Q3 2011

SOFTWARE INDUSTRY EQUITY REPORT

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REALPAGE has acquired COMPLIANCE DEPOT	EBIX has acquired Acclamation Systems, Inc.	Deltek has acquired C/S Solutions, Inc.	BENTLEY has acquired rebis INDUSTRIAL WORKGROUP SOFTWARE	PENDER has acquired one45 A CYTIVA SOFTWARE COMPANY	Taleo has acquired CYTIVA SOFTWARE INC. People. Performance. Potential.
CONSTELLATION SOFTWARE INC. has acquired COMPUTRITION HOSPITALITY SOFTWARE SOLUTIONS	ASURE SOFTWARE has acquired iemployee On-Demand Workforce Management Solution	CONSTELLATION SOFTWARE INC. has acquired SYSTEM INNOVATORS. CASHIERING SOLUTION EXPERTS	Deltek has acquired WELCOM	CCH CCH Incorporated has acquired KnowledgePoint	StBERNARD Software has merged with SANDHILL IT SECURITY
sopheon has acquired alignent SOFTWARE	Deltek has acquired AIM APPLIED INTEGRATION MANAGEMENT	United Rentals Has Acquired Wynne Systems, Inc.	STERLING WENTWORTH CORPORATION a wholly owned subsidiary of SUNGARD has acquired Frontier Analytics	BVRP software has acquired VICOMSOFT	VANTAGEMED Integrated Soultions For Healthcare Has Acquired ON CALL! MEDICAL SYSTEMS
Deltek has acquired sira	BVRP software has acquired SEATTLE LAB	KAPLAN Inc. has acquired stt Software Training Technology	macrovision has acquired the digital rights management assets of MEDIADNA	solarsoft has acquired VantagePoint Software Solutions for Packaging	ENVISAGE has acquired isera

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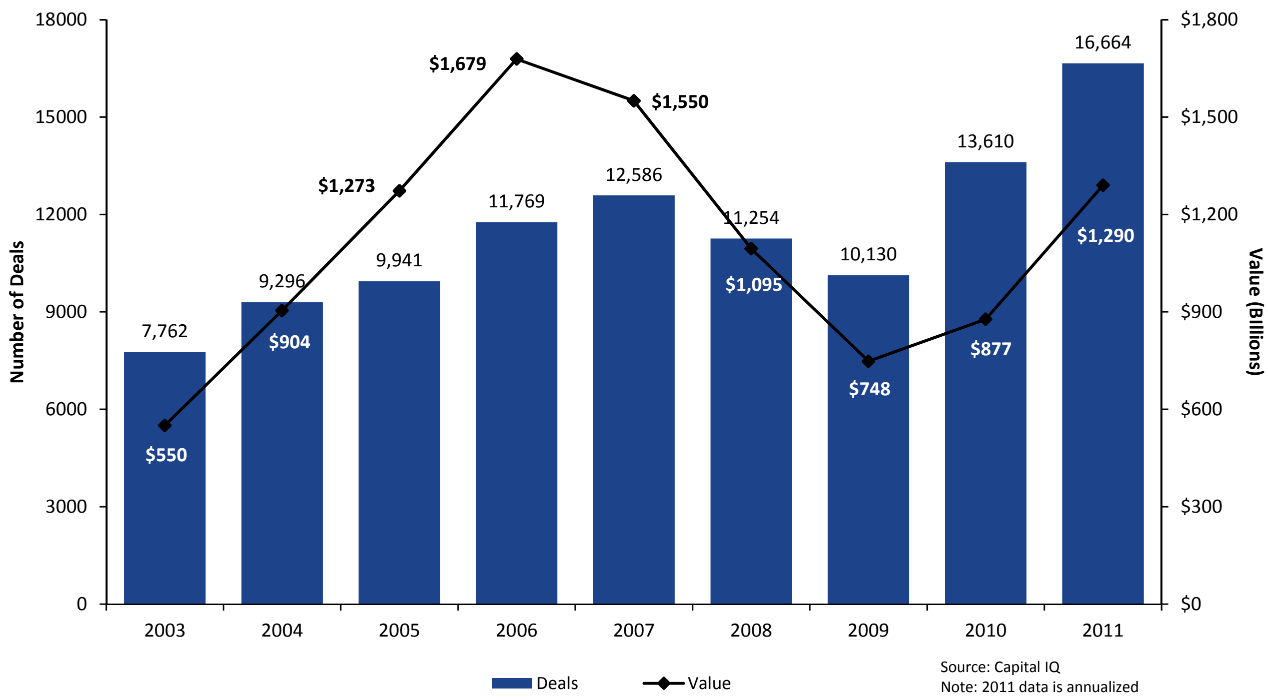
3Q 2011 Software Industry Equity Report Contents

Figure 23: U.S. Mergers & Acquisition Activity



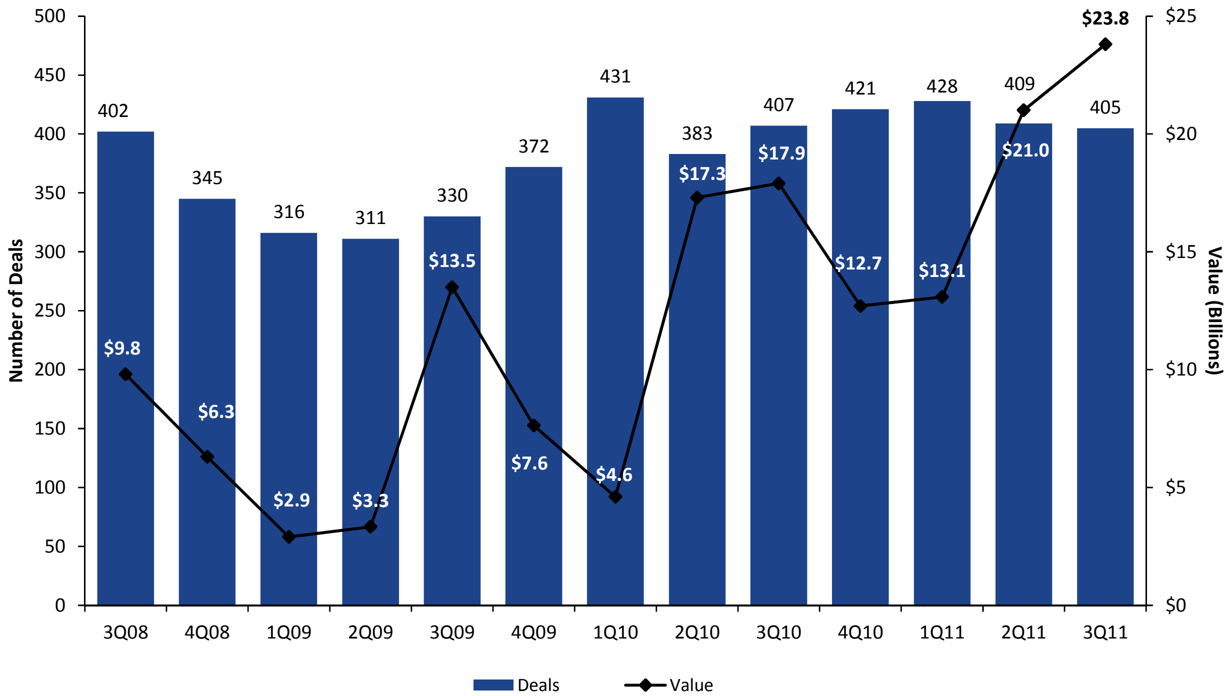
M&A DEAL VOLUME AND SPENDING: ALL INDUSTRY SECTORS

Globally, the third quarter's 12,142 M&A transactions across all industry sectors eclipsed the previous post recession peak of 11,722 transactions set in 1Q11. 3Q11's tally represents a 23% YoY increase from 3Q10's 9,872 M&A transactions, and a 5% gain over 2Q11's 11,515 M&A transactions. Despite the record number of worldwide M&A transactions, the total spend of $606 billion in 3Q11 was 10% lower than 2Q11's $671 billion, and 12% off 1Q11's post-recession peak of $691 billion.

Domestically, 4,089 M&A transactions were announced across all industry sectors in the third quarter of 2011 (Figure 23). The 3Q11 U.S. deal total was down slightly from 2Q11's 4,202 transactions, but up 21% year over year. Mirroring the rapid pace of transactions internationally, domestic M&A transactions are also heading for record volume this year. In 1Q11, there were more than 4,000 domestic deals, the highest domestic deal volume we've reported since we began tracking this metric in 2001. The second and third quarters each exceeded 4,000 transactions, as well. Perhaps as important, buyers loosened their purse strings over the past year. In 3Q11, acquirers' spent an aggregate $304 billion on 4,089 transactions, a whopping 35% more than 3Q10's total price tag of $225 billion. Average deal size also jumped, reaching $75 million in 3Q11, up from $67 million in 3Q10.

There were 622 worldwide leveraged buyouts in 3Q11, totaling $20.8 billion, compared to 658 worldwide LBOs worth $32.1 billion in 2Q11, and 695 in 1Q11 aggregating $25.5 billion. The number of U.S. LBOs dropped to 213 in 3Q11 from 240 in 2Q11 and 233 in 1Q11. The total spend on U.S. LBOs in the third quarter was $15.3 billion, down from $17.3 billion in 2Q11 but still considerably greater than the $13.1 billion total spent in 1Q11. The drop in deal volume suggests PE buyers may be having a difficult time finding attractively priced targets in the face of rising valuations. The largest LBO in 3Q11 was Apax Partners' $5.8 billion acquisition of Kinetic Concepts, at 2.7x TTM revenue, a relatively high valuation of for a financial buyer.

Figure 24: U.S. Software Merger & Acquisition Activity



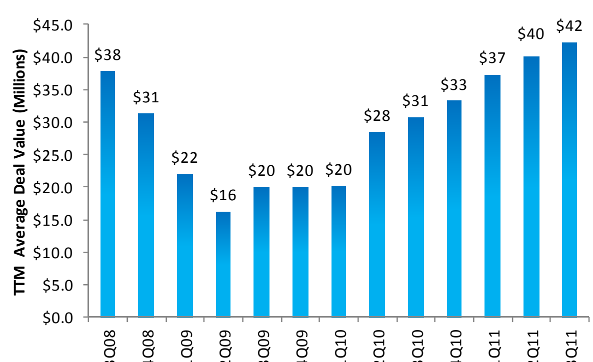
SOFTWARE/SAAS M&A DEAL VOLUME AND SPENDING

To date, there were 405 reported software M&A transactions in 3Q11, virtually the same as in the second quarter (409) and third 3Q10 (407) (Figure 24). Since M&A data for the quarter is often revised and released well into the following quarter, we anticipate the final deal tally for 3Q11 will exceed 420, the highest quarterly tally this year. M&A deal volume has been above or very near its historically healthy level of 400 for six of the past seven quarters, following five consecutive quarters of sub-400 M&A transactions (4Q08 to 4Q09). In the first three quarters of 2011, there have been 1,242 software M&A transactions, up 1.7% YoY for the same nine month period, and 30% higher than the 957 software deals reported for the first nine months of 2009.

A total of $23.8 billion was spent on 3Q11 transactions with announced price tags, 13% higher than 2Q11's $21.0 billion, and the highest software M&A spend since 2Q07. Software mega deals are in large part responsible, as nearly half of the total spend in each of 3Q11 and 2Q11 came from transactions greater than $500 million: In 3Q11, HP acquired Autonomy for an enterprise value of $10.3 billion; in 2Q11 Microsoft acquired Skype for an enterprise value of $9.1 billion.

Considering the irregular fluctuations in total M&A spend each quarter, YoY comparisons of TTM data are a more reliable measure to discern M&A spending trends. And the trend over the past year is encouraging. On a TTM basis, total software transaction dollars aggregated $70.6 billion at the close of 3Q11, 49% greater than the $47.4 billion spent on software M&A deals at the close of 3Q10. Similarly, on a TTM basis, the average deal size increased for the sixth consecutive quarter to $42 million (Figure 25).

Figure 25: TTM Average M&A Deal Size



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