

SOFTWARE INDUSTRY

Q3 Key Highlights

- The most active acquirers within the Software Industry through Q3 2011 were EMC Corporation and Google Inc. with 10 acquisitions each.
- Vista Equity Partners was the most active acquirer during Q3 2011 with 5 acquisitions: Thomson Reuters Trade and Risk Management Business, Sage Healthcare Inc., CompuLaw LLC, Client Profiles, Inc. and CyberShift, Inc.
- The largest transaction for the third quarter as well as the 1st 3 Quarters of 2011 was the acquisition of Autonomy Corporation plc by HP for \$10.28 billion.

Q3 Key Trends

- Total transaction volume in Q3 2011 decreased by 11 percent over Q2 2011, from 366 to 324 transactions.
- Total transaction value in Q3 2011 decreased by 22 percent over Q2 2011, from \$29.9 billion to \$23.4 billion.

M&A Market Dynamics By Quarter

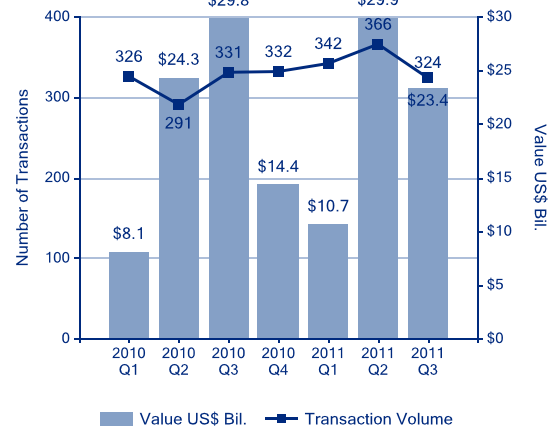


Figure 1. 2010 - 2011 value and volume comparison.

Median Enterprise Value Multiples By Quarter

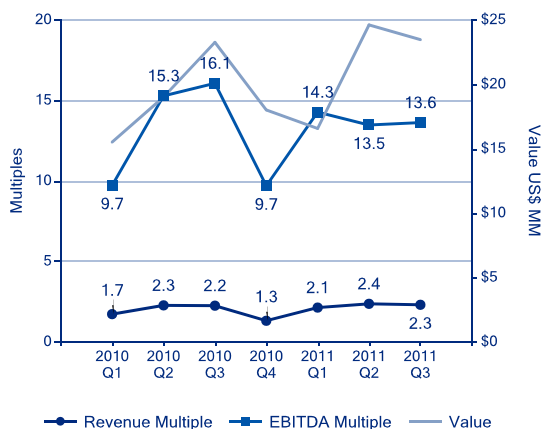


Figure 2. 2010 - 2011 median: Value, Revenue, EBITDA comparison.

Multiples & Value Trends

- Median EBITDA multiples in Q3 2011 remained largely unchanged from the last quarter, at 13.6.
- Median revenue multiples in Q3 2011 remained nearly the same, at 2.3 times revenue.
- HP's acquisition of Autonomy Corporation plc represents a 10.8 revenue multiple and a 24.5 EBITDA multiple.

Top Ten Deals through Q3 2011

- The top ten deals by value have seen three new additions since our half-year report, chief among them HP's acquisition of Autonomy. Providence Equity Partners Inc.'s acquisition of Blackboard Inc. for \$1.7 billion and NCR Corporation's acquisition of Radiant Systems, Inc. for \$1.1 billion are the other new additions to this list.
- These three acquisitions, with an aggregate value of \$13 billion, represent 21 percent of total transaction value in the 1st 3 Quarters of 2011, and 57 percent of Q3 2011 transaction value.

Top Ten Notable Transactions - 1st 3 Quarters 2011

| Deal Date | Target Name | Buyer | Value MM US\$ |
|---|------------------------------|---|---------------|
| 08/18/11 | Autonomy Corporation plc | HP | \$10,284 |
| 05/10/11 | Skype Technologies SA | Microsoft Corporation | \$9,082 |
| 03/28/11 | GSI Commerce Solutions | eBay | \$2,139 |
| 06/01/11 | Telvent | Schneider Electric SA | \$1,917 |
| 04/26/11 | Lawson Software | Infor, a portfolio company of Golden Gate Capital | \$1,779 |
| 07/01/11 | Blackboard Inc. | Providence Equity Partners Inc. | \$1,712 |
| 06/14/11 | Telcordia Technologies, Inc. | Ericsson AB | \$1,150 |
| 07/11/11 | Radiant Systems, Inc. | NCR Corporation | \$1,078 |
| 04/04/11 | Epicor Software Corporation | Apax Partners | \$946 |
| 04/04/11 | Activant Solutions, Inc. | Apax Partners | \$890 |
| 2011 Aggregate Transaction Value | | | \$63,486 |
| Top 10 Aggregate Transaction Value | | | \$30,977 |
| Top 10 Aggregate Value as a Percentage of All Transactions | | | 49 % |

Figure 3. Lists the top ten transactions for the 1st nine months of 2011 and calculates their aggregate transaction value as a percentage of the 2011 total aggregate transaction value.

note: Transaction data based on announced date

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

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