PeopleSoft HRMS. This acquisition strengthens OSI's already firm hold in the Oracle space in North America.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

**Ascentium Acquires Invoke Systems**

Ascentium Corporation, a leading technology and marketing consulting firm, acquired Invoke Systems, a customer-centered technology solution provider with extensive Microsoft Dynamics CRM 3.0 expertise. The deal firmly establishes the company as the largest Microsoft Dynamics CRM consultancy in the United States and a global leader in the field, supporting more than 100 customers with over 15,000 business users. By merging forces, Invoke Systems and Ascentium can approach a broader set of customers and markets to offer

the deepest experience and nationally recognized capabilities in Microsoft Dynamics CRM, infrastructure services, business intelligence, and portal and collaboration solutions.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

### **i3Logic and BEI Consulting to Merge**

Two leading providers of business performance improvement products and services, i3Logic and BEI Consulting, have announced the merger of the two companies. The merger caps a successful three-year business partnership between the two firms, in which both have worked together to serve national and international clients. Both companies bring different strengths, perspectives and unique experiences to the partnership.

Announcement Date: April 19, 2007  
Deal Value: Undisclosed

### **Personec and Tradimus Join Forces**

Two leading Nordic providers of business process outsourcing and business support systems, Personec and Tradimus, intend to merge into one company. The new company will be the largest supplier of IT-driven business process outsourcing services and IT solutions in customer service, financial management, document automation, HR management and logistics in the Nordic market, with over 4,000 full time employees in seven countries. Joining forces creates a clear market leader in the Nordic region and a company that combines skills which will help customers enable business process transformations.

Announcement Date: April 17, 2007  
Deal Value: Undisclosed

### **TechTeam Acquires SQM**

TechTeam Global Inc. (Swedish subsidiary), an information technology outsourcing services provider, bought SQM (Nachrichten) Sverige AB, a Sweden-based provider of consulting, outsourcing and staffing services. TechTeam expects the acquisition will grow 2007 earnings. SQM's 185 employees will operate under the TechTeam name going forward.

Announcement Date: April 16, 2007  
Deal Value: \$5.1 million (Cash, plus potential earnout of \$596K)  
Seller Revenue: \$11.5 million (2006)

### **TeliaSonera Acquires Dimension Data**

TeliaSonera strengthens its market position within managed IP/IT services in Sweden through its subsidiary Cygate's acquisition of Dimension Data Sweden, a subsidiary of the global systems integrator Dimension Data Holdings plc. Step by step, TeliaSonera is strengthening its position as an integrator of its corporate customers' total telecom and IP/IT solutions, an important future growth area for TeliaSonera. Dimension Data Sweden's competence and experience in the area of IT infrastructure will create value for its clients and strengthen its position in the market. During the last few years, Cygate has acquired several companies including Maldata and Bravida Communications.

Announcement Date: April 12, 2007  
Deal Value: Undisclosed

## Security

The security sector continues to be an active area for new technology development and a steady flow of M&A activity. The need for more and better security increases as old dangers evolve and more are created.

The growing concerns in the security space on the technology front remain the same – spam, phishing, viruses, fraud, etc., with botnets being one of the biggest cybersecurity threats right now for both consumers and businesses, according to Symantec CEO, John Thomson. Botnets are a group of compromised computers infected with malicious software, allowing them to be controlled by an attacker often referred to as a Bot Herder. Security topics like this are at the top of software vendors' list of priorities, evident by the fact that Symantec has pushed up their release of Norton Anti-Bot. Botnets are also getting the attention of federal agencies, (i.e., the FBI which is part of a global co-op established to fight cybercrime).

As security solutions evolve to meet new needs like combating netbots, more solutions are being developed in an effort to keep emerging technologies like Web 2.0 applications secure. Google, which acquired an intrusion protection/security company, GreenBorder Technologies, Inc., this quarter, sees the need for Web 2.0 protection. "We don't yet know what all the things are that can break in these interesting, exciting, new, highly interactive Web applications," Douglas Merrill, VP of Engineering at Google, said. "We believe we are at the forefront of a new science. We all have to invent the wheel in web security."

In regards to activity on the M&A front, EMC has been one of the most interesting companies to watch. Since EMC acquired RSA Security, Inc., putting the storage giant squarely in the security space, they have completed a number of other security acquisitions underscoring their desire to remain a competitive force in the security sector. Most recently, EMC acquired Verid, Inc., a developer of knowledge-based authentication (KBA). The KBA market is relatively young, but is one which analysts believe is poised for strong future growth. This is a very strategic move for EMC and one they think will be an important part of their offerings in the future.

Though we believe that the IT security products industry landscape will continue to consolidate, the market is getting tighter in terms of available acquisition candidates, and we expect the middle-market M&A arena for security products to see greater activity. Executives at these second-tier security applications makers understand it will become increasingly harder to compete with larger global players in the enterprise space. Further, the adoption of Microsoft Vista puts more pressure on product pricing.

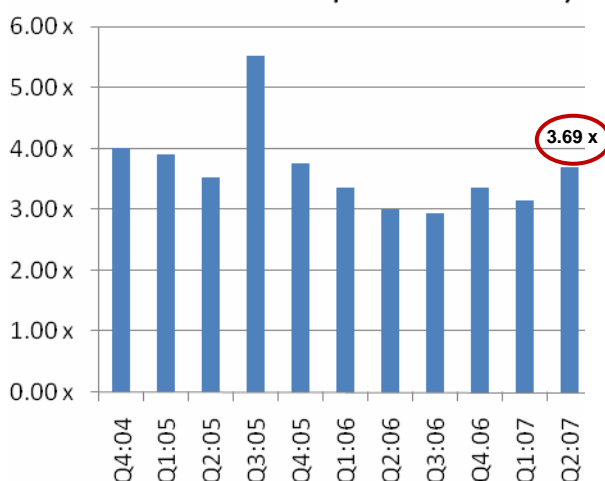
Consolidation has remained a strong driver for M&A in the security sector. Providers in this space continue to be targeted because barriers to entry are high, and IT customers are allocating an increasing percentage of their budgets to the security segment.

**Security**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
CHKP	Check Point Software Tech Ltd.	\$22.81	\$5,150.0	\$4,530.0	20.19 x	13.76 x	7.48 x	13.82 x	5.85 x
ENTU	Entrust Inc.	\$4.06	\$245.9	\$225.1	N/A	N/A	2.28 x	21.37 x	1.74 x
MFE	McAfee Inc.	\$35.20	\$5,620.0	\$4,360.0	40.00 x	N/A	3.69 x	20.00 x	3.21 x
SCUR	Secure Computing Corp.	\$7.59	\$510.3	\$597.5	N/A	54.92 x	3.18 x	16.87 x	1.98 x
SYMC	Symantec Corp.	\$20.20	\$18,200.0	\$17,520.0	49.27 x	11.23 x	3.37 x	16.03 x	2.92 x
VRSN	VeriSign Inc.	\$31.73	\$7,710.0	\$7,200.0	11.80 x	17.39 x	4.62 x	29.65 x	4.65 x
WBSN	Websense Inc.	\$21.25	\$955.7	\$722.2	34.84 x	11.89 x	3.97 x	18.64 x	3.03 x
<b>Median Valuation Multiples</b>					<b>34.84 x</b>	<b>13.76 x</b>	<b>3.69 x</b>	<b>18.64 x</b>	<b>3.03 x</b>

**Historical Peer Group Valuations: Security**



**Market Headlines:**

“IT Spending Shifts Away from Security”  
*Network World – May 2007*

“Vendors Crank Up Email Security”  
*Byte and Switch – Apr 2007*

“Rethinking Security Technology”  
*Forbes.com – June 2007*

“DoJ Warns U.S. Citizens of Phishing Attack”  
*Computerworld – June 2007*

**M&A Transactions**

**PatchLink Corporation to Acquire SecureWave SA**

PatchLink Corporation, provider of vulnerability management solutions, is acquiring SecureWave SA, a provider of endpoint security software to more than 1,700 companies worldwide. Through significant organic growth and strategic acquisitions, PatchLink is evolving into a global provider of security solutions for the world's largest and most demanding IT environments. SecureWave Sanctuary provides unified policy enforcement for centrally managing and monitoring device and application use to protect against data leakage and malware threats. By employing a positive security model, Sanctuary enables only authorized applications to run and only authorized devices to connect to laptops, PCs, servers, terminal services servers and thin clients. These capabilities, combined with PatchLink's vulnerability management solutions, provide organizations with enterprise-wide policy management to assess and prioritize vulnerabilities, proactively enforce application

and device security policies, and automatically patch and remediate vulnerabilities across their entire IT infrastructures. The acquisition follows closely on the heels of PatchLink's February 2007 acquisition of Harris STAT.

Announcement Date: June 18, 2007  
Deal Value: Undisclosed

**SonicWALL Buying Aventail**

SonicWALL, Inc., a provider of IT security and data backup and recovery solutions, is acquiring Aventail Corporation, a Seattle-based, privately held provider of market-leading SSL VPN remote access solutions. The acquisition enables SonicWALL to better meet the needs of a broader set of customers by combining the two companies' complementary SSL VPN offerings. Aventail is recognized as a leader and visionary for its higher-end SSL VPN enterprise control deployments. With its suite of appliances designed for small and mid-sized organizations, SonicWALL has become the unit market share

leader for SSL VPN appliances, according to the Infonetics Research report *Network Security Appliances and Software*.

Announcement Date: June 13, 2007  
Deal Value: \$25 million (Cash)

**AmbironTrustWave Acquires SecureTrust Corporation**

AmbironTrustWave, a provider of data security and compliance management solutions, is now directly issuing Secure Sockets Layer (SSL) certificates as a result of the company's acquisition of certificate authority, SecureTrust Corporation. With the growing threats from phishing and other online scams, Ambrion's SSL product suite increases consumer confidence in their web presence. The combination of AmbironTrustWave and SecureTrust creates a security solutions team that can help merchants meet all their security needs.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**IBM to Acquire Watchfire**

IBM is acquiring Watchfire Corporation, a privately held security and compliance testing software company. Online security and privacy incidents are on the rise which can result in loss of customer trust, costly technology and business remedies and often legal battles. According to a 2005 CSI/FBI Survey, internal security attacks cost U.S. businesses \$400 billion per year. Watchfire technology, together with IBM, can help customers reduce these security risks and the associated costs to their bottom line. Watchfire's operations will become part of IBM's Rational software brand, extending the company's governance and risk management strategy.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**EMC Acquires Verid**

EMC Corporation has acquired Verid, Inc., a privately held information security technology leader that delivers knowledge-based authentication solutions to millions of users worldwide, through some of the largest consumer-facing financial institutions, telecom providers and retailers. The addition of Verid

marks a significant enhancement in EMC's commitment – through its RSA division – to providing protection, visibility and business acceleration at every point of the user verification process. RSA is now strongly positioned to offer continuous security: starting with the initial user identity verification and maintaining perpetual vigilance throughout the lifecycle of the relationship, across the various channels of user interaction.

Announcement Date: June 4, 2007  
Deal Value: Undisclosed

**Google Acquires GreenBorder Technologies**

Google has acquired GreenBorder, a venture-backed provider of browser-based HIPs (host intrusion protection) tools for both businesses and consumers. Google officials said that the company moved to make the deal based on its perception that GreenBorder had a crack security software engineering team that could help boost security across all of its products. GreenBorder has extensive expertise in the security domain that can provide obvious benefits to Google, its users, and its advertisers. GreenBorder has pitched its technology as the security industry's "first desktop DMZ software for Windows" that promises to stop malware code from running on browser-based applications by forcing non-trusted content sent through the programs to run in a virtualized, protected environment.

Announcement Date: May 29, 2007  
Deal Value: Undisclosed

**nCircle Acquires Cambia**

nCircle, provider of agentless security risk and compliance management solutions, acquired Cambia Security, provider of agentless configuration auditing. The combination will enable enterprises to manage their security risk and automate compliance and auditing efforts with an integrated solution. The Cambia solution discovers system configurations, how they are changing, and how these changes comply with configuration policies for audit and control purposes. The solution provides a rich library of policies based on standards such as CIS and NIST and includes prescriptive policies for regulations such as PCI, HIPAA and SOX. This customer-requested functionality complements nCircle's patented agentless discovery

technology, breadth and depth of coverage, risk prioritization, and advanced analytics.

Announcement Date: May 23, 2007

Deal Value: Undisclosed

**L-1 Identity Solutions to Acquire Advanced Concepts, Inc.**

L-1 Identity Solutions, Inc., a leading provider of identity solutions and services, is acquiring privately held Advanced Concepts, Inc. ACI provides information technology and network security solutions and systems engineering and development services for the U.S. Intelligence and military communities. The acquisition of ACI will provide L-1 with access to a wider customer base within the U.S. government and will add a greater depth of complementary services. The deal is consistent with the second phase of L-1 Identity Solutions' acquisition strategy "to add high value and synergistic businesses with best-in-class services and technologies, robust organic growth, and strong customer relationships."

Announcement Date: May 2, 2007

Deal Value: Undisclosed

**CDC Software Acquires Vectra Corporation**

CDC Software, a provider of industry-specific enterprise software applications and business services, acquired Australia-based Vectra

Corporation, a leading provider of information security consulting services, managed services and enterprise security solutions. The acquisition provides a strategic fit with Praxa, CDC Software's consulting services company in Australia, and significantly strengthens CDC Software's position in the IT Security and Services market in the region. Vectra has proven capabilities and large, satisfied customers. CDC can leverage their success and capabilities as it expands its portfolio into a broader suite of services.

Announcement Date: May 1, 2007

Deal Value: Undisclosed

**Websense to Acquire SurfControl**

Websense is acquiring SurfControl, a provider of on-demand and software-based web and email security solutions. SurfControl today provides a unique combination of security solutions for its customers through software, appliances and on-demand services. The combination of Websense and SurfControl is expected to benefit customers, partners and shareholders by creating an IT security solutions company with the scale and product offering to compete more effectively with large global security software companies.

Announcement Date: April 26, 2007

Deal Value: \$400 million (Cash)

## Wireless

The much anticipated release of the Apple iPhone has created quite a buzz in the mobile space this quarter and has been the most talked about product release in recent memory reminiscent of the Xbox 360 and PS3 releases. Although the iPhone does have gaming functionality, the real interest is in how Apple has optimized the usability of mobile applications by utilizing widgets which will provide the same user experience, navigation and feel regardless of which application is being used across all forms of content.

The iPhone is expected to be a huge win for Apple, but the other smart phone vendors should also benefit as users realize (want) additional functionality and greater access to content, although RIM may disagree. The iPhone release will also be a big win for AT&T which is the exclusive carrier for the device, regardless of the fact that their GSM network is slower than their competitors' which operate the newer CDMA networks. The trend toward providing more content via mobile devices is evident in the large number of acquisitions centered on the convergence of content.

Even though the iPhone is considered by some more of a consumer play, especially as the integration with Exchange is still somewhat up in the air, enterprise demand for mobile applications is growing rapidly. Compass Intelligence shows U.S. businesses alone will spend roughly \$9 billion annually on mobile applications by 2011, up from \$3.8 billion this year.

Rich mobile applications are the wave of the future, and large enterprise companies like Oracle and Sun are getting into the mix. Oracle's acquisition of AppForge, a mobile application and platform vendor, and Sun's bid for SavaJe, an application development tools and platform company, bring some heavy hitters into the mobile applications arena this quarter. The demand for secure mobile connectivity is also increasing within the enterprise as devices and networks are able to support rich enterprise applications for anyone in the mobile workforce to access and consume – from repair technicians to CEOs.

Europe's demand for rich mobile applications is growing at a rapid rate, as it is throughout the world, even in developing areas like Latin America. The premise of providing rich mobile applications and content to the masses is very complex due to the large number of operating systems, carriers and networks, which should be a positive catalyst for continued M&A activity in the near term.

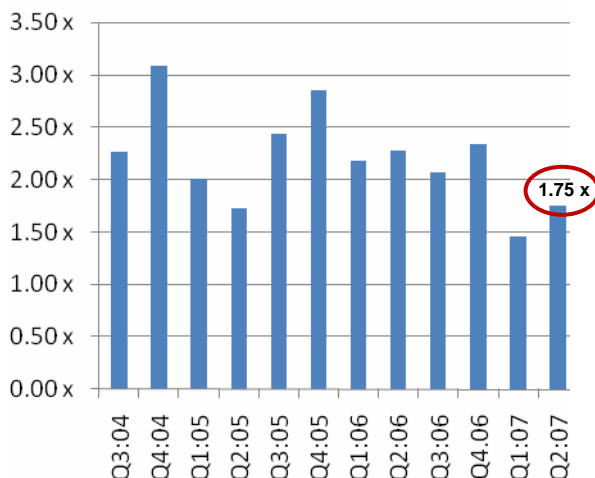
The mobile space should continue to be a hotbed for M&A transactions and partnerships as new devices are launched, rich applications develop, security improves, and networks evolve, all while content silos continue to converge – globally.

**Wireless**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
NOK	Nokia Corp.	\$28.11	\$110,210.0	\$97,490.0	19.94 x	12.10 x	1.75 x	15.62 x	1.32 x
OPWV	Openwave Systems, Inc.	\$6.26	\$518.0	\$342.0	N/A	N/A	1.01 x	N/A	1.11 x
PALM	Palm, Inc.	\$16.02	\$1,660.0	\$1,210.0	24.65 x	9.52 x	0.78 x	19.30 x	0.67 x
RIMM	Research In Motion Ltd.	\$199.99	\$37,180.0	\$29,800.0	60.42 x	31.93 x	9.80 x	N/A	N/A
TRMB	Trimble Navigation, Ltd.	\$32.20	\$3,850.0	\$3,970.0	35.38 x	19.64 x	3.07 x	23.17 x	2.92 x
<b>Median Valuation Multiples</b>					<b>30.02 x</b>	<b>15.87 x</b>	<b>1.75 x</b>	<b>19.30 x</b>	<b>1.22 x</b>

**Historical Peer Group Valuations: Wireless**



**Market Headlines:**

“Market for Handheld Devices Continues to Shrink”

*Information Week – May 2007*

“Business Apps Go Wireless”

*Forbes.com – June 2007*

“Spreading the Gospel of Mobile Gaming”

*Forbes.com – June 2007*

“Rich Mobile Applications Can Boost Productivity, User Experience”

*SearchMobileComputing – June 2007*

**M&A Transactions**

**Nuance to Acquire Tegic Communications**

Nuance Communications, Inc. is acquiring Tegic Communications, a Time Warner's AOL LLC subsidiary and a developer of embedded software for mobile devices. The transaction expands Nuance's presence in the mobile industry and allows it to further accelerate the delivery of solutions that unlock the power of mobile devices and networks. Tegic brings industry-leading T9 predictive text input software, which has shipped on more than 2.5 billion devices, and next-generation integrated text and touch input solutions to Nuance's portfolio of voice-enabled applications for device control, mobile search, email and text messaging.

Announcement Date: June 21, 2007  
Deal Value: \$265 million (Cash)  
Seller Revenue: \$48 million (2008 forecasted revenues)

**mInfo Acquires Guanxi SMS**

mInfo Inc., a leading Chinese mobile search provider, announces acquisition of Guanxi SMS, the most popular mobile search service for foreigners in China. mInfo is the only company offering mobile search services via SMS, WAP, IM and embedded client with support for natural language queries in Chinese pinyin and English. Guanxi has been the preferred mobile search service for foreign expatriates in China since 2002, offering local directory services using English and Chinese in 20 major cities in China via SMS. The combined company takes a dominant lead in the Chinese market by integrating the local market prowess and resources of mInfo with the proven revenue model, brand recognition and loyal user base of the Guanxi service. With the Summer Olympic Games approaching in 2008, the English content and search capabilities offered by the Guanxi service will be invaluable to ensuring an enjoyable stay by the masses of foreign visitors expected to arrive in China.

Announcement Date: June 13, 2007

Deal Value: Undisclosed

**Migo to Acquire MacroPort**

Migo Software, Inc. is acquiring MacroPort, Inc., a provider of mobile content management software. The MacroPort product line enables mobile content, such as music, photos and videos, to be easily distributed on mobile devices such as cell phones and PDAs. This acquisition will accelerate the launch of Migo's Digital Media Management product offering into this rapidly growing mobile marketplace. MacroPort's products fit perfectly into the Migo platform, and Migo expects this will establish it as a leader in mobile computing software and secure a position in the mobile device content management space.

Announcement Date: May 23, 2007  
Deal Value: \$4.5 million (Stock)

**Mocana Acquires Mimas Technologies**

Mocana, a security software company that is enabling a secure networked society, acquired the assets of Mimas Technologies, Inc. and Mimas Technologies Pvt Ltd. Through the acquisition, Mocana is forming its first product development center in India, located in Pune, and expanding its wireless expertise in securing all aspects of data communications for any connected device. The acquisition further enables Mocana to differentiate its product portfolio to serve emerging market segments. As the world's devices are continually upgraded with wireless connectivity, Mocana's products can more quickly address the emerging security needs that result when devices and services are connected to the Internet.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

**Nuance to Acquire VoiceSignal**

Nuance Communications, Inc. is acquiring VoiceSignal Technologies, Inc., creating an organization with broad resources, solutions and expertise that will satisfy the accelerating demand for speech-enabled mobile devices and services. Nuance expects to serve more than one billion consumers within the next three years with voice-based mobile solutions. These solutions allow people to simply and effectively navigate, retrieve and transact across the vast

and growing universe of content and services available in mobile phones, automobiles and personal navigation devices. Nuance and VoiceSignal share a vision to make the growing list of mobile device features, content and services available to consumers through a single button and a natural voice command.

Announcement Date: May 15, 2007  
Deal Value: \$293 million (Cash and stock)  
Seller Revenue: \$40 million (Forecast FY 2007 revenues)

**Apptix Acquires WebMessenger**

Apptix, provider of unified on-demand business communications solutions for small and medium-sized businesses, acquired WebMessenger, Inc., a provider of a suite of Mobile Instant Messaging products that work across more devices, platforms, and public & private IM networks than any other provider. WebMessenger provides Apptix with market-ready mobile messaging & collaboration products and extensive engineering expertise in critical emerging Mobile IM and VoIP markets. WebMessenger will expand Apptix's existing portfolio of on-demand email, collaboration and voice solutions to include business-class Mobile and Desktop IM.

Announcement Date: May 7, 2007  
Deal Value: \$7 million (\$4 million was paid in cash at the time of closing and \$3 million will be paid in cash or stock at the company's option one year from the closing date)

**Microsoft to Acquire ScreenTonic**

Microsoft is acquiring European mobile phone advertising company ScreenTonic to gain a foothold in the rapidly growing business for placing ads on mobile phones. Paris-based ScreenTonic is one of the first companies in Europe to develop a platform to manage and place ads on the mobile Internet. ScreenTonic also serves as an advertising agency for companies looking to develop marketing campaigns on phones. Advertising on the Internet, especially pay-per-click ads alongside search results, erupted into a multi-billion dollar industry within a few years; online companies hope mobile phones will follow a similar growth trajectory. Mobile phone advertising is still a nascent industry compared to web advertising, but it is an area being targeted by Microsoft,

Google and Yahoo!. The acquisition of ScreenTonic will be part of Microsoft's long-term strategy to deliver ad experiences that map to the mobile Internet.

Announcement Date: May 3, 2007

Deal Value: Undisclosed

### **Cooper Industries to Acquire MadahCom**

Cooper Industries Ltd. has acquired MadahCom Inc., a privately owned manufacturer of secure wireless emergency control and mass notification systems (MNS). MadahCom currently has more than 200 installations worldwide at military, government, commercial sites, and industrial locations, as well as other campus environments. The acquisition of MadahCom builds upon Cooper's core competency in the RF wireless space, a technology that they have leveraged across Cooper to create 'smart' products that provide enhanced value for customers.

Announcement Date: May 3, 2007

Deal Value: \$43 million (Cash)

Seller Revenue: \$22 million (FY 2006)

### **Hostopia Acquires Nexthaus, Inc.**

Hostopia.com Inc. has acquired all of the software assets of Nexthaus, Inc., a U.S.-based developer of leading-edge software applications for mobile devices. Nexthaus software uses wireless communications to synchronize data between computers and mobile devices, such as calendar and contact updates from a desktop to a smart phone. The information on a user's mobile phone is also automatically and remotely stored, which means that such information can be easily transferred to a new phone or recovered if lost. Hostopia plans to fully integrate these advanced mobile synchronization and back-up features with its existing wholesale email and web service offerings on a bundled and stand-alone basis.

Announcement Date: May 3, 2007

Deal Value: \$950,000 (plus performance incentives and earn outs of up to \$200,000, plus 15% of revenues received from the acquired assets for 3 years)

### **Benefon Acquires GeoSolutions, B.V.**

Benefon Oyj has acquired GeoSolutions B.V., a developer of location-based technologies, products, and services for mobile and Internet-connected devices. The GeoSolutions technology will leverage Benefon's GPS leadership and heritage by providing location-based search technology, a community's platform, location relevant multimedia content and, most importantly, a new and powerful commercial model. The acquisition provides Benefon with a highly experienced senior management team having senior executive experience from companies such as Oracle, Netscape, AOL/Time Warner, and UUnet. The GeoSolutions team further provides an intriguing new technology combining GPS and mobile-based technologies together with Internet-based social networking. The team has experience building enterprise and consumer-based software suitable for mass markets; past products built by this team were used by over 300 million people.

Announcement Date: May 2, 2007

Deal Value: Undisclosed

### **Birdstep Technology ASA is Acquiring Secgo Software**

Birdstep is acquiring Finland-based Secgo Software Oy. Birdstep is a leading provider of mobility and connectivity software to the operator, OEM and the enterprise markets. Enterprises have growing demands for secure and mobile connectivity. Investments in mobile workforce solutions are increasing and laptop manufacturers are becoming an increasingly important player in the ecosystem as secure mobility becomes a natural part of notebook shipments to market. Secgo's secure, seamless mobility solutions for the enterprise is an important complement to Birdstep's seamless connectivity offering to mobile operators.

Announcement Date: April 30, 2007

Deal Value: \$12.5 million (Stock, plus additional stock earnout potential of \$6.2 million)

### **Oracle Acquires AppForge**

Oracle has acquired the intellectual property assets of AppForge, a developer of software and a mobile application development and mobile

applications platform. AppForge had raised around \$24 million in VC funding since 2001, from firms like C&B Capital, Council Ventures, Grosvenor Funds, New Atlantic Ventures, SBK Capital and Sinclair Ventures. AppForge created a Microsoft-based visual basic development environment to build mobile applications for the Palm operating system, Symbian, Windows Mobile, and RIM's BlackBerry.

Announcement Date: April 18, 2007  
Deal Value: Undisclosed

### **Sun Microsystems to Acquire SavaJe**

Sun Microsystems, Inc. said it will buy the intellectual property assets of privately held SavaJe Technologies, which makes an operating platform and application development tools for wireless networks. SavaJe offers the SavaJe Mobile Platform, an open Java platform that wireless service providers and handset makers can use to brand and add features to mobile phones. Sun created the recently released the Java code to the open source community for development of more Java applications. Sun promised more details about its plans for SavaJe at the JavaOne Conference in San Francisco.

Announcement Date: April 12, 2007  
Deal Value: Undisclosed

### **NextWave Wireless to Acquire IPWireless**

NextWave Wireless Inc., a provider of mobile broadband products and technologies to enable "Wireless 2.0," the next generation of mobile communications, is acquiring IPWireless Inc., a privately held company that is widely recognized as the world's foremost supplier of TD-CDMA network equipment and subscriber terminals. The company has been a leading force in the development of 3GPP TDD UMTS standards which serves as the foundation for its next-generation mobile TV and wireless broadband public-safety network solutions. IPWireless and NextWave will work together to expand IPWireless' product portfolio to incorporate WiMAX and/or Wi-Fi technologies for those service providers and equipment vendors that require such solutions.

Announcement Date: April 9, 2007  
Deal Value: \$100 million (\$25 million cash/\$75 million stock, and up to \$135 million in earnout)

## Vertical Market Technology

M&A demand for vertical market solution providers continued to be strong as buyers target adjacent technologies as well as make plays for new markets.

The Engineering vertical, which includes Autodesk, continues to consolidate. This quarter, industry giant Autodesk, acquired Sweden-based Opticore, a developer of software to produce interactive and realistic 3D product visualizations. With particular strength in the automotive manufacturing and consumer products, Opticore will expand Autodesk's ability to deliver a complete digital prototyping solution. This is a highly competitive area, and demand is high for solutions that can drive down the costs of prototyping and speed the overall design process. In another cross-border move, Autodesk acquired NavisWorks of Sheffield, England, for approximately \$25 million in cash. (Editor's Note – Corum Group represented NavisWorks in this transaction) NavisWorks focuses on 3D digital design in the construction, building, plant and marine industries.

Other leaders in the Engineering vertical were also active, with market leader Bentley Systems acquiring TDV GmbH of Austria in a deal that enhances Bentley's structural modeling and design capabilities specifically in the bridge engineering sector. This is a prime example of carefully focused solutions attracting attention, as vendors seek to expand functionality and use acquisitions to capture technology and domain expertise that is difficult and costly to develop internally. An example of this specialization was Dassault Systems acquisition of ICEM, a provider of highly sophisticated surface modeling and rendering solutions.

There is little doubt about the growing importance of energy production, consumption and environmental stewardship in our ever-shrinking, intertwined world of today. This change is evidenced by the significantly greater attention these areas are receiving in the political, investment, technology and the consumer communities. Therefore a new category within the general vertical market sector(s) bears closer observation and tracking going forward, namely Energy and Environment.

According to the Cleantech Network, since the introduction of clean technology alone as a viable investment thesis in 2002, this area has spawned a new investment class with an annual growth rate exceeding 50%, with more than \$3.5 billion in venture capital invested in North America and Europe in 2006, a 45% increase over 2005.

The category today includes an eclectic collection of intellectual property and technology that can be divided into five subcategories:

1. Production – including traditional and alternative fuels and more broadly, the full range of natural resources (i.e., minerals and water)
2. Storage – the holding of energy and natural resources for future consumption
3. Infrastructure – related primarily to the transport and delivery of energy and natural resources to the consumer
4. Efficiency – related to improving the efficiency of consumption, and
5. Remediation – post consumption disposal and recovery for reuse

The range of software, information technology and specialized technology that finds application in this category includes a wide array of horizontal applications, as well as very specialized, niche applications for which broader applications will become apparent with the onset of product and market maturity. A good example of the latter, a specialized application finding broader business application, is geographic information systems ("GIS"). Utilized originally in a specialized manner (i.e., "land use mapping"), GIS now reaches the status of an embedded technology and content-rich category of its own. We can see the results on our cell phones today.

Recent M&A transactions involving large-scale, mainstream acquirers now participating in this category include Oracle buying SPL WorldGroup and then Lodestar and SunGuard acquiring Softworx.

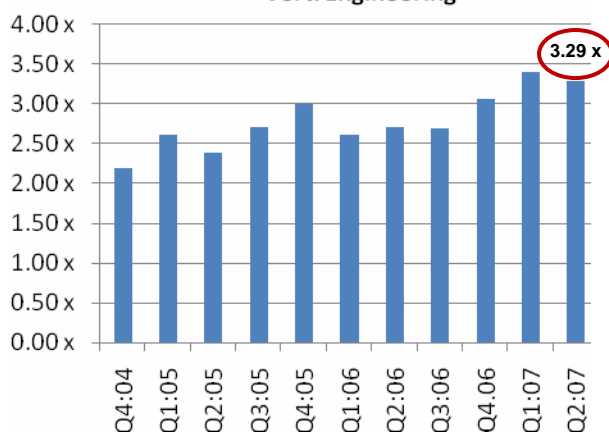
In other vertical software sectors, we witnessed continued consolidation, with many of these deals involving public companies that have recently been taken private. First Data, recently acquired by KKR, continues to be acquisitive with the announcement of online banking and payments specialist, Online FundsXpress. Our observation is that the recent wave of buyouts of public software companies such as Sungard, First Data, Open Solutions, Harland Financial and others continues to bode well for smaller companies seeking to be acquired. These once-public companies now have the strong financial backing of private equity firms that are eager to foster further growth via acquisitions, positioning for an IPO or sale a few years out. Meanwhile, management can run the company outside the eye of the public, without concern for stock analysts who may focus more on short-term growth than long-term value.

**Engineering**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ANSS	ANSYS, Inc.	\$26.50	\$2,050.0	\$2,070.0	120.45 x	18.02 x	6.78 x	21.72 x	4.87 x
ADSK	Autodesk Inc.	\$47.08	\$10,880.0	\$10,080.0	35.13 x	19.46 x	5.28 x	21.30 x	4.13 x
CDNS	Cadence Design Systems Inc.	\$21.96	\$6,110.0	\$5,880.0	40.67 x	11.86 x	3.87 x	14.26 x	3.34 x
DASTY	Dassault Systemes SA	\$63.06	\$7,290.0	\$6,870.0	30.76 x	16.88 x	4.27 x	21.38 x	3.60 x
MENT	Mentor Graphics Corp.	\$13.17	\$1,120.0	\$1,250.0	N/A	N/A	1.58 x	11.26 x	1.37 x
MFLO	Moldflow Corporation	\$21.98	\$251.7	\$190.6	N/A	22.60 x	2.71 x	23.38 x	3.10 x
PMTC	Parametric Technology	\$21.61	\$2,480.0	\$2,250.0	33.25 x	12.95 x	2.47 x	17.86 x	2.14 x
SNPS	Synopsys Inc.	\$26.43	\$3,790.0	\$3,070.0	47.20 x	12.17 x	2.67 x	17.05 x	2.36 x
<b>Median Valuation Multiples</b>					<b>37.90 x</b>	<b>16.88 x</b>	<b>3.29 x</b>	<b>19.58 x</b>	<b>3.22 x</b>

**Historical Peer Group Valuations:  
Vert: Engineering**



**Market Headlines:**

- “Rolls-Royce Highlights Role of Simulators  
*Offshore Shipping Online – June 2007*”
- “TCS, Ferrari May Jointly Develop Software”  
*Economic Times India – June 2007*”
- “Leading Manufacturers Report Millions Saved with Design Software”  
*Business Wire – June 2007*”

**M&A Transactions**

**Autodesk Acquires Opticore AB**

Autodesk is acquiring the assets of Opticore, a wholly-owned subsidiary of Design Communication, based in Gothenburg, Sweden. Opticore provides software for interactive and realistic 3D visualizations and presentations. Opticore is a premier graphics communication software provider delivering advanced technology used to produce believable, highly interactive and realistic 3D digital product visualizations and presentations. The acquisition underscores Autodesk’s continued drive to deliver solutions that support best-in-class designers and manufacturers and enable them to implement a complete Digital Prototyping solution.

Announcement Date: June 18, 2007  
Deal Value: Undisclosed

**Synopsys Acquires ArchPro Design Automation**

Synopsys, Inc., provider of semiconductor design software, has acquired ArchPro Design Automation Inc. ArchPro's technologies enable engineers to address power management challenges in multi-voltage designs from chip architecture to RTL and gate-level design. These technologies allow verification of modern power management techniques such as power gating, substrate biasing, dynamic voltage and frequency scaling, and extend Synopsys' leadership in low power design and verification. Integration of Synopsys' industry-leading verification technologies with ArchPro's advanced power management verification techniques will create a unique value-proposition for addressing the exponentially growing verification challenge.

Announcement Date: June 18, 2007  
Deal Value: Undisclosed

**PTC Acquires NC Graphics Ltd**

PTC, the Product Development Company, has acquired CAM technology provider NC Graphics Ltd. The acquisition of NC Graphics is in direct response to customer demand for specialized CAM capabilities required for molds, dies and prototypes. With its Computer Aided Manufacturing technology, NC Graphics delivers best-of-breed software for optimizing tool making and high-speed precision machining processes. With this acquisition, PTC now offers an open solution to any toolmaker or company requiring high-speed precision machining CAM software, regardless of the source of CAD data.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

**Bentley Acquires TDV GmbH**

Bentley Systems, Incorporated announced that it has acquired TDV GmbH of Austria, a leading provider of structural modeling, analysis, and design software for bridge engineering, serving engineers, designers, and owners. TDV's industry-leading RM 2006 product for static and dynamic design and analysis of steel, concrete and composite structures is used by hundreds of bridge design firms worldwide. The software is applicable to the design of virtually all bridge types. This acquisition exemplifies Bentley's strategic focus on providing comprehensive software solutions for infrastructure projects. By integrating the capabilities of RM 2006 with those of Bentley's recently acquired BridgeKey software, Bentley now provides a true end-to-end bridge design and management solution.

Announcement Date: May 9, 2007  
Deal Value: Undisclosed

**Dassault Systemes to Acquire ICEM**

The acquisition extends Dassault Systemes CATIA leadership to the broad and highly diversified styling communities. The automotive industry has spearheaded, putting aesthetics at the heart of the engineering process. One of the most critical steps is the "Class A Surface" process, which creates perfect surfaces from styling sketches. ICEM is recognized as an undisputable leader in this domain, providing top-end solutions. With ICEM's unique set of

technologies and expertise in this domain combined with DS's recognized leadership in 3D and PLM, customers will benefit from a new level of integrated process performance from styling concepts to final shape.

Announcement Date: April 27, 2007  
Deal Value: \$70 million (Cash)

**CAE Acquires MultiGen-Paradigm**

CAE announced it has reached an agreement with Parallax Capital Partners, LLC and others to acquire MultiGen Paradigm Inc. MultiGen-Paradigm is a leading supplier of real-time, commercial, off-the-shelf (COTS) software for creating and visualizing simulation solutions. CAE wants to offer its customers a one-stop shop for their modeling and simulation needs, where they will be able to receive the industry's most comprehensive, integrated suite of COTS software products and, in addition, have access to a full complement of professional services. The acquisition of MultiGen-Paradigm is expected to accelerate CAE's growth in this important market.

Announcement Date: April 20, 2007  
Deal Value: \$16 million (Cash)

**CAE Acquires Engenuity Technologies**

CAE Inc. says it has acquired 85.7 percent of Engenuity Technologies Inc. and is planning to acquire the remaining stock. Engenuity, with 120 employees, develops simulation and visualization software for the aerospace and defense markets. The company is based in Montreal and has offices in Orlando, Atlanta, and London, Paris and Dusseldorf as well as a worldwide distributor network. CAE operates in 19 countries around the world. It has sold nearly 700 simulators and training devices to airlines, aircraft manufacturers, training centers and defense forces for air and ground purposes in more than 40 countries.

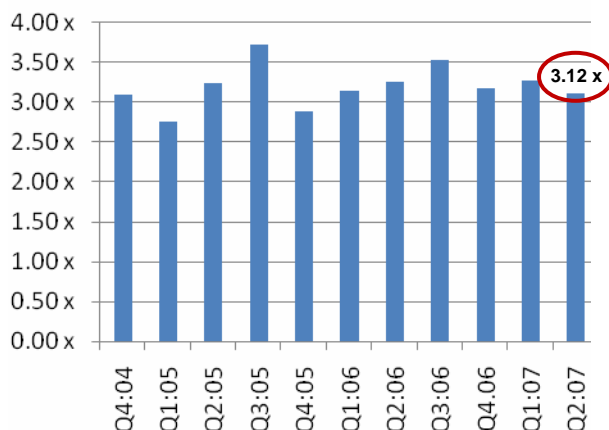
Announcement Date: April 12, 2007  
Deal Value: Undisclosed

**Financial Services**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ADVS	Advent Software Inc.	\$32.55	\$884.6	\$865.9	12.15 x	30.42 x	4.60 x	87.97 x	3.65 x
EPAY	Bottomline Technologies Inc.	\$12.35	\$302.7	\$242.7	N/A	29.45 x	2.17 x	23.75 x	1.87 x
CKFR	CheckFree Corporation	\$40.20	\$3,530.0	\$3,310.0	29.34 x	11.97 x	3.59 x	19.05 x	2.85 x
FISV	Fiserv Inc.	\$56.80	\$9,550.0	\$10,250.0	22.27 x	10.41 x	2.19 x	17.26 x	1.95 x
JKHY	Jack Henry & Associates Inc.	\$25.75	\$2,310.0	\$2,340.0	23.62 x	11.59 x	3.61 x	20.28 x	3.16 x
ORCC	Online Resources Corp.	\$10.98	\$287.2	\$340.4	N/A	14.54 x	3.22 x	21.96 x	2.26 x
SONE	S1 Corporation	\$7.99	\$492.6	\$422.7	25.77 x	22.66 x	2.15 x	22.83 x	1.95 x
TSS	Total System Services Inc.	\$29.51	\$5,830.0	\$5,450.0	22.70 x	9.64 x	2.03 x	20.78 x	3.03 x
<b>Median Valuation Multiples</b>					<b>23.16 x</b>	<b>13.25 x</b>	<b>3.12 x</b>	<b>21.37 x</b>	<b>2.56 x</b>

**Historical Peer Group Valuations:  
Vert: Financial Services**



**Market Headlines:**

- “Online Bank Security Worsens”  
*Techworld – June 2007*
- “Mobile Banking Catching On in U.S. Slowly”  
*Computerworld – May 2007*
- “Banking, Fin Sectors Leaders in IT Spend”  
*Economic Times India – June 2007*
- “Banking Solutions Chase \$ Dream”  
*Economic Times India – June 2007*

**M&A Transactions**

**TNS Acquires Dialect Payment Technologies**

Transaction Network Services, a global communications and network services provider, has acquired Dialect Payment Technologies, a privately owned international payments processing technology company headquartered in Australia. Dialect Payment Technologies’ premier Internet payment gateway gives TNS entry into the large ‘card not present’ (Internet and call center transactions) market, which is currently experiencing significant growth worldwide. This electronic transactions engine adds a key element to TNS’ services suite that is usable in all geographies. Through the acquisition, TNS also enters relationships with new key customers primarily in the Asia/Pacific region, including credit, debit and ATM card providers and retailers.

Announcement Date: June 19, 2007  
Deal Value: \$4.2 million

**CyberSource to Acquire Authorize.Net**

CyberSource Corporation, leading provider of electronic payment and risk management solutions is acquiring Authorize.Net Holdings, Inc., a leading provider of IP-based payment solutions. The acquisition joins two highly complementary businesses, positioning CyberSource to further capitalize on the growing web-based payment opportunity. Both companies are leaders in enabling e-commerce businesses to accept online payments for goods and services. Collectively, the companies processed approximately 1.1 billion transactions in 2006, representing \$65 billion of e-commerce. The acquisition will enable CyberSource to provide leading payment solutions to all segments of the e-commerce industry.

Announcement Date: June 18, 2007  
Deal Value: \$565 million (Stock and cash)  
Seller Revenue: \$98.5 million TTM

**Heartland Payment Systems Acquired eSecure Peripherals**

Heartland Payment Systems, a provider of credit/debit/prepaid card processing, payroll and payment services, acquired eSecure Peripherals, a developer and manufacturer of technology that enables cashless vending machines. With eSecure Peripherals' technology, an entire range of transactions once thought of as exclusively cash or coin can be paid with credit, debit, or prepaid cards – including vending, parking, laundry, and others. Heartland said that the micro-payments space is one of its biggest growth opportunities. The nature of payments is changing, and an array of transactions – once the exclusive domain of cash and coin – is now being completed with plastic.

Announcement Date: June 18, 2007  
Deal Value: Undisclosed

**Open Solutions Acquired IA Systems, Inc.**

Two of the industry's business providers, Open Solutions Inc. and Securian Financial Group, have announced a strategic alliance to offer financial services providers additional insurance-related products and services, as well as an integrated suite of innovative technology solutions and services. As part of this alliance, Open Solutions is acquiring Securian's subsidiary IA Systems, Inc., and the StreamLend Velocity and StreamLend product line. Both Open Solutions and Securian work with a variety of providers to package insurance products and related technology for the financial services industry. The acquisition of IA Systems strengthens Open Solutions' existing loan origination offerings.

Announcement Date: June 12, 2007  
Deal Value: Undisclosed

**Hellman & Friedman to Acquire IRIS Software and Computer Software Group**

Hellman & Friedman has agreed to acquire UK software companies, IRIS Software and Computer Software Group, from HgCapital. IRIS provides software to the accounting industry, and had been pursued by both 3i Group and Bridgepoint Capital. CSG provides software to the legal market.

Announcement Date: June 11, 2007  
Deal Value: \$988 million (Combined enterprise value)

**CSG Systems to Acquire ComTec, Inc.**

CSG Systems International, Inc., a provider of customer care and billing solutions, is acquiring ComTec, Inc., a privately held provider of print and electronic statement processing services headquartered in Fairfield, New Jersey. The acquisition of ComTec builds upon CSG's goal of maximizing customer interaction for clients by expanding its statement processing footprint and capabilities through the addition of enhanced statement production and electronic statement presentation hardware and software technologies, as well as additional plant capacities.

Announcement Date: June 11, 2007  
Deal Value: \$23.5 million (Cash, plus contingent payments of up to \$2.5 million over the next 12 months)  
Seller Revenue: \$10 million (Estimate)

**SunGard Acquires Aspiren**

SunGard has acquired Aspiren, a specialist software provider focused primarily on the public sector. Aspiren provides performance improvement and information management solutions as well as a range of fraud detection and prevention solutions that are delivered as hosted shared technology services. Aspiren will be part of SunGard's Vivista business unit. This acquisition is further evidence of SunGard's commitment to the public sector and will greatly enhance its existing public sector Managed Services business.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

**CheckFree Acquires Upstream Technologies LLC**

CheckFree Corporation is acquiring Upstream Technologies LLC, a provider of advanced investment decision support and trade order management tools to the investment management marketplace. The business will be integrated with the CheckFree Investment Services Division, which provides the leading platform for the managed accounts industry. This acquisition enables CheckFree to deliver

the upstream web-based model management, decision support; trading and real-time order management tools as complementary capabilities to the CheckFree core platform today, addressing key customer priorities.

Announcement Date: May 21, 2007  
Deal Value: \$28 million (Cash)

### **SSP to Acquire Sirius**

Insurance software provider SSP is acquiring insurance and financial services software firm, Sirius Financial Solutions. The combination is expected to create a UK market-leading insurance software provider, as well as a platform to expand the enlarged business internationally. In the UK, the business will have a strong presence in the areas of general insurance relating to regional brokers, call centers, small intermediaries, major brokers, underwriting agencies and insurance companies. The combined entity is also expected to establish a strong presence in the systems sector relating to large financial advisers.

Announcement Date: May 8, 2007  
Deal Value: \$84.9 million (Cash)

### **Citigroup to Acquire Bisys**

Citigroup Inc. agreed to buy financial outsourcing services provider Bisys Group Inc. for \$1.45 billion to offer more services to hedge funds and private equity firms. By acquiring and retaining the Investment Services Division of Bisys, which includes the Fund Services and Alternative Investment Services businesses, Citi will become a market leading provider of hedge fund and mutual fund services as well as a top-tiered administrator for the private equity industry.

Announcement Date: May 2, 2007  
Deal Value: \$1.45 billion (Cash)  
Seller Revenue: \$862.7 million TTM. (Citigroup plans to sell Bisys' retirement and insurance services units to private equity firm J.C. Flowers & Co. for about \$645 million. Its net cost would thus be \$800 million.)

### **Reuters Acquires ClearForest**

Reuters, the global information company, is acquiring ClearForest Ltd., a privately held

provider of Text Analytics solutions whose tagging platform and analytical products allow clients to derive precise business information from huge amounts of textual content. Reuters believes that search will be a pivotal element to the future of how financial information is sourced and consumed. ClearForest Ltd. is the world leader in business solutions enabled by Text Analytics, supplying the analytical bridge between two previously disconnected worlds of information. In allowing unstructured text and enterprise data to be analyzed simultaneously, ClearForest makes unified business intelligence a reality. This technology has the potential to impact the user experience across all Reuter's products.

Announcement Date: April 30, 2007  
Deal Value: Undisclosed

### **JPMorgan Chase to Acquire Xign**

JPMorgan Chase has agreed to acquire Xign Corp., a provider of B2B on-demand financial settlement solutions. The deal will result in Xign becoming part of the commercial card and procurement businesses of JPMorgan Chase's Treasury Services unit. JPMorgan Chase has partnered with Xign to offer its order-to-pay software set since October 2003, enabling customers to automate electronic purchase order delivery, invoicing and payments across Xign's global settlement network of more than 40,000 suppliers.

Announcement Date: April 18, 2007  
Deal Value: Undisclosed

### **royalblue to Acquire LatentZero**

royalblue group plc, provider of multi-asset trading systems, market data and global connectivity, is acquiring LatentZero Limited, a privately owned supplier of front-office software to investment managers. LatentZero has set new standards for investment systems and its products are used to manage more than \$8 trillion of assets across equity, fixed income, foreign exchange and derivatives. LatentZero will continue to operate as a separate entity within the royalblue group. royalblue's Fidessa product suite is one of the most successful global sell-side trading platforms in the market, being used by over 85% of global, tier-one equity brokers as well as numerous smaller firms. The acquisition therefore provides

considerable strategic benefit to royalblue, LatentZero and their respective customers by providing, for the first time, the potential for true integration of multi-asset buy-side and sell-side trading flows on a significant scale.

Announcement Date: April 16, 2007  
Deal Value: \$126 million (includes earnout)

**First Data to Acquire Online FundsXpress**

First Data Corp. is acquiring FundsXpress, a provider of online banking and bill payment services for consumers and small businesses. FundsXpress has more than 500 financial institution customers, consisting primarily of community financial institutions; First Data currently serves thousands of similar institutions coast-to-coast. The complementary capabilities of First Data and FundsXpress will result in a broad and robust suite of products for secure electronic commerce and Internet banking transactions. This also presents a natural cross-sell opportunity for First Data's large base of community financial institutions.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

**Open Solutions to Acquire Fincentric Corp.**

Open Solutions Inc. is acquiring Vancouver-area software firm Fincentric Corp. Both companies sell software and services to banks, credit unions and other financial service providers. Fincentric supports more than 160 financial institutions on five continents. Open Solutions offers a broad range of integrated software applications built on a single centralized Oracle relational database.

Announcement Date: April 5, 2007  
Deal Value: Undisclosed

**Transaction Systems Architects to Acquire Stratasoft**

Transaction Systems Architects, Inc., provider of ACI worldwide-branded enterprise electronic payments solutions, announced the acquisition of Stratasoft Sdn Bhd, a provider of electronic payment solutions in Malaysia. Stratasoft, headquartered in Kuala Lumpur, was founded in 1994 and has been a distributor partner of ACI's in Malaysia since 1995. Stratasoft's customers include 7 of the 10 commercial banks in

Malaysia, as well as the country's only government bank. The acquisition of Stratasoft is consistent with ACI's strategy of establishing direct distribution channels in selected markets in Asia where rapid growth in electronic payments is expected.

Announcement Date: April 3, 2007  
Deal Value: Undisclosed

**WAUSAU Acquires DMP Payment Systems**

WAUSAU, provider of distributed payment and document processing, has acquired DMP Payment Systems (Data Management Products, Inc.) from First National of Nebraska Inc. DMP is an innovative leader in image-based processing systems, providing automated solutions for payment and return/exception item processing, with particular strength in the wholesale lockbox solutions market. The deal establishes the industry's top end-to-end lockbox solution provider, uniting WAUSAU's market-leading share of retail lockbox and ACH solutions with DMP's top position in the wholesale lockbox market. According to WAUSAU, this deal combines the number one retail provider with the number one wholesale provider for an unparalleled position in the lockbox solutions market. The acquisition of DMP provides WAUSAU the opportunity to leverage current payment volumes with more electronic payment capabilities and specialization in vertical market niches, including healthcare, non-profits, property management and government entities.

Announcement Date: April 2, 2007  
Deal Value: \$227 million

**First Data Accepts KKR Buyout**

Credit card transaction processor First Data Corp. is being acquired by an affiliate of private equity firm Kohlberg Kravis Roberts & Co. First Data's deal with KKR involves leverage. Citigroup, Credit Suisse, Deutsche Bank, HSBC, Lehman Brothers, Goldman Sachs and Merrill Lynch, which are acting as financial advisors to KKR, have committed to provide the debt financing for the deal.

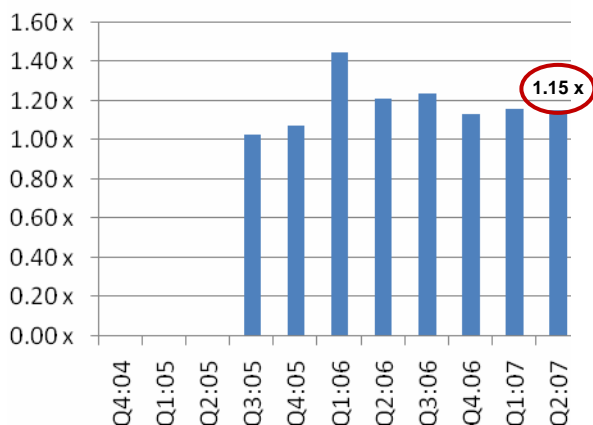
Announcement Date: April 2, 2007  
Deal Value: \$25.6 billion (Cash plus debt, making the deal value approach \$29 billion)  
Seller Revenue: \$7.08 billion TTM

**Government/DoD/Homeland Security**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
HRS	Harris Corporation	\$54.55	\$7,330.0	\$7,540.0	16.04 x	10.53 x	1.87 x	16.43 x	1.53 x
LLL	L-3 Communications Holdings Inc.	\$97.39	\$12,190.0	\$16,260.0	22.24 x	10.84 x	1.26 x	15.19 x	1.15 x
LMT	Lockheed Martin Corp.	\$94.13	\$39,280.0	\$40,320.0	15.56 x	8.73 x	1.02 x	13.97 x	0.95 x
MANT	Mantech International Corp.	\$30.83	\$1,050.0	\$1,030.0	20.28 x	9.74 x	0.89 x	15.19 x	0.65 x
RTN	Raytheon Company	\$53.89	\$23,920.0	\$26,170.0	18.14 x	11.14 x	1.27 x	14.93 x	1.13 x
SRX	SRA International Inc.	\$25.26	\$1,440.0	\$1,290.0	22.96 x	10.19 x	1.04 x	21.59 x	0.93 x
<b>Median Valuation Multiples</b>					<b>19.21 x</b>	<b>10.36 x</b>	<b>1.15 x</b>	<b>15.19 x</b>	<b>1.04 x</b>

**Historical Peer Group Valuations: Vert: Gov't DoD**



**Market Headlines:**

“Government Customer Service: No Longer an Oxymoron”  
*CRM Buyer – June 2007*

“Homeland Security CIO under Fire”  
*PC World – June 2007*

**M&A Transactions**

**Kforce Government Solutions Merges with BRADSON Corp**

Kforce Government Solutions and BRADSON Corp have merged into Kforce Government Solutions. The combined strengths of these companies will provide government clients with a full range of services and solutions in Enterprise Data Management, Financial and Accounting Solutions, Business Performance Management, Enterprise IT Solutions, and Finance and Accounting and IT onshore outsourcing. There is excellent synergy here. The 600-plus associates of the combined companies bring together a highly skilled, professional workforce with an in-depth operational knowledge of the government and industry best practices.

Announcement Date: June 26, 2007  
Deal Value: Undisclosed

**Hart InterCivic Acquires Farragut Systems**

Hart InterCivic Inc., a leading national provider of technology-based products and solutions to

state and local governments, acquired Farragut Systems, a Geographic Information Systems software and services company for local governments. Hart can now integrate its technology solutions with local governments' GIS systems and applications from many vendors. Hart's goal is to merge the two companies' technology and customer knowledge to provide more business solutions, offer enhanced customer support and improve product offerings.

Announcement Date: June 12, 2007  
Deal Value: Undisclosed

**Paradigm to Acquire Caldwell Technology Solutions, LLC**

Paradigm Holdings, Inc., parent company of Paradigm Solutions Corporation and Trinity IMS, is acquiring Caldwell Technology Solutions, LLC, provider of advanced information technology solutions in support of National Security programs within the Intelligence Community (IC). CTS has approximately 35 employees, all of whom hold U.S. Government

Security clearances. CTS' offerings include systems engineering, software development, information technology, the full spectrum of information assurance support services and intelligence analyst and linguistic support.

Announcement Date: June 11, 2007  
Deal Value: Undisclosed

**Harris to Buy Multimax**

Harris Corp. is acquiring privately held Multimax Inc., a company that provides the U.S. government with information technology and communications services. Harris said the buyout increases the size of its technical services unit, and will give it a broader customer base as well as new possibilities for growth.

Announcement Date: May 31, 2007  
Deal Value: \$400 million (Cash)

**Infor to Acquire Hansen**

Infor is acquiring Hansen Information Technologies, an applications provider for the public sector. Hansen's leading applications help manage the daily operations of government, and include the industry's leading applications for Building Permits, Licensing, Code Enforcement, Citizen Relationship Management, Enterprise Asset Management (EAM), Transit and Rail, Financials, Property Tax, and Utility Billing. The acquisition of Hansen will strengthen Infor's ability to serve the growing public sector, specifically local government and municipal authorities. The combination of Hansen's and Infor's existing government solutions will establish Infor as a leading provider of enterprise applications that serve the specialized needs of government entities. Upon the closing of the transaction, Infor will offer a compelling combination of Human Capital Management, Revenue Management, and Enterprise Asset Management to municipalities of all sizes.

Announcement Date: May 15, 2007  
Deal Value: \$96 million (Cash)  
Seller Revenue: \$48.5 million (YE 1/07)

**PlantCML Acquires Sigma Communications**

PlantCML (Golden Gate Capital), provider of mission-critical communications systems for emergency contact centers, acquired Sigma Communications, LLC, creator of REVERSE

911, provider of emergency response solutions and services. It is one of the country's most recognized brands in emergency notification technology for management agencies, law enforcement, and other public safety agencies. The acquisition is another consolidation play and adds another high-demand element to PlantCML's portfolio of communications products, further solidifying its position in response management solutions and emergency notification technology.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**ManTech Acquires SRS Technologies, Inc.**

ManTech International Corporation acquired SRS Technologies, Inc., a provider of high-end, mission-critical, advanced technology systems engineering and command, control, communications, computers, intelligence, surveillance and reconnaissance services and solutions. Their largest customers include the Department of Homeland Security, U.S. Air Force, National Reconnaissance Office, National Geospatial-Intelligence Agency, Missile Defense Agency and the Defense Advanced Research Projects Agency. SRS deepens ManTech's position in the national security marketplace and provides access to new markets in national defense agencies which the company believes will continue to play a leading role in counter-terrorism and homeland security initiatives.

Announcement Date: May 8, 2007  
Deal Value: Undisclosed

**ACS Acquires the Assets of Albion, Inc.**

Affiliated Computer Services, Inc. is enhancing its capabilities in the Health and Human Services (HHS) sector with the acquisition of Albion, Inc., a company specializing in integrated eligibility software solutions. The acquisition enables ACS to address key HHS challenges facing state and local government clients, including expensive legacy systems, a need for cost effectiveness, and a client-centered approach to service delivery. The acquired proprietary @Vantage software addresses these clients' challenges while meeting federal financial support requirements for a commercial, off-the-shelf (COTS) solution.

Announcement Date: April 26, 2007

Deal Value: \$25.5 million (Cash)

**OSI Consulting Acquires EML**

OSI Consulting, Inc. acquired EML, Inc., provider of expert technology consulting services to the Canadian federal government for over a decade. With a specific focus on PeopleSoft HR applications, EML has served a number of departments across the government with a full range of services including strategic planning, upgrades, and implementations of PeopleSoft HRMS. This acquisition strengthens OSI's already firm hold in the Oracle space in North America.

Announcement Date: April 24, 2007

Deal Value: Undisclosed

**Intelligentias Acquires System Italy, SpA**

Intelligentias, Inc., a company seeking to become a recognized leader in the Homeland Security Industry by providing data retention, tracking and investigatory services for telcos, ISPs and law enforcement agencies around the world, announced it is acquiring System Italy SpA, developer of data traffic management solutions. This acquisition fills a gap in Intelligentias, which previously held only the IP for this unique security software.

Announcement Date: April 20, 2007

Deal Value: Undisclosed

**Intelligentias Acquires DATAKOM**

Intelligentias, Inc. also announced that it is acquiring DATAKOM, located in Munich, Germany. DATAKOM has specialized in legal interception of telecommunications, test systems

and security software. The marriage of these two companies enables Intelligentias to further realize its potential in security software through a customizable monitoring, security and interception suite of products for its customers. Intelligentias, Inc. expects to become a global data-intelligence conglomerate.

Announcement Date: April 20, 2007

Deal Value: Undisclosed

**FAST to Acquire Convera Corporation's RetrievalWare Business**

FAST Search & Transfer, a developer of search technologies, is acquiring selected assets of Convera Corporation, a leader in information retrieval solutions. FAST will acquire the assets of Convera's RetrievalWare business which supports a wide range of mission-critical programs at government agencies and commercial enterprises. The acquisition signals FAST's commitment to expand its presence primarily in the government markets. The acquisition of Convera's RetrievalWare business will enable FAST to deepen its relationships in the government sector, and will provide access to next-generation search capabilities to Convera's vast government customer base while protecting their current investment.

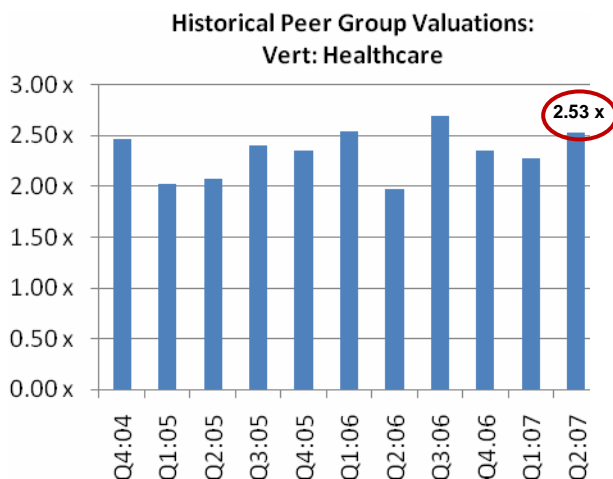
Announcement Date: April 2, 2007

Deal Value: \$23 million

**Healthcare Industry**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
MDRX	Allscripts Healthcare Solutions Inc.	\$25.48	\$1,410.0	\$1,440.0	94.37 x	31.49 x	5.74 x	31.46 x	3.81 x
CERN	Cerner Corporation	\$55.47	\$4,390.0	\$4,360.0	38.79 x	13.36 x	3.07 x	26.04 x	2.46 x
HLTH	Emdeon Corporation	\$14.01	\$2,410.0	\$2,390.0	5.47 x	13.80 x	2.53 x	17.73 x	3.58 x
ECLP	Eclipsys Corporation	\$19.80	\$1,050.0	\$919.3	73.33 x	14.24 x	2.09 x	20.41 x	1.72 x
RX	IMS Health Inc.	\$32.13	\$6,310.0	\$7,300.0	23.12 x	11.65 x	3.61 x	17.85 x	3.04 x
MCK	McKesson Corporation	\$59.64	\$17,730.0	\$17,960.0	19.95 x	11.37 x	0.19 x	16.08 x	0.17 x
MEDW	Mediware Info. Systems Inc.	\$7.20	\$58.7	\$36.9	24.83 x	4.08 x	0.93 x	N/A	N/A
<b>Median Valuation Multiples</b>					<b>24.83 x</b>	<b>13.36 x</b>	<b>2.53 x</b>	<b>19.13 x</b>	<b>2.75 x</b>



**Market Headlines:**

- “ROI Does Not Drive EMR Adoption”  
*Healthcare IT News – June 2007*
- “Smart Cards to Be Used in NYC Hospitals”  
*Philadelphia Inquirer – June 2007*
- “IT Will Cut Health Costs, Says U.S. Think Tank”  
*Council on Foreign Relations – May2007*
- “Information Technology Could Cure U.S. Healthcare Ills”  
*Healthcare IT News – Apr 2007*

**M&A Transactions**

**CT Technologies Acquired Smart Document**

CT Technologies Holdings, a portfolio company of ABRY Partners, has acquired Smart Document Solutions LLC from Arcapita. Smart Document Solutions is a provider of comprehensive health information management services and solutions to hospitals and physician clinics in the United States.

Announcement Date: June 22, 2007  
Deal Value: \$185 million

**Connexions, Inc. Acquires bConnected Software, Inc.**

Connexions, Inc. has acquired bConnected Software, Inc., a provider of technology solutions for the healthcare industry. Connexions, Inc. is a technology-based business process outsourcing firm with broad expertise in the healthcare industry, assisting well-known health insurance plans and healthcare providers. bConnected Software creates standardized and custom products and solutions for healthcare

organizations, delivering accurate, real-time information and software tools to improve the quality and consistency of care, revenue cycle processes, as well as financial and operational efficiency. Connexions intends to leverage bConnected’s healthcare technology expertise to deliver new levels of service for its healthcare clients to help them meet the demands of a market that is increasingly consumer-driven.

Announcement Date: June 20, 2007  
Deal Value: Undisclosed

**Wolters Kluwer Acquires MediRegs**

Wolters Kluwer has acquired MediRegs, provider of healthcare research database services and compliance software. Wolters Kluwer is a leading provider of specialized healthcare compliance and reimbursement research products and workflow tools under the CCH brand name. MediRegs provides integrated healthcare compliance content and software solutions to healthcare, higher education, life sciences and pharmaceutical

professionals and professional services customers, including those in accounting, law and consulting. With this acquisition, Wolters Kluwer is combining market-leading CCH content with the MediRegs compliance software. This will allow it to provide health compliance and reimbursement professionals with an authoritative source for integrated healthcare compliance workflow solutions to ease the compliance burden.

Announcement Date: June 15, 2007  
Deal Value: Undisclosed

### **GHX Acquires Market4care**

GHX, LLC has acquired Market4care, a provider of e-procurement and other supply chain services to hospitals and healthcare suppliers in the Netherlands. Together, Market4care and GHX Europe, which currently provides similar services with its subsidiaries in the United Kingdom, Germany, Switzerland, Austria and Belgium, now serve the entire Benelux market. The acquisition will deliver greater efficiencies to the healthcare supply chain in Europe by enabling more hospitals and suppliers to conduct business with one another electronically. Together, the two companies currently serve more than 900 hospitals and 250 suppliers in Europe. GHX also enables e-procurement among more than 6,000 hospitals and 600 suppliers in North America.

Announcement Date: June 14, 2007  
Deal Value: Undisclosed

### **Henry Schein to Acquire Software of Excellence Ltd**

Henry Schein, Inc., the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, is acquiring Software of Excellence International Ltd., a New Zealand publicly listed company. Software of Excellence has been delivering innovative clinical and practice management solutions to dental professionals since 1988, and now serves a customer base of more than 5,000 practices in the United Kingdom, Ireland, Australia and New Zealand. Software of Excellence is well respected in its markets and will be an important addition to Henry Schein's current technology platform, enhancing the value-added services proposition to its customers.

Announcement Date: June 11, 2007  
Deal Value: \$58 million (Cash)  
Seller Revenue: \$19.1 million (FY-March 07)

### **ACS Acquires CDR Associates**

Affiliated Computer Services, Inc. is strengthening its healthcare industry expertise through its recent acquisition of CDR Associates, LLC. CDR provides recovery and technology services to healthcare payers, providers, and government-based programs, specializing in credit balance, renal dialysis, and long-term care audit services. The acquisition broadens ACS' service mix in the healthcare payer and provider markets by leveraging CDR's proven auditing services and innovative Credit Balance Analysis System software. CDR enhances ACS' business process outsourcing (BPO) capabilities as an end-to-end solutions provider in the healthcare space.

Announcement Date: June 4, 2007  
Deal Value: Undisclosed

### **InterSystems Corporation Acquires TrakHealth**

InterSystems Corporation, a provider of database and integration software, has acquired Australia-based TrakHealth. An application partner of InterSystems since 1991, TrakHealth develops and markets TrakCare, an enterprise-level web-based health information system deployed in 25 countries. TrakHealth will operate as an independent subsidiary of InterSystems, with its own sales force. This union of InterSystems and TrakHealth will increase the company's global prominence and open up major new sales opportunities in international markets.

Announcement Date: May 21, 2007  
Deal Value: Undisclosed

### **RedVector.com, Inc. Acquires Care2Learn.com**

RedVector.com Inc., a leading provider of online education for the architectural, engineering, and contractor markets, has expanded into the healthcare arena with the acquisition of Care2Learn.com, an online continuing education company for professionals in long-term care, home health, hospice and rehabilitation. While RedVector has traditionally targeted its course

library and outsourced e-learning services to the design, engineering and construction industries, the addition of the healthcare-oriented Care2Learn marks a significant expansion into a fast-growing market.

Announcement Date: May 17, 2007  
Deal Value: Undisclosed

**Sandata Technologies, Inc. and Dataline Inc. to Merge**

Sandata Technologies, Inc., a leading IT services provider to the home healthcare and social services community, and Dataline Inc., an IT services company providing monitoring, billing and point of care solutions to the municipal and home health sectors, announced a merger of the two companies. Following the merger, Dataline will operate as a wholly-owned subsidiary of Sandata Technologies and the combined entity will continue to support the full suite of products of both companies. Collectively, the service offerings of Sandata and Dataline increase efficiencies, reduce costs and help eliminate fraud and abuse. In New York, for example, fraud and abuse are estimated to comprise at least 10% of the state \$46 billion Medicaid budget.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**Lorian Capital Corp to Acquire Medworxx Inc.**

Lorian Capital Corp., a Canadian capital pool company, is acquiring Medworxx, a Toronto-based software company focused exclusively on solutions for the North American healthcare marketplace. Its software comprises an integrated suite of solutions, including portal (with single sign on), content management, learning management, policies and procedures, utilization management, and emergency readiness solutions.

Announcement Date: April 26, 2007  
Deal Value: Undisclosed

**MedAssets Acquires XactiMed**

MedAssets Inc. has agreed to acquire XactiMed, a provider of web-based revenue cycle technologies and services to the healthcare industry. The agreement, which is expected to

be finalized in May, will expand the offering of MedAssets Net Revenue Systems to include claims management, remittance management, denial management solutions, and an array of revenue cycle services and consulting. XactiMed's solutions and services will complement as well as expand MedAssets' revenue cycle suite, allowing it to provide an integrated, comprehensive offering to help healthcare providers improve their net revenue by improving business processes around billing and collections.

Announcement Date: April 17, 2007  
Deal Value: Undisclosed

**WiFiMed Holdings Company to Acquire JMJ Technologies, Inc.**

WiFiMed Holdings Company, Inc. is acquiring JMJ Technologies, Inc., a developer of configurable workflow management solutions. Combining JMJ Technologies' Electronic Health Record product, a multi-specialty, workflow management system, and WiFiMed's Tablet MD with its patent-pending data synchronization, forms building tools, and thick-client technology will create a unique solution for full patient access and charting capabilities in the office and in remote sites such as emergency rooms, hospitals and homes.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

**PerkinElmer Acquires Improvision Ltd.**

PerkinElmer, Inc., a global technology leader in health sciences and photonics, has acquired Improvision Ltd. Improvision is a leading provider of cellular imaging software and integrated hardware solutions used in life sciences research. Improvision's flagship offering is Volocity, a high-performance, high-throughput 3D and 4D imaging software solution that allows users to capture, visualize and analyze images of dynamic cell-based processes, as well as integrated software and hardware solutions for the control and analysis of microscopy systems. Volocity complements PerkinElmer's UltraVIEW Live Cell Imaging system, which captures high-speed, high-resolution, multi-dimensional images of live biological samples including cultured cells, tissues and embryos. Additionally, Improvision provides integrated software and hardware

solutions for microscopy systems control and data analysis.

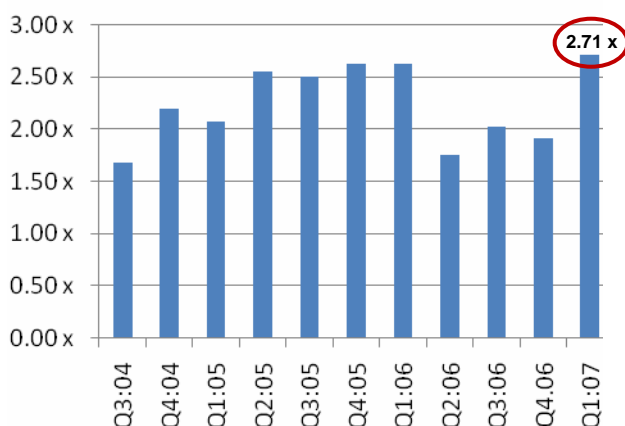
Announcement Date: April 2, 2007  
Deal Value: Undisclosed

**Other Vertical Markets**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
EPIQ	EPIQ Systems Inc.	\$16.16	\$477.7	\$627.4	14.83 x	6.03 x	2.76 x	30.49 x	3.28 x
JDAS	JDA Software Group Inc.	\$19.63	\$581.3	\$653.4	N/A	12.17 x	2.04 x	15.70 x	1.69 x
MFLO	Moldflow Corporation	\$21.98	\$251.7	\$190.6	N/A	22.60 x	2.71 x	23.38 x	3.10 x
RLRN	Renaissance Learning Inc.	\$13.15	\$382.1	\$358.2	38.68 x	16.87 x	3.34 x	23.07 x	3.30 x
ROK	Rockwell Automation Inc.	\$69.44	\$10,950.0	\$10,600.0	8.15 x	9.64 x	1.85 x	16.53 x	2.03 x
<b>Median Valuation Multiples</b>					<b>14.83 x</b>	<b>12.17 x</b>	<b>2.71 x</b>	<b>23.07 x</b>	<b>3.10 x</b>

**Historical Peer Group Valuations:  
Vert: Other**



**Market Headlines:**

“Much Interest, but Little Investment in Cleantech”

*Jerusalem Post – June 2007*

“Global Cleantech Spending Set for 14% Growth in 2007”

*Business Wire – June 2007*

**M&A Transactions**

**infoUSA Acquires expresscopy.com**

infoUSA, provider of proprietary business and consumer databases, sales leads, direct marketing, and email marketing, acquired expresscopy.com, which is a veteran in the on-demand printing and mailing industry. They are a national market leader in short-run customized direct mail pieces such as direct response post cards, mailers, brochures, newsletters, flyers and business cards. Their products and services are a perfect complement to infoUSA’s current sales leads. infoUSA plans to do more acquisitions in this field as it is a natural extension to its suite of products.

Announcement Date: June 22, 2007  
Deal Value: Undisclosed

**TravelCLICK Acquires Blue Square Studios**

TravelCLICK Inc., provider of hotel e-marketing solutions, acquired Blue Square Studios, an award-winning provider of Internet business solutions – including web design, production and search engine optimization (SEO) – for the

hospitality industry. The acquisition creates an unrivaled platform for hoteliers, combining the superior property merchandising and distribution technology of TravelCLICK’s iHotelier central reservation system (CRS) with the industry-leading web presence management technology of Blue Square Studios. This combination will provide hoteliers with capabilities not available to date in the hospitality industry.

Announcement Date: June 21, 2007  
Deal Value: Undisclosed

**Powerway Acquires Cohesia Corporation**

Powerway, Inc., provider of manufacturing product development process solutions for automotive manufacturers, has significantly expanded its market position with its purchase of Cohesia Corporation. Cohesia is an innovative software company that provides web-based quality management solutions to companies, such as those in the aerospace industry, which operate in highly complex manufacturing environments. This key acquisition extends Powerway’s reach into the aerospace and

defense sectors and sets up the strategic infrastructure to enable the Company to expand into medical devices, pharmaceuticals, electronics and other complex manufacturing environments. With the acquisition of Cohesia, Powerway gains a much larger footprint in the Project Life Cycle Management space.

Announcement Date: June 19, 2007  
Deal Value: Undisclosed

### **SDL Acquires PASS Engineering**

SDL, the leading provider of Global Information Management (GIM) solutions, announced the acquisition of PASS Engineering, developers of the highly acclaimed visual software localization tool PASSOLO. PASSOLO is the industry leader supporting localization of Microsoft .NET applications. Introducing products to global markets is one of the key challenges being faced by organizations. This acquisition further enables global businesses to reduce the time, effort and cost of creating multi-lingual content for global markets. The SDL acquisition of PASSOLO will further strengthen the company's leadership position in Global Information Management by adding a world-class visual localization tool to the existing SDL solutions portfolio. By leveraging existing translation memories and corporate terminology, SDL PASSOLO will drive significant improvements in efficiencies and consistency into software, online help and user documentation localization processes.

Announcement Date: June 19, 2007  
Deal Value: Undisclosed

### **Broadcom to Acquire Global Locate, Inc.**

Broadcom is acquiring Global Locate, Inc., a privately held, fabless provider of industry-leading global positioning system (GPS) and assisted GPS (A-GPS) semiconductor products and software. GPS is expected to join Bluetooth and similar wireless technologies as a pervasive feature in next-generation mobile devices. Global Locate's semiconductor solutions are used in mobile phones from leading cellular handset makers and incorporated into products from TomTom NV, the largest personal navigation device (PND) vendor in the world. Broadcom expects the demand for GPS devices to increase dramatically as the deployment of GPS in mobile phones increases. Combining

Global Locate's GPS technology with Broadcom's leading Bluetooth, Wi-Fi, cellular and other mobile technologies will provide leading handset makers with wireless connectivity solutions that add significant value to feature and smart phone products. With the acquisition of Global Locate, Broadcom will be the only semiconductor supplier in the world with top-tier customers in Bluetooth, Wi-Fi, FM radio and GPS, four of the key wireless technologies now being added to next-generation mobile phones.

Announcement Date: June 12, 2007  
Deal Value: \$146 million (Cash plus additional consideration of up to \$80 million in cash will be reserved for future payment to the former holders of Global Locate capital stock and other rights upon satisfaction of certain performance goals.)

### **Sopheon Announces Agreement to Acquire Alignent Software**

Sopheon, the international software and services company, is acquiring Alignent Software Inc. Based in California; Alignent is one of only a few suppliers worldwide that specializes in the provision of advanced product and technology road mapping software for complex global companies. Alignent's flagship offering, Vision Strategist, is generally recognized as the leading application of its kind. Alignent's road mapping software is an ideal complement to Sopheon's existing product innovation process and portfolio management system. Sopheon estimates that the acquisition will advance its product development plans by a full two years.

Announcement Date: June 11, 2007  
Deal Value: \$5.5 million (\$4.75 million cash initially upon closing, and an additional \$750 thousand in potential earn-out payments)  
Seller Revenue: \$3 million (and a \$4.3 million net operating loss for 2006).

### **MediaBank, LLC Acquires Datatech Software Corporation**

MediaBank, LLC, a provider to the advertising industry of integrated procurement technology for digital media and advanced cross-platform analytics solutions, has acquired Datatech Software Corporation, a leading provider of advertising software solutions for analog media.

Datatech's software suite powers many of the leading global media buying and advertising agencies. Datatech's experience and exceptional client base makes them a perfect fit with MediaBank's digital media technology platform.

Announcement Date: June 6, 2007  
Deal Value: Undisclosed

### **Dominion Enterprises Acquires InterActive Financial Marketing Group**

Dominion Enterprises, a leading media and information services company, has acquired InterActive Financial Marketing Group (IFMG), a special finance lead-generation and marketing company serving franchise auto dealers nationwide. Networked with more than 2,000 automotive franchises and 400 lenders, IFMG specializes in obtaining high-quality special finance customers from its family of brands that includes hundreds of the most recognized web sites and phone numbers in the industry such as CarLoan.com, 1-800-Car-Loan, AutoLoan.com and 1-800-Auto-Loan. The acquisition of IFMG further extends Dominion Enterprises' leadership position in offering technology and web solutions that help auto dealers grow their business.

Announcement Date: June 5, 2007  
Deal Value: Undisclosed

### **Activant Acquires Silk Systems**

Activant Solutions Inc., a leading provider of vertical business management solutions, has acquired Silk Systems Inc., including its wholly-owned subsidiary Silk Dimensions Systems Inc., one of the leading computer software solutions providers for the Canadian home improvement, wholesale distribution and building materials industries. The acquisition expands Activant's presence and commitment to the Canadian market while building on current technology and service offerings for customers across North America. Silk Systems offers a comprehensive business management ERP solution for the home improvement, wholesale distribution and building materials markets. Available systems include integrated point of sale, inventory control, e-business, web-based and financial management systems. The company has a leading reputation for its customer relationships and quality products and service.

Announcement Date: June 5, 2007  
Deal Value: Undisclosed

### **Google Acquires PeakStream**

Google has acquired PeakStream, a startup that helps businesses develop software for superfast computer chips. PeakStream's tools are geared toward high-speed multi-core processors, including graphics processor units. Previously known for powering video game software, GPUs are now considered an attractive component for supercomputing systems. The deal could herald a shift by Google away from the standard x86 chips that are built by Intel and Advanced Micro Devices, and are featured in most personal computers. The search giant has relied on x86 technology to build the vast array of web servers that power its sites and services, but the PeakStream acquisition suggests that Google, like some other companies, may be aiming to adopt superfast GPU chips to perform more common number-crunching tasks.

Announcement Date: June 5, 2007  
Deal Value: Undisclosed

### **Agilysys to Acquire InfoGenesis**

Agilysys, Inc. is acquiring InfoGenesis, a privately held, independent software vendor and solution provider to the hospitality market. At approximately \$42 million in annual revenues, InfoGenesis offers enterprise-class point-of-sale (POS) solutions that provide end users a highly intuitive, secure and easy way to process customer transactions across multiple departments or locations, including comprehensive corporate and store reporting. InfoGenesis has significant presence in casinos, hotels and resorts, cruise lines, stadiums and foodservice. The acquisition will provide Agilysys a complementary offering that will extend its reach into new segments of the hospitality market, broaden its customer base and increase its software application offerings.

Announcement Date: June 4, 2007  
Deal Value: \$90 million (Cash)  
Seller Revenue: \$42 million TTM (EBITDA of \$7 million)

### **The Carlyle Group Acquires RMI**

The Carlyle Group has acquired the majority of RMI, the largest independent provider of

comprehensive rail information services to the transportation industry. RMI provides critical web-based transportation and logistics solutions for a variety of participants in the transportation industry. RMI's mission-critical, integrated services assist customers with many aspects of managing their operations, including transportation, equipment, freight and revenue management services. Carlyle says they plan to work with the RMI management team in taking their dedicated customer focus and sophisticated suite of integrated services to other market segments in the U.S. and abroad.

Announcement Date: June 4, 2007

Deal Value: Undisclosed

### **TMW Systems Acquires TMT Software Company**

TMW Systems Inc., the largest provider of enterprise management software to the transportation industry in North America, has acquired TMT Software Company, the leading provider of transportation fleet maintenance software. The acquisition of TMT Software further enhances TMW Systems' leadership position in the transportation industry by increasing the company's size to more than 1,500 total customers and driving annual revenues in excess of \$56 million. Together, the two companies share more than 235 customers, and actively serve more "Top 100" carriers than any other software provider in the North American market. Going forward, the combination of the two companies will give fleet operators of all sizes and in every segment improved access to the industry's leading fleet maintenance software.

Announcement Date: May 31, 2007

Deal Value: Undisclosed

### **Syngence LLC Acquired by Investment Group**

A group of private investors led by a team including former executives from Microsoft and Adobe have acquired the assets of Syngence LLC, an emerging leader in search and navigation technology. Syngence provides an integrated suite of powerful electronic search and related document management tools that allows law firms, enterprise legal staff and their litigation support teams to navigate very large and complex document collections more

efficiently, with greater precision and reduced potential for costly omission and error. According to Johan Liedgren, incoming chairman of the board of the renamed Syngence Corporation, the company's immediate opportunity is to accelerate growth in the electronic discovery market. The organization's products are highly valued by many of the nation's top law firms and their corporate clients. In addition to securing the assets of Syngence LLC, Syngence Corporation has acquired the patents and intellectual property which Syngence LLC had used previously under license.

Announcement Date: May 31, 2007

Deal Value: Undisclosed

### **Global DiscWare Acquires R-Quest Technologies, LLC**

Global DiscWare, Inc., a rapidly growing on-demand disc publishing system manufacturer and software company, acquired R-Quest Technologies, a leader in high performance automated CD/DVD duplication and production systems. The acquisition of R-Quest will allow the combination of robust engineering and manufacturing with Global DiscWare's innovative GDW Atlas software. This will bring exciting new products to the entire disc duplication and production industry. Through the acquisition, Global DiscWare will offer the existing product line of R-Quest Technologies while developing an expanded product line to be launched in Q3 2007.

Announcement Date: May 30, 2007

Deal Value: Undisclosed

### **Deltek Acquires WST Pacific**

Deltek has acquired WST Pacific, its longtime earned value management partner, to add additional EVM skilled development, services and support resources. WSTP is Deltek's partner and has provided development services for the company's Cobra, Open Plan, WelcomHome and WelcomPortfolio products. WSTP has had a long relationship with Deltek and with Welcom, which Deltek acquired in March 2006. Also in 2006, Deltek acquired CS Solutions, Inc. (C/SSI), the world's principal producer of Business Intelligence tools for the EVM marketplace. With WSTP, Deltek acquires

additional development resources for some of its most strategic products.

Announcement Date: May 30, 2007  
Deal Value: Undisclosed

**Agilysys to Buy Innovativ Systems**

Information technology services provider Agilysys Inc. is acquiring Innovativ Systems Design Inc., the largest U.S. commercial reseller of Sun Microsystems servers and storage products. Innovativ is an integrator and value-added reseller of servers, enterprise storage management products and professional services. The company designs, implements and deploys complex, large-scale IT infrastructure solutions, acting as a single hardware, software and services source for its enterprise customers. The company provides IT infrastructure hardware, software and services to business customers and will diversify Agilysys' supplier mix, establish new markets and broaden its customer base.

Announcement Date: May 25, 2007  
Deal Value: \$100 million (Cash and earnout. Agilysys will pay an earn-out of two dollars for every dollar of EBITDA greater than \$50 million in cumulative EBITDA over the first two years after closing. The earn-out will be limited to a maximum payout of \$90 million.)  
Seller Revenue: \$256 million (Estimate for the 12 months ended March 31)

**RocketCity Acquires The Intellimark Group**

Rocket City Automotive Group, Inc., an automotive software and technology development company, acquired The Intellimark Group, a dynamic online automotive solutions SaaS company with intelligent survey systems. Through the acquisition, RCAU has transformed its entire revenue structure as well as revenue ability by acquiring two additional product offerings that are expected to moderately generate over \$73.6 million in additional annual revenues. Both product offerings are presently being utilized by 25 dealers across the nation and have already been proven to provide quantifiable results on an unexpected and highly successful scale. Dealers enrolled for the Intellisweeps Software Product pay a monthly recurring subscription of \$299 per month plus an initial set-up fee of \$299.

Announcement Date: May 23, 2007  
Deal Value: Undisclosed

**Visualant to Acquire RATLab**

Visualant, Inc., a technology company developing spectral data-based security and quality control solutions, is acquiring RATLab Acquisition Inc. The RATLab team of scientists has provided the technology behind several Visualant pending patents, and the early product development of Visualant technology. This acquisition is a significant benchmark for the company and it will benefit tremendously from the direct participation and contribution of RATLab PhD-level technologists who are world recognized experts in virtual reality and the human interface to technology.

Announcement Date: May 22, 2007  
Deal Value: Undisclosed

**ISGN Acquires Dynatek**

ISGN, a provider of technology services to the U.S. mortgage industry, has acquired Dynatek, a provider of mortgage automation software for retail and wholesale lenders. With this acquisition, ISGN now serves more than 400 lender clients, achieving considerable penetration into the industry's mid-market, and has added another significant asset in line with its overall strategy of becoming the industry's technology and service leader.

Announcement Date: May 21, 2007  
Deal Value: Undisclosed

**The Blackstone Group is Acquiring Alliance Data**

Blackstone Capital Partners is acquiring Alliance Data Systems Corporation, a leading provider of loyalty and marketing solutions derived from transaction-rich data. Alliance manages over 120 million consumer relationships for some of North America's most recognizable companies. Using transaction-rich data, Alliance Data creates and manages customized solutions that change consumer behavior and that enable its clients to create and enhance customer loyalty to build stronger, mutually beneficial relationships with their customers. Alliance Data is a true leader in loyalty and marketing solutions. Blackstone believes that management's demonstrated track record of

continued growth combined with Blackstone's investment expertise and industry experience will create a powerful partnership.

Announcement Date: May 17, 2007  
Deal Value: \$7.8 billion (Cash)  
Seller Revenue: \$2.07 billion TTM

#### **DTN Acquires QuickFarm**

DTN, a business-to-business provider of real-time market news and weather information services, acquired online agriculture information provider, QuickFarm. DTN will provide QuickFarm's customers with advanced DTN agribusiness marketing tools, as well as real-time commodity and futures information, in-depth market analysis and real-time, localized weather information. The products are designed to help agribusinesses enhance communications with customers and prospects in order to drive sales.

Announcement Date: May 17, 2007  
Deal Value: Undisclosed

#### **Deltek Acquires AIM**

Deltek, provider of enterprise applications software for project-focused organizations, acquired Applied Integration Management (AIM), a consulting services leader in schedule-driven earned value management systems (EVMS). AIM provides consulting services based on implementing a complete EVM solution, as well as the PMWorks suite of products. The acquisition of AIM is the latest step that Deltek is taking in delivering the market leading solutions for EVM and enterprise project management markets. AIM allows Deltek to expand its existing EVM systems implementation expertise and capabilities, and to expand its Global Services offerings by providing additional EVM systems consulting services, implementation 'best practices' and training workshops.

Announcement Date: May 16, 2007  
Deal Value: Undisclosed

#### **Salary.com Acquires ICR Limited, L.C.**

Salary.com, Inc., a provider of on-demand compensation management solutions, has acquired ICR Limited, L.C. and ICR International Ltd., a premier provider of specialty consumer goods and global technology compensation data

and software. ICR will operate as a division of Salary.com, Inc. This acquisition complements Salary.com's portfolio of on-demand compensation management software suites including CompAnalyst – market pricing data and software, and TalentManager – pay-for-performance software.

Announcement Date: May 15, 2007  
Deal Value: \$10 million (Cash)

#### **Terremark to Acquire Data Return**

Terremark Worldwide, Inc., an operator of integrated Internet exchanges and a global provider of managed IT infrastructure solutions for government and private sectors, is acquiring privately held Data Return, LLC, a provider of enterprise-class technology hosting solutions, from Saratoga Partners. The acquisition of Data Return's technology, customers and team complements Terremark's existing team and service delivery platforms, and better positions it to capture the robust market demand for virtualized IT solutions. The addition of Data Return's innovative virtualized hosting and service delivery platforms are a strategic fit with Terremark's network rich co-location and managed service business, and will allow the company to realize significant synergies with the combined companies.

Announcement Date: May 14, 2007  
Deal Value: \$85 million (\$70 million cash and \$15 million stock)  
Seller Revenue: \$55 million (2006)

#### **The Active Network Acquires Jencess Software & Technologies, Inc.**

To further cement their foothold in the golf industry, The Active Network, Inc., a leading provider of application services technology and marketing solutions for community service and participatory sports organizations, has acquired Jencess Software & Technologies, Inc., a leading provider in golf management software. Coming on the heels of two golf related acquisitions, Click4TeeTimes and Axia Golf Solutions, Active continues to grow its presence in the golf industry by offering operations solutions and marketing services that improve customer service and increase revenue for golf course owners and operators.

Announcement Date: May 14, 2007

Deal Value: Undisclosed

**Accenture Acquires MediaSenz**

Accenture has expanded its Marketing Sciences practice with the acquisition of MediaSenz, an Australia-based media auditor. In conjunction with the acquisition of MediaSenz, Accenture is acquiring MediaBiz, a proprietary software asset currently used by MediaSenz, which enables companies to track the performance of their ad campaigns without media agency involvement by independently verifying TV spots as their campaigns unfold. The advertising performance information will be combined with other marketing campaign insights to help determine future advertising investments. MediaSenz and the software asset will be integrated into Accenture's Marketing Sciences practice and will enhance Accenture's ability to provide media auditing services in large emerging markets, such as China, India, Russia and Mexico, where there is little or no reliable data on advertising spending effectiveness.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**Pearson to Acquire eCollege**

Pearson, the international education and information company, announced that it has agreed to acquire eCollege, a leader in the fast-growing U.S. online distance learning market. In 2006, student enrollments in its online courses were approximately 1.2 million. This acquisition extends Pearson's position as the world's leading education company and supports its goals of building its digital and international education businesses. Together the two companies expect to provide customers with additional value and choice, and a full range of services across content, curriculum development, formative assessment and homework technologies and outsourced solutions.

Announcement Date: May 14, 2007  
Deal Value: \$538 million (The net cost to Pearson is \$477 million, consisting of a consideration of \$538 million less \$41 million of proceeds from the agreed sale of eCollege's Datamark division and approximately \$20 million of net cash on eCollege's balance sheet)  
Seller Revenue: \$52 million TTM

**RE FormsNet Acquired Real Estate Business Technologies**

RE FormsNet (REFN), the producer of ZipForm and WINForms electronic forms software for the real estate industry, announced its acquisition of Real Estate Business Technologies LLC (REBT), the purveyor of RELAY transaction management software. The acquisition was characterized by industry leaders as the next logical step in the ongoing transition from paper-based to online real estate transactions for the real estate industry. The acquisition of REBT by RE FormsNet will enable the company to take advantage of the economies of scale inherent in operating the two companies as one and will further accelerate meaningful synergies as it moves forward.

Announcement Date: May 9, 2007  
Deal Value: Undisclosed

**DataCert Acquires Corprasoft**

DataCert, Inc., provider of electronic invoicing and legal spend management solutions, now offers matter management capabilities with its acquisition of Corprasoft, Inc., a provider of matter management solutions. The acquisition will combine two best-in-class products to law departments (legal spend management and matter management) and broaden DataCert's existing product capabilities of legal and intellectual property spend management solutions. This strategic acquisition will not only benefit the overall legal market but existing customers will gain the expertise of both industry leaders.

Announcement Date: May 9, 2007  
Deal Value: Undisclosed

**Prescient Applied Intelligence to Acquire Fastech Integrated Solutions, LLC**

Prescient Applied Intelligence, Inc. is acquiring Fastech Integrated Solutions, LLC. Fastech develops world-class mobile, retail execution solutions tailored to the unique needs of companies in the CPG industry. Fastech's mobile merchandising systems complement the solutions PAI provides to the retail marketplace, especially in the direct store delivery category. The combined offerings should give retailers and suppliers the tools they need to improve in-stock positions, resulting in better performance at the

store shelf. The transaction is also expected to substantially increase PAI's revenues, and provide additional liquidity for growth.

Announcement Date: May 8, 2007  
Deal Value: Undisclosed

**MarketResearch.com Acquires Thomson Business Intelligence Market Research Service**

MarketResearch.com, provider of market research information and services, further broadened its product and service offerings by acquiring the Thomson Business Intelligence Market Research (Profound) service. The acquisition expands MarketResearch.com's international reach with additional content and sales presence in Europe and North America. Profound provides a closed-platform, market research service that complements MarketResearch.com's open-format, web-based service. Bringing Profound into the MarketResearch.com family will create the world's largest provider of syndicated market research.

Announcement Date: May 4, 2007  
Deal Value: Undisclosed

**SafePay Acquiring Digital 440**

SafePay Solutions is acquiring Digital 440 Corporation. Digital 440 has developed a suite of software programs that enables retailers to dynamically configure a wide array of consumer electronics including, but not limited to, desktop and notebook computers, audio systems, televisions and other products to a customer's specific orders, have the order assembled in one of many factories spread around the globe, and delivered directly to a customer's door within two weeks from any one specific order under normal conditions. SafePay will continue its business as an online payment provider within a newly formed division of the company.

Announcement Date: May 2, 2007  
Deal Value: Undisclosed

**Direct Group Acquires Enterprise Marketing Solutions, Inc.**

Direct Group, a full-service provider of high-quality, high-volume direct marketing services, announced that it has acquired Enterprise

Marketing Solutions, a database marketing company providing statistical modeling and analytics, data management, hosted database solutions and e-mail programs for the direct marketing industry. The company's core services are based on a model called "Marketing 3-D," which offers clients access to the latest tools and services focused on data, decisions and delivery. These three key service areas encompass sophisticated data sourcing, mining and management; consumer insights, targeting and modeling, and database hosting, management, fulfillment and results measurement. The addition complements Direct Group's capabilities as a multi-channel marketing solutions provider offering clients a fully integrated approach to direct marketing.

Announcement Date: May 2, 2007  
Deal Value: Undisclosed

**RouteMatch Software, Inc. to Acquire NaviTrans**

RouteMatch Software, Inc. is acquiring NaviTrans, a division of Laidlaw Transit Services. Through this merger, RouteMatch will be adding a number of exceptional transit technology professionals to its team. The company will also benefit from a great number of ideas and innovations that have been developed by NaviTrans for fixed-route and para-transit providers. RouteMatch's plan is to have the former NaviTrans team become the operations division for RouteMatch Software, and the NaviTrans Navigator product will be integrated with RouteMatch's family of software solutions.

Announcement Date: April 30, 2007  
Deal Value: Undisclosed

**Captaris to Acquire Castelle**

Captaris, Inc., a provider of software products that automate document-centric business processes, is acquiring Castelle. Castelle's products broaden Captaris' suite of offerings and extend its leadership position in the fax market, particularly for small and medium-sized enterprises. Captaris believes their appliance-based products, combining software and hardware into a "plug and play" device, are particularly well suited for its focus on the multi-function printer (MFP) market, the fax over

Internet protocol (FoIP) market, and for expansion into broader market opportunities.

Announcement Date: April 26, 2007  
Deal Value: \$18.8 million (Cash)  
Seller Revenue: \$10.6 million (2006)

### **Oracle Buys Lodestar**

Oracle has agreed to acquire Lodestar Corporation, a leading provider of meter data management and competitive energy solutions for the utilities industry. The combination of Lodestar's complementary products with Oracle's industry-leading suite of utilities applications, acquired through SPL WorldGroup and now offered by Oracle's Utilities Global Business Unit, underscores Oracle's commitment to the utilities industry. With the addition of Lodestar's products, Oracle plans to deliver the most comprehensive suite of mission-critical operational systems for all segments of the utilities industry.

Announcement Date: April 24, 2007  
Deal Value: Undisclosed

### **SunGard Acquires Energy Softworx**

SunGard has acquired Energy Softworx, broadening its portfolio of energy trading and risk management solutions with the addition of fuels management, a key element of and input into the risk management process. Growing demand for electricity globally and the cost volatility of fuels to generate it, challenge energy companies to better manage supply-related risks. Many energy companies still rely on home-grown, mainly spreadsheet-based systems for fuels management, which are stressed by the growing volume and complexity of the business as well as Sarbanes-Oxley and other reporting requirements. The Softworx fuels management solutions complement SunGard's ETRM solution suite, which helps energy companies to more efficiently and profitably trade and market energy, process transactions, manage risk, and optimize operational and financial decisions. As an integrated component of the SunGard solution suite, Softworx will help energy companies to automate and streamline fuels management for more efficient and effective risk management.

Announcement Date: April 23, 2007  
Deal Value: Undisclosed

### **Hellman & Friedman to Acquire Catalina Marketing**

Hellman & Friedman has agreed to acquire Catalina Marketing Corp., a direct marketing company. Catalina terminated its merger agreement with ValueAct Capital and paid an \$8.44 million termination fee required by the agreement terms. Catalina Marketing is a uniquely positioned full-service media and marketing services company. Its businesses provide customers with innovative products and it generates strong cash flows, and has a world-class management team.

Announcement Date: April 18, 2007  
Deal Value: \$1.7 billion (Cash)

### **Melissa Data Acquires Peoplesmith Software**

Melissa Data, a provider of data quality software and services, has acquired Peoplesmith Software, a company that has produced direct mailing solutions since 1980. Melissa Data will now sell and support Peoplesmith's line of software and APIs. Direct marketers are calling for integrated software solutions that enable them to verify, correct and standardize contact data to help better target and streamline their marketing and mailing operations. By combining its address correction and postal automation software with Peoplesmith's tools to merge/purge, sort and correctly format databases, Melissa Data has the opportunity to provide a total solution.

Announcement Date: April 17, 2007  
Deal Value: Undisclosed

### **Chockstone Acquires Peppercoin**

Chockstone Inc., provider of customer loyalty marketing programs and stored value solutions, has acquired Peppercoin, a provider of card-based merchant loyalty programs and related consulting and analytical services. Peppercoin's PCI-compliant services are used by leading restaurant brands to tie customer loyalty programs to credit and debit cards at the point of sale. Peppercoin gives merchants secure access to their customers' payments data — the most relevant and important customer behavioral data — so they can increase the effectiveness of their loyalty programs based on the analysis Peppercoin's platform provides. This is a strategic acquisition for Chockstone to

strengthen and extend its loyalty marketing capabilities with Peppercoin's innovative and proven services.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

**Securus Technologies to Acquire Syscon Holdings**

Securus Technologies has entered into an agreement to purchase Syscon Holdings, a provider of offender management software systems to the corrections and law enforcement industry. Syscon's customers include more than 250 correctional facilities and probation offices in the United States, Canada, the United Kingdom and Australia. The addition of Syscon is consistent with and supports Securus' vision of providing its clients with the most valued array of applications. Securus has been broadening its applications well beyond telecommunications, and the acquisition of Syscon substantially accelerates this initiative.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

**Avnet Technology Solutions Acquires Azure Technologies**

Avnet Technology Solutions acquired Azure Technologies. This acquisition accelerates Avnet Technology Solutions' growth in the Asia Pacific region by extending value-added IT distribution to Southeast Asia. Avnet Asia Pte Ltd is part of Avnet Technology Solutions, Asia Pacific. Azure Technologies, which operates through various entities in Singapore and Malaysia, has been focused on the distribution of IBM systems and solutions since 1996, with annual revenues of over \$90 million and more than 100 employees. This acquisition is a strategic development that will expand Avnet's presence in the region, while also strengthening the company's relationship and business with IBM and other major IT vendors. Azure Technologies is currently the largest IBM partner in ASEAN and the strength of that relationship will provide opportunities for geographic expansion into key markets such as Thailand and Vietnam.

Announcement Date: April 16, 2007  
Deal Value: Undisclosed

**AskMeNow to Acquire Expert System**

AskMeNow, a provider of intelligent mobile search, is acquiring Expert System S.p.A. Developed over ten years in Italy; Expert System's technology encompasses more than 400,000 word meanings and associations, which allows the system to interpret virtually every possible meaning for every written word. AskMeNow demonstrated for the first time the integration of this new technology into content such as 411, Wikipedia and sports at the recent CTIA Wireless 2007. This acquisition will significantly change AskMeNow's capabilities in terms of distributing deep semantic technology to enterprise customers. The development of a delivery of a customer service mechanism will allow users to access information through natural language, a decided advantage when using a mobile device.

Announcement Date: April 12, 2007  
Deal Value: Undisclosed

**Datatec to Acquire Crane Telecommunications Group**

Datatec Ltd of South Africa agreed to acquire Crane Telecommunications Group Ltd, a UK-based value-added distributor of voice, data and converged communications solutions. Crane will be integrated into the European arm of Westcon Group, Datatec's distribution division. The purchase of Crane follows Datatec's recent acquisition of NOXS, a leading European security distributor. These acquisitions are important steps in Datatec's strategic plans to leverage Westcon's financial strength and scale of operations in Europe, including both broadening and strengthening its vendor relationships. These two businesses also bring new opportunities in convergence, security and mobility to both new and existing customers.

Announcement Date: April 11, 2007  
Deal Value: \$40.8 million (\$22.7 cash and \$18.1 stock)

**Kaplan Acquires Sagemont Virtual and Online Virtual Sage**

Kaplan Inc. announced the acquisition of Sagemont Virtual, which has been doing business as the University of Miami Online High School (UMOHS), and Virtual Sage, a developer

of online high school courses. Sagemont Virtual is a leader in the growing field of online high school instruction. Virtual Sage has developed approximately 200 online high school courses designed to meet state and national education standards; these courses are used by online high school programs around the country.

Announcement Date: April 11, 2007  
Deal Value: Undisclosed

### **Intergraph Acquires GISquadrat AG**

Intergraph Corporation, a leading global provider of spatial information management (SIM) software, has acquired the software operations and related assets of GISquadrat AG. GISquadrat is based in Austria and provides geospatial software and services to more than 200 local government and utility customers in Austria, Germany, Croatia and Hungary. The transaction advances Intergraph's mission to deliver differentiated spatial information management software to its customers and target markets around the world. GISquadrat provides Intergraph's Security, Government & Infrastructure division with complementary technology to its existing geospatial solutions and helps to strengthen its position in an important European region.

Announcement Date: April 10, 2007  
Deal Value: Undisclosed

### **GPS Industries Acquires Golf IT**

GPS Industries, Inc., innovator of Wi-Fi enabled GPS systems for golf facilities, resorts and residential communities, has acquired Golf IT, a provider of sophisticated golf course operations software. By integrating its patented Wi-Fi powered GPS technology suite with Golf IT's complete back-end golf management platform, the company is poised to become the only

provider of a comprehensive management solution for the \$39 billion golf industry.

Announcement Date: April 4, 2007  
Deal Value: Undisclosed

### **TGS to Acquire Parallel Data Systems**

TGS-NOPEC Geophysical Company L.P., a subsidiary of TGS-NOPEC Geophysical Company ASA is acquiring Parallel Data Systems, Inc. PDS has developed a number of unique proprietary software applications designed to accurately and efficiently process seismic data in both the time and depth domains. TGS views the PDS acquisition as major step forward in the growth of the company's focus to develop a world-class seismic imaging organization with leading edge technologies. The combination of PDS with TGS Imaging group will dramatically increase throughput capacity and their array of imaging algorithms, as well as provide the critical mass in research and development necessary to commercialize the next generation of seismic imaging technologies.

Announcement Date: April 2, 2007  
Deal Value: Undisclosed

### **Battery Ventures to Acquire Quovadx**

Battery Ventures has agreed to acquire Quovadx Inc. The deal includes: Quovadx's ISD division, which provides enterprise solutions for hospitals, government entities and health plans; and its Rogue Software group, which provides reusable software components and services to professional developer application development. It will not include Quovadx's CareScience division, which was sold in a separate transaction to Premier Inc. for \$34.9 million.

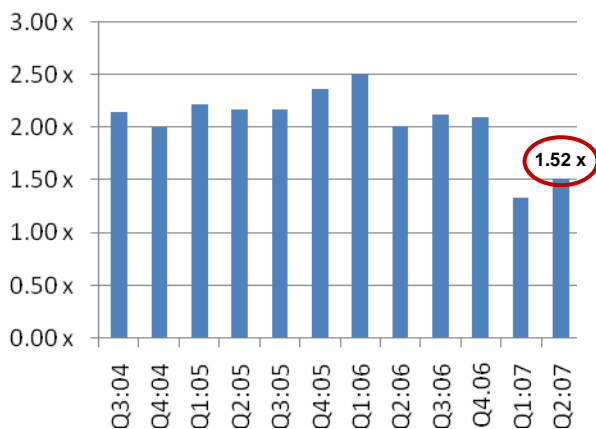
Announcement Date: April 2, 2007  
Deal Value: \$136.7 million (Cash)

**Telecommunications**

**Public Peer Group (In \$U.S. millions – except share prices)**

Stock Symbol	Company	Stock Price	Market Value	Enterprise Value	Trailing Multiple			Forward Multiple	
					P/E	EV/EBITDA	EV/S	P/E	EV/S
ACEC	ACE*COMM Corp.	\$0.99	\$18.4	\$18.9	N/A	N/A	1.20 x	N/A	N/A
DOX	Amdocs Limited	\$39.82	\$8,250.0	\$7,670.0	25.53 x	13.72 x	2.85 x	16.80 x	2.40 x
CVG	Convergys Corporation	\$24.24	\$3,320.0	\$3,430.0	19.71 x	8.18 x	1.21 x	16.83 x	1.10 x
CSGS	CSG Systems International Inc.	\$26.51	\$1,150.0	\$1,020.0	20.39 x	8.08 x	2.62 x	15.69 x	2.44 x
INTL	Inter-Tel Inc.	\$23.93	\$646.4	\$443.1	27.19 x	9.94 x	0.96 x	19.78 x	0.89 x
INTV	InterVoice Inc.	\$8.33	\$323.6	\$298.5	N/A	16.82 x	1.52 x	30.85 x	1.33 x
NICE	NICE-Systems Ltd.	\$34.74	\$1,790.0	\$1,660.0	75.52 x	23.14 x	3.79 x	20.56 x	2.95 x
TKLC	Tekelec	\$14.42	\$1,010.0	\$689.9	18.97 x	11.18 x	1.15 x	19.49 x	1.47 x
ULCM	Ulticom Inc.	\$8.80	\$380.9	\$116.0	19.13 x	6.24 x	1.88 x	29.33 x	1.89 x
<b>Median Valuation Multiples</b>					<b>20.39 x</b>	<b>10.56 x</b>	<b>1.52 x</b>	<b>19.63 x</b>	<b>1.68 x</b>

**Historical Peer Group Valuations:  
Vert: Telecom**



**Market Headlines:**

“VoIP Freeing Colleges from Wired Phones”  
*Network World – Apr 2007*

“Global Telecom Equipment Sector to See M&A Activity”  
*Newratings.com – June 2007*

“Europe Telecom Deals Reflect Melding Sector, With More To Come”  
*CNNMoney.com – June 2007*

**M&A Transactions**

**Virtual PBX Acquires Open Communication Systems**

Virtual PBX, inventor and leading supplier of hosted PBX services, has acquired Open Communication Systems (OCS), a developer of next-generation personal communication and broadcasting services based on open standards and open source technology. The communications technology company is also the creator of Radio Handi, its suite of group communication, conferencing, and mobile broadcasting services, now accessible in over 30 countries worldwide. With this acquisition, Virtual PBX gains access to OCS's cross-platform telecommunications environment and expertise. This platform will add a wide range of VoIP, mobile, text, and mixed-media communication services to the Virtual PBX product line.

Announcement Date: June 21, 2007  
Deal Value: Undisclosed

**Trolltech to Acquire FONAV**

Trolltech has acquired the assets of FONAV, Inc., the maker of the FONAV unified communications platform. The platform, developed by FONAV using Trolltech's Qtopia, is presence-based, multi-modal software that brings an easy-to-use rich communication solution to the mass market, leveraging a platform for phone manufacturers and broadband service providers. With the proliferation of Wi-Fi and WiMax connected devices and the growth of VoIP use in the home, handset manufacturers are looking for a standard platform for bringing connected devices to market quickly and to offer rich communication services with an attractive and friendly user experience. Trolltech's acquisition of FONAV will provide a solution that spans traditional cellular devices to VoIP devices, enabling a rich communication experience.

Announcement Date: June 19, 2007  
Deal Value: Undisclosed

**CounterPath to Acquire NewHeights**

CounterPath Solutions, Inc., a provider of VoIP and Video over IP SIP softphones, is acquiring NewHeights Software Corp., provider of next-generation communications software clients. Sold under the brands of Service Providers, Softswitch vendors and IP-PBX vendors, NewHeights' soft-clients are driving a new communications experience within small and large businesses. The acquisition and investment will allow CounterPath to combine its existing softphone solutions with NewHeights' enterprise softphone and IP application server products, enabling the company to provide best-in-class voice and multimedia collaboration services to a wider range of customers within the IP communications market.

Announcement Date: June 18, 2007  
Deal Value: \$21.6 million (Stock)

**Aepona Merges with Appium**

Aepona, a global provider of telecoms software products and services headquartered in Belfast, UK, and Appium, a leading technology vendor offering Telecom Application Server and Service Creation Environment products based in Sweden, announced that they will merge to create the world's leading independent vendor for the Telecom Service Layer. The merger will create a single business, operating under the Aepona identity, with the product breadth and operational scale to expand its share of the global Service Delivery Platform market. The combined company has a strong international base of Tier 1 Service Provider customers.

Announcement Date: June 5, 2007  
Deal Value: Undisclosed

**Powercode Systems Acquired PowerCode, Inc.**

Powercode Systems, LLC, a provider of web-enabled software tools to help wired and wireless ISPs better manage their networks, has acquired the assets of PowerCode, Inc. This acquisition will enable Powercode to access additional capital in order to meet the needs of its rapidly growing customer base. With this acquisition, Powercode Systems will offer its worldwide customers new features and functionality for their billing, customer

relationship management (CRM), and network management systems.

Announcement Date: May 23, 2007  
Deal Value: Undisclosed

**UTZ Technologies to Acquire PhoneBrasil**

UTZ Technologies, Inc. is acquiring PhoneBrasil Inc. Telephonica VoIP Digital. UTZ believes PhoneBrasil is far advanced in the VoIP industry and has the ability to rapidly expand. This acquisition will not only help to increase revenues but will result in substantial earnings. This gives UTZ Technologies, Inc. its first facility both in Florida and in Brazil, and the competitive flexibility to service its customers directly. Further, it positions UTZ to be able to service with close proximity all future customers in South America including its key market in Brazil.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**SAP Acquires MaXware and Wicom Communications**

SAP acquired identity management software MaXware and Wicom Communications, which designs call-center applications based on IP (Internet Protocol) technology. SAP intends to integrate MaXware's identity management features into its NetWeaver integration middleware in a move to allow businesses to centralize identity management and increase security across their various processes. With Wicom's IP-based contact center application, SAP aims to help businesses improve their customer service operations, connecting services such as marketing, finance and sales, through a variety of channels including e-mail, SMS (Short Message Service) and mobile phones. The Wicom application offers standard web service-based integration to SAP's CRM (customer relationship management) software.

Announcement Date: May 14, 2007  
Deal Value: Undisclosed

**Mitel Networks Corp. is Buying Inter-Tel**

Mitel Networks Corp. is buying Inter-Tel Inc. The companies said the merger will allow them to extend their reaches with SMBs and expand into the large-business IP communications market. Mitel and Inter-Tel have products in unified

communications, networking, management and applications such as messaging, contact centers, mobility and collaboration. The combined company, including Inter-Tel international subsidiaries such as Inter-Tel Europe, Swan Solutions and Lake Communications, will have operations in more than 90 countries.

Announcement Date: May 3, 2007  
Deal Value: \$723 million (Cash)  
Seller Revenue: \$460.9 million TTM

#### **BT to Acquire Comsat International**

BT is acquiring Comsat International, a leading provider of data communication services for corporations and public sector organizations in Latin America. The acquisition of Comsat International, through its parent company, CI Holding Corporation, will bolster BT's global reach and reinforce its ability to help customers address the challenges and opportunities of globalization. Comsat International employs over 700 professionals with in-depth knowledge of Latin American markets and provides services directly in 15 countries. The company has a well-established track record in the delivery of complex projects and the management of network solutions for enterprise, public sector and carrier customers. It has its own extensive regional network and also provides customers with data center, hosting and security services.

This acquisition will be a milestone in the execution of BT's strategy of well targeted acquisitions around the world, and will strengthen BT's position as one of the global leaders in the digital networked economy.

Announcement Date: April 20, 2007  
Deal Value: Undisclosed

#### **Verso to Acquire sentitO Networks**

Verso Technologies, Inc., a global provider of next-generation network solutions, is acquiring privately held sentitO Networks, Inc. sentitO is an award-winning provider of open and distributed VoIP gateway solutions for telecommunications service providers worldwide. The acquisition complements the existing Verso portfolio and opens up new distribution and market opportunities. Verso intends to maintain its valuable relationship with AudioCodes as a source for optical and other gateway products. The new technology portfolio enhances Verso's carrier class platform for VoIP and multimedia services delivery, clearly defining Verso's position as a provider of fully integrated next-generation communications solutions to the carrier market.

Announcement Date: April 5, 2007  
Deal Value: Undisclosed (Stock and earnout)