

**DEAL
NOTES**

M&A and Investments Review

Technology, Software and Information & Business Services

■ **2012 Review of M&A and Investment Activity in the Technology, Software and Information & Business Services Industries:**

2,783 Transactions Totaling a Reported \$101 Billion; Volume Up 15 Percent in 2012; 28 +\$1 Billion Transactions During the Year

- Information & Business Services was the Most Active Segment in 2012 with 803 Transactions Announced
- Software was the Highest Value Segment in 2012 with \$40.6 Billion in Reported Deal Value

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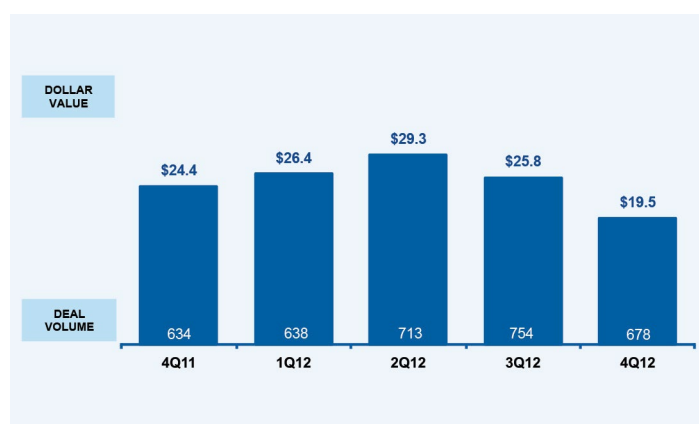
During 2012, Petsky Prunier tracked 2,783 M&A and investment transactions for a total of \$101 billion across five broad segments: Technology, Marketing Technology, Software, Communications and Information & Business Services. Information & Business Services was the most active segment with 803 transactions announced, of which 644 reported \$27.8 billion in total deal value. The highest value segment was Software with 772 deals announced, of which 494 reported \$40.6 billion in aggregate deal value. There were 28 +\$1 billion transactions during the year, 12 of which were announced in the Software segment, while 10 were announced in the Information & Business Services segment.

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Technology, Software and Information & Business Services Industries

4Q11–4Q12 M&A and Investment Activity

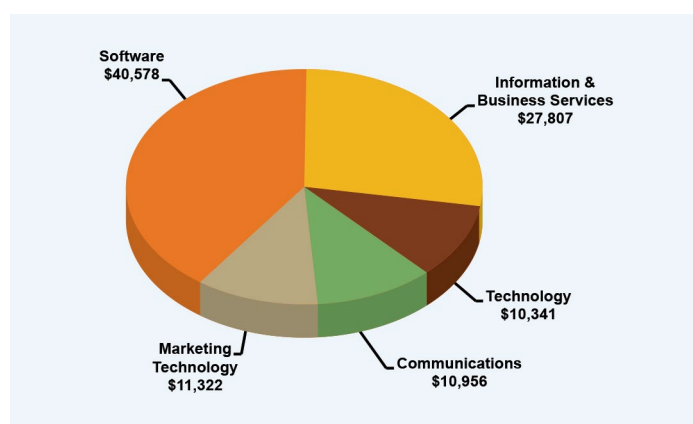
(\$ in Billions)



Technology, Software and Information & Business Services Industries

2012 M&A and Investment Activity

(\$ in Millions)



M&A Activity

There were 1,650 mergers and acquisitions announced in 2012, of which 1,008 reported \$86.7 billion in aggregate deal value. M&A activity was flat while value fell 23 percent compared to 2011 – the year in which Autonomy was acquired by Hewlett-Packard for \$10.3 billion, Motorola Mobility was bought by Google for \$9 billion and Microsoft acquired Skype for \$8.5 billion. Information & Business Services was the most active segment in 2012, accounting for 42 percent and 29 percent of total M&A activity and reported value, respectively. The segment was lead by the IT Consulting/System Integration subsegment, with 513 transactions announced, of which 476 deals reported \$7.9 billion in aggregate value. The next most active subsegments were Corporate Training, with 44 transactions announced, of which 37 reported \$157 million in aggregate deal value, and Market Research, with 35 transactions announced, of which eight reported \$2.9 billion in aggregate deal value. M&A deals in the Information & Business Services segment during the second half of the year included:

- Experian's \$1.5 billion acquisition of Serasa, a Brazil-based financial information and analysis company, at 5.8x revenue and 16.2x EBIT
- Vitalize Consulting Solutions' \$493 million acquisition of MaxIT Healthcare Holdings, an IT and professional consulting company providing clinical IT implementation services to healthcare providers
- DigitalGlobe's \$453 million acquisition of GeoEye, a provider of geospatial information and insight for decision makers and analysts, at a valuation of 1.3x revenue and 2.6x EBITDA

The highest value M&A segment in 2012 was Software with 392 transactions announced, of which 151 reported \$36.2 billion in aggregate deal value. The Healthcare Software subsegment accounted for 18 percent of aggregate M&A deal value in the segment, followed by ERP Software and Financial Software, with 19 percent and 11 percent of the segment's reported value, respectively. Transactions in the Software segment during the second half of the year included:

- Dell's \$2.4 billion acquisition of IT management solutions provider Quest Software, which offers critical components that will be used to expand and enhance Dell's systems management, security, business intelligence and application capabilities. Following the purchase, Quest Software was valued at \$2.2 billion, or 2.5x revenue and 14.0x EBITDA
- IBM's \$1.2 billion acquisition of Kenexa, a provider of on-demand human resources software, valuing the company at 3.8x revenue and 45.0x EBITDA

- One Equity Partners' \$1.1 billion acquisition of M*Modal, a clinical documentation solutions provider, including clinical narrative capture and clinical documentation workflow solutions, at 2.4x revenue and 9.2x EBITDA

Marketing Technology was the third-most active M&A segment with 293 transactions announced, of which 82 reported \$7.2 billion in aggregate deal value. Activity in the segment during 2012 was driven by heightened competition among technology and software companies that are building diversified analytics, production and workflow management stacks. Transactions announced during the second half of the year included:

- Oracle's planned purchase of newly-public Eloqua, which provides SaaS-based B-to-B marketing automation solutions focused on demand generation and lead management, for \$810 million, valuing the company at \$871 million net of cash, or 9.7x revenue
- Sony's \$775 million acquisition of So-net Entertainment, a Japan-based Internet service provider, at a valuation of 1.6x revenue and 10.6x EBITDA
- Cisco Systems' acquisition of ThinkSmart Technologies, an Ireland-based software company that delivers location data analysis using Wi-Fi technology

There were 54 and 212 acquisitions announced in the Technology and Communications segments, respectively. The Technology segment was lead by Cloud Computing Technology, Big Data Technology and Financial Technology, each with 10 acquisitions announced. The most active and highest value Communications segment was Networking Equipment with 91 acquisitions announced, of which 88 reported \$5.8 billion in aggregate deal value. Transactions in the Technology and Communications segments during the second half of the year included:

- VMware's \$1.3 billion acquisition of Nicira, a provider of network virtualization solutions for cloud data centers, which reported \$10 million in annual revenues
- Cisco's \$1.2 billion acquisition of Meraki, a provider of cloud-managed products, including LAN, Ethernet switches, security appliances and mobile device management, to head up its new Cloud Networking group

2012 Most Active Strategic Buyers by Number of Transactions

Buyer	Number of Transactions	Representative Targets
Oracle	11	ClearTrial, Collective Intellect, DataRaker, Eloqua, Instantis, SelectMinds, Taleo, Vitruve
IBM	10	Butterfly Software, Green Hat Software, Kenexa, Red Bend Software, StoredIQ, Vivisimo
Google	8	Incentive Targeting, Meebo.com, Quickoffice, Sparrow, TxVia, Viewdle, VirusTotal
Cisco Systems	7	BroadHop, Cariden Technologies, ClearAccess, Cloupia, Meraki, ThinkSmart Technologies
Thomson Reuters	6	Apsmart, Avanon, FX Alliance, Logiciel Dr Tax Software, MarkMonitor, RedEgg Solutions
Dell	6	Credant Technologies, Kitenga, Make Technologies, Quest Software, Wyse Technology
Salesforce.com	6	BlueTail, Brighter Option, Buddy Media, ChoicePoass, Golnstant, Thinkfuse
WPP Group	6	Cadem Advertising, CIC, First Movies International, Oasis Insights, Predictys, Press Index
Konica Minolta	6	Covisia Solutions, Netknowledge, PC Solutions, Service Assurnace, WaveTwo
Microsoft	5	Marketing Pilot Software, Perceptive Pixel, PhoneFactor, StorSimple, Yammer
VMware	5	Cetas Software, DynamicOps, Log Insight, Nicira, Wanova

Investment Activity

There were 1,133 investments announced in 2012, of which 1,020 reported \$14.3 billion in aggregate deal value in 2012. Marketing Technology was the most active investment segment, with 464 deals announced, of which 419 were reported for \$4.1 billion in aggregate deal value. Volume in the segment increased 19 percent from 2011. Content Management was the most active subsegment in 2012 with 89 investments announced, of which 81 reported \$850 million in total deal value. Investments in the CRM subsegment increased 88 percent from 2011, while reported value rose 255 percent to \$159 million. Investments in the segment during the second half of the year included:

- The \$85 million investment in Evernote, which operates a personal data and productivity management application for the web and mobile devices, from m8 Capital, Valiant Capital and T. Rowe Price, at a \$2 billion valuation
- The \$60 million Redpoint Ventures-led investment in Zendesk, a customer services company offering web-based SaaS-delivered help desk/support
- The SoftBank Capital-led \$39 million investment in retargeter Criteo at a valuation of \$800 million

The Software segment saw 380 investments, with 343 reporting \$4.4 billion in aggregate deal value. The Infrastructure Software and Healthcare Software subsegments together accounted for 38 percent and 27 percent of the segment's investment activity and reported value. Investments in the segment during the second half of the year included:

- Technology Crossover Ventures' \$136 million investment in Alarm.com, a wireless security systems company currently offering interactive security and video monitoring solutions
- The \$130 million investment in Barracuda Networks, a provider of content security, data protection and application delivery solutions, from Francisco Partners and Sequoia Capital
- The \$100 million Andreessen Horowitz-led investment in GitHub, which offers an online workflow collaboration platform for application developers, at a valuation of \$750 million

Buyer & Investor Activity

Strategic buyers announced 1,504 deals, of which 912 reported \$66.7 billion in aggregate deal value. Information & Business Services was the most active segment among strategics, with 633 acquisitions announced in 2012, while Software was the highest value segment with \$29 billion in reported deal value. The most active buyers across these two leading segments were Oracle, Kronos and Trimble Navigation with six, four and four acquisitions announced during the year.

Buyout firms announced 146 acquisitions in 2012, of which 96 reported \$19.2 billion in aggregate deal value. A combined total of 110 of those transactions were in the Information & Business Services and Software segments, accounting for 75 percent of total reported buyout volume and nearly 80 percent of reported value. Buyout transactions announced in the second half of the year included:

- The Blackstone Group's \$2 billion buyout of Vivint, a provider of home automation systems, at 5.5x revenue
- Hellman & Friedman's \$1.5 billion buyout of Wood Mackenzie, a UK-based provider of subscription-based online research consulting, market research and training services to help clients value assets
- Thoma Bravo's \$89 million buyout of Deltek, a provider of enterprise software and information solutions for professional services firms and government contractors, valued at \$1 billion, or 2.9x revenue and 17.7x EBITDA

Venture and growth capital investor activity and reported value increased by 44 percent and 50 percent, respectively, from 2011, with 1,133 investments announced, of which 1,020 reported \$15 billion in aggregate deal value. Accel Partners and Andreessen Horowitz were the most active investors in 2012, each announcing 15 investments, followed by Google Ventures with 14 investments announced and Intel, New Enterprise Associates and Norwest Venture Partners, which announced 12 investments each.

2012 Most Active Investors by Number of Transactions

Buyer	Number of Transactions	Representative Targets
Accel Partners	15	Capital Access Network, Cloudera, MobileSpaces, Plex Systems, Qualtrics, Trifacta
Andreessen Horowitz	15	Bluebox, CipherCloud, Congergent.io Technologies, Flutype, IFTTT, Pindrop Security
Google Ventures	14	Adimab, Apptentive, ClearStory Software, Egnyte, TrueLens, UpThere, Eingu, Yesware
Intel Corporation	12	Adaptivity, AtHoc, BrightEdge, Indisys, Movea, Recard Solutions, ScienceLogic
New Enterprise Associates	12	10gen, Aerospike, BloomReach, Compass Labs, Freshplum, Lattice Engines, SugarCRM
Norwest Venture Partners	12	Act-On Software, Adaptive Planning, Elemental Technologies, Pertino Networks, ScaleIO
Battery Ventures	11	Avalara, Continuity, Duetto Research, Neolane, Platfora, SingleHop, SumAll, Tealium
Sequoia Capital	10	Birst, Bit9, Capillary Technologies, Clustrix, Kaminario, Medallia, Nimble Storage, Okta
Kleiner Perkins Caufield & Byers	8	AppDynamics, ClearStory Data, Drawbrdige, Shape Security, Simplivity, Vline, Yapp
Crosslink Capital	8	500friends, Affine, Coupa Software, GraphDive, Inbound Writer, RichRelevance, Scripted
Flybridge Capital Partners	8	Crashlytics, FirstBest Systems, Nasuni, PatientKeeper, Predilytics, Stormpath, Viewfinity
General Catalyst Partners	8	Aidin, BigCommerce, Locu, ownCloud, ParElastic, Parlay Labs, This Technology, Yottaa
Madrone Venture Group	7	2nd Watch, Bizible, buuteeq, Context Relevant, Snupi Technologies, ThisLife
Khosla Ventures	7	AliveCor, Bitly, CellScope, Metamarkets Group, Nirvanix, OneID, ParStream

IPO Activity

There were 32 IPOs in the Technology, Software and Information & Business Services industries in 2012, 13 of which were in the Software segment. While 18 companies priced at the high-end or above their initial filing ranges, 16 closed in December trading above their first trading day close price, including AVG Technologies, Demandware, E2open, Eloqua, EPAM Systems, Fleetmatics Group, Greenway Medical Technologies, Kyland Technology, Nable Communications, Realogy Holdings, Ruckus Wireless, ServiceNow, Synacor, Vocera Communications, Wageworks and Workday. BlackStratus, goldenTech, NSFOCUS Information Technology, Reval Holdings, Shanghai Amarsoft Information Technology and Shenzhen Tinno Mobile Technology submitted their IPO filings in 2012 but have yet to price.

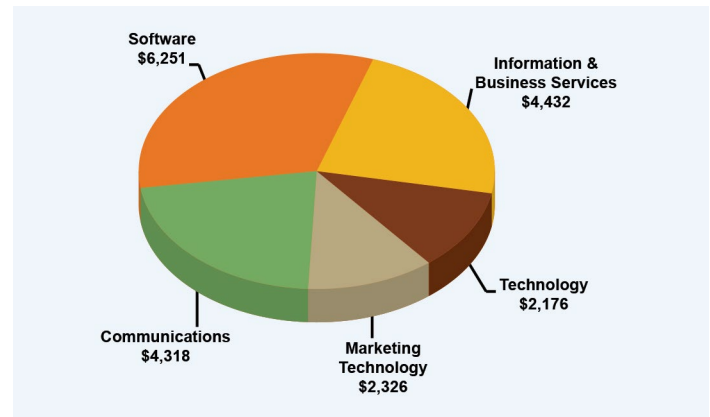
4Q12 M&A and Investment Activity

A total of 678 transactions were announced in 4Q12, with 450 announced totaling \$19.5 billion in aggregate deal value. Software was the most active and highest value segment in 4Q12, with 197 deals announced, of which 114 reported \$6.3 billion in aggregate deal value. The largest deal in the segment was RedPrairie's \$1.9 billion acquisition of JDA Software Group, valuing the company at 2.9x revenue and 11.3x EBITDA. The largest acquisition during the quarter in the Marketing Technology segment was Oracle's announcement of its pending purchase of newly-public Eloqua for \$810 million in an all-cash deal.

Technology, Software and Information & Business Services Industries

4Q12 M&A and Investment Activity

(\$ in Millions)



Technology

M&A and Investment Activity

Among Technology companies, Petsky Prunier tracked 163 transactions in 2012, of which 61 were reported in the fourth quarter. Financial Technology and Big Data Technology were the most active subsegments throughout the year, with 30 and 29 deals announced, respectively. Activity in the Big Data Technology subsegment increased 200 percent during the fourth quarter, with 15 deals announced, while reported value rose more than twelve-fold from \$16 million to \$199 million. Transactions in the subsegment that were announced during the second half of the year included:

- The \$65 million Accel Partners-led investment in Cloudera, a big data technology company providing Apache Hadoop-based data management software and services
- The \$25 million Meritech Capital Partners-led investment in DataStax, a provider of a big data platform for enterprise applications
- IBM's acquisition of StoredIQ, which has developed open platform information governance solutions that dynamically index and analyze unstructured enterprise data

The third-largest subsegment for 2012 was Cloud Computing Technology, with 28 deals announced, of which 21 reported \$2.8 billion in aggregate deal value. Transactions from the second half of the year included:

- Cisco's \$1.2 billion acquisition of Meraki, a provider of cloud-managed products, including LAN, Ethernet switches, security appliances and mobile device management, to head up its new Cloud Networking group, and its \$100 million acquisition of Cloupia, which provides cloud automation and management software solutions to small, medium and large enterprises
- The \$33 million investment in Nutanix, a provider of cloud automation and management software solutions to small, medium and large enterprises, from Lightspeed Venture Partners and Khosla Ventures

Most Active Technology Subsegments

Subsegment	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Financial Technology	7	263	7	122	30	987	76%	136%
Big Data Technology	5	16	15	199	29	238	222%	(41%)
Cloud Computing Technology	10	149	14	1,473	28	2,767	300%	(54%)
Cloud Storage	8	182	11	114	20	298	300%	(48%)
Data Center Technology	7	168	3	43	17	1,922	1,600%	NM
Virtualization Technology	8	1,334	4	195	14	1,555	367%	NM
Mobile Infrastructure	2	376	3	11	13	489	1,200%	NM
Enabling Technology	5	46	4	20	10	74	NM	NM
Home Automation Technology	1	2,000	0	0	2	2,013	NM	NM
Total	53	4,532	61	2,176	163	10,341	279%	40%

Buyer & Investor Activity

Strategic buyers accounted for 31 percent of all transactions in the segment during 2012, with 51 transactions announced and 21 deals reported for \$5.2 billion in aggregate reported deal value. Venture and growth capital investors announced 109 transactions, of which 100 reported \$2 billion in aggregate investment value. Financial Technology, Big Data Technology and Cloud Computing Technology were the most active subsegments among investors, with 20, 19 and 18 deals announced during the year. Compared to 3Q12, activity across all buyers rose 15 percent in the fourth quarter, while value declined 52 percent.

Technology Transactions by Type of Buyer/Investor

Buyer Type	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Strategic	11	1,661	24	1,754	51	5,222	264%	(23%)
Private Equity - Buyout	1	2,000	1	0	3	3,100	200%	NM
Private Equity - VC/Growth Capital	41	871	36	422	109	2,020	289%	240%
Total	53	4,532	61	2,176	163	10,341	279%	40%

Marketing Technology

M&A and Investment Activity

A total of 757 deals (293 acquisitions and 464 investments) were announced in the Marketing Technology segment in 2012, of which 501 reported value totaling \$11.3 billion. The fourth quarter slowed compared to 3Q12, with a nine percent and 10 percent drop in volume and reported value, respectively. Content Management was the most active subsegment in 2012, with 133 announced transactions, of which 95 reported \$1.3 billion in aggregate deal value. Compared to 2011, volume and reported value in the subsegment each increased more than 70 percent. Content Management transactions in the second half of the year included:

- Perion Network's \$41 million acquisition of SweetIM Technologies, an instant messaging technology development company offering an emoticon and Internet chat add-on, valuing the company at 1.4x revenue and 4.6x EBITDA
- Markets.com's \$37 million acquisition of Crossrider, an Israel-based company operating a platform that enables Web developers to make extensions that work across various browsers
- Brightcove's \$30 million acquisition of Zencoder, an audio and video encoding/transcoding SaaS company, which was completed at 15.0x the company's expected year-end revenues

Investment activity during 4Q12 was led by the Content Management and Social Technology subsegments, which accounted for 31 percent of total investments announced in the segment. Compared to the third quarter, combined reported investment value across these subsegments increased 60 percent in 4Q12, while activity declined 20 percent. The largest investment in the segment during the second half of the year was the \$85 million investment in Evernote from m8 Capital, Valiant Capital and T. Rowe Price, at a \$2 billion valuation. Additional investments in the segment included:

- The \$62 million growth capital investment in Mimecast, a provider of cloud-based email management solutions, led by Insight Venture Partners
- Sequoia Capital's \$35 million investment in Medallia, which provides SaaS customer experience and enterprise feedback management solutions to financial services, retail, B-to-B and hotel companies

Most Active Marketing Technology Subsegments

Subsegment	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Content Management	46	153	28	340	133	1,316	71%	70%
Social Technology	23	359	21	50	115	1,902	(4%)	3%
Analytics & Reporting	21	97	19	65	76	281	23%	(63%)
Mobile Technology	13	46	15	136	56	764	(35%)	(35%)
Online Targeting/Optimization	14	133	10	164	47	422	21%	(58%)
Commerce Management	17	207	11	43	45	385	(36%)	(90%)
BI tools	7	48	13	440	39	986	63%	(35%)
MRM/Workflow Management	8	24	13	82	31	268	72%	541%
SFA/Lead Management	7	78	11	791	28	963	115%	321%
Email/Messaging Software	6	72	6	38	26	783	18%	163%
CRM	5	71	6	29	25	1,124	(19%)	(28%)
Ad Serving	5	13	4	11	20	198	33%	10%
Subtotal	172	1,302	157	2,187	641	9,393	11%	(29%)
Other	36	1,280	33	138	116	1,929	(21%)	(71%)
Total	208	2,582	190	2,326	757	11,322	4%	(43%)

"Other" includes Content Delivery Network, Creative Production Platform, Data Quality, Internet Service Providers, Market Research Technology, Marketing Asset Management, Media Management System, Product/Price Software, Search & Discovery, Segmentation/Data Mining, SEM/SEO Tools, Teleservices/eServices, Web to Print and Website Creation/Hosting

Buyer & Investor Activity

The most active strategic buyers in the segment during 2012 were Google and IBM, which announced six and five acquisitions, respectively. Compared to 3Q12, venture and growth capital investment activity in the fourth quarter fell eight percent, while strategic buyer activity fell seven percent.

Marketing Technology Transactions by Type of Buyer/Investor

Buyer Type	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Strategic	75	741	69	1,431	281	5,955	(10%)	(51%)
Private Equity - Buyout	3	100	2	0	11	493	(52%)	(86%)
Private Equity - VC/Growth Capital	130	1,741	119	895	465	4,874	19%	14%
Total	208	2,582	190	2,326	757	11,322	4%	(43%)

Software

M&A and Investment Activity

There were 772 transactions recorded (392 acquisitions and 380 investments) in the Software segment, of which 494 reported \$40.6 billion in aggregate deal value. Compared to 3Q12, transaction activity in the fourth quarter increased 10 percent, and, due to three fewer +\$1 billion deals, reported value fell 41 percent. Healthcare Software was the most active subsegment in 2012 with 140 deals announced (79 acquisitions and 61 investments), of which 66 reported \$7.1 billion in aggregate deal value. Healthcare reform, the rising cost of care and the move toward digital health records, among other issues, have fueled a lively deal market, leading to an 18 percent increase in activity in the subsegment between the third and fourth quarters, with median EV/Revenue and EV/EBITDA multiples of 3.3x and 13.8x, respectively. Healthcare Software transactions announced during the second half of the year included:

- One Equity Partners' \$1.1 billion acquisition of M*Modal, a clinical documentation solutions provider, including clinical narrative capture and clinical documentation workflow solutions, at 2.4x revenue and 9.2x EBITDA
- Thoma Bravo's \$156 million acquisition of Mediware Information Systems, a provider of clinical software solutions, at a valuation of 2.4x revenue and 14.1x EBITDA

Infrastructure Software, which announced 123 transactions (41 acquisitions and 82 investments), was also an active subsegment during 2012. Of those deals, 85 reported \$4.9 billion in aggregate value. Transactions from the second half of the year included:

- Riverbed Technology's \$990 million acquisition of OPNET Technologies, a provider of solutions for application and network performance management, valuing the company at \$921 million, or 5.1x revenue and 27.3x EBITDA

Most Active Software Subsegments

Subsegment	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Healthcare Software	28	1,261	33	373	140	7,084	49%	29%
Infrastructure Software	21	3,134	12	1,110	123	4,868	35%	521%
ERP Software	13	1,424	22	2,755	88	7,317	13%	(57%)
Financial Software	10	656	15	208	61	4,236	(3%)	20%
Software Development Tools	16	250	17	142	61	631	45%	55%
Security Software	19	418	28	224	59	2,090	269%	19%
HR Software	15	1,907	15	50	54	4,358	38%	(7%)
Collaboration Software	7	279	18	74	39	4,971	550%	3,666%
Application Management Software	15	66	13	78	37	163	825%	(33%)
Unclassified Software	11	304	1	0	34	637	3,300%	11,478%
Data Management Software	7	110	11	110	23	295	360%	2%
Subtotal	162	9,809	185	5,124	719	36,650	64%	7%
Other	17	782	12	1,127	53	3,928	(24%)	22%
Total	179	10,591	197	6,251	772	40,578	52%	8%

"Other" includes Credit/Risk Software, Engineering Software, Geo-Demo Software, Legal Software and Software Platform

Buyer & Investor Activity

Strategic buyers in the Software segment accounted for 45 percent of all deals and 71 percent of reported value in 2012, announcing 19 more deals in 4Q12 than in the previous quarter. During the year, the most active buyers in the segment were Oracle, Kronos and Trimble Navigation, announcing six, four and four acquisitions in 2012. Autodesk, Dell, IBM, Nuance Communications, Salesforce.com and SAP were also active, each announcing three transactions. The number of venture and growth capital investments in 4Q12 increased six percent, while value was flat from the previous quarter. Private equity firms announced 44 buyouts in 2012, seven of which were announced in the fourth quarter.

Software Transactions by Type of Buyer/Investor

Buyer Type	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Strategic	76	6,905	95	5,205	349	28,976	34%	14%
Private Equity - Buyout	13	2,660	7	0	44	7,220	38%	(27%)
Private Equity - VC/Growth Capital	90	1,025	95	1,046	379	4,382	75%	91%
Total	179	10,591	197	6,251	772	40,578	52%	8%

Communications

M&A and Investment Activity

There were 288 transactions announced (212 acquisitions and 76 investments) in the Communications segment in 2012. Of those deals, 266 reported \$11 billion in aggregate deal value. Total value increased 84 percent from the third to the fourth quarters, with 58 deals announced, of which 49 reported \$4.3 billion in aggregate deal value.

M&A and Investment activity for the year was led by the Networking Equipment subsegment, with 123 transactions (91 acquisitions and 32 investments) announced with 120 reporting \$6.3 billion in aggregate deal value. Mean EV/revenue and EV/EBITDA were 2.3x revenue and 8.1x EBITDA, respectively. Notable transactions during the second half of the year included:

- Arris' \$2.4 billion acquisition (0.7x revenue) of Motorola Mobility's broadband unit, Motorola Home
- Ixia's \$160 million acquisition of BreakingPoint Systems, which offers security and performance testing products to network equipment manufacturers and service providers, at a valuation of 4.0x revenue and 20.7x EBITDA
- The \$52 million investment in Affirmed Networks, a provider of technologies for wireless subscribers that offer management solutions that integrate subscriber platform inline services and content management into a single platform, led by Matrix Partners and Charles River Ventures

The second-highest value subsegment was Communications Software with 39 transactions announced (28 acquisitions and 11 investments), of which 36 reported \$2.1 billion in aggregate deal value. In the fourth quarter, activity in the Communications Software subsegment increased 44 percent. Transactions during the second half of the year included:

- Verint Systems' \$781 million acquisition of its parent company Comverse Technology, which provides software-based products for wireless, wireline and cable network communication service providers, valuing the company at 0.5x revenue and 5.4x EBITDA
- AT&T's \$625 million acquisition of Nextwave Wireless, a developer of mobile multimedia and consumer electronic connectivity product solutions that includes PacketVideo, which offers software for mobile handsets, client-server platforms for mobile media applications and software for sharing media in the connected home

Most Active Communications Subsegments

Subsegment	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Networking Equipment	36	626	18	3,375	123	6,283	2%	(49%)
Satellite and Microwave Equipment	20	78	6	266	43	901	(4%)	(42%)
Communications Software	9	1,482	13	173	39	2,073	30%	(21%)
Telephone Equipment	7	39	4	93	28	279	12%	(90%)
Video Communications Software	6	18	4	42	14	300	56%	(97%)
Enterprise Mobility Management	5	6	7	365	12	371	500%	1,851%
VoIP Equipment & Software	4	45	0	0	10	100	100%	32%
Wireless Backhaul	2	52	1	0	7	614	NM	NM
Messaging & Mediation Software	3	0	2	1	6	2	50%	(100%)
Web Conferencing Software	1	0	3	3	5	28	NM	NM
Processing & Transmission Equipment	1	5	0	0	1	5	0%	953%
Network Infrastructure Software	0	0	0	0	0	0	NM	NM
Total	94	2,350	58	4,318	288	10,956	19%	(62%)

Buyer & Investor Activity

Strategic buyers accounted for 66 percent and 88 percent of volume and reported deal value in 2012, respectively, with strategics' value increasing 112 percent in the fourth quarter. There were 76 investments announced for the year, of which 71 reported \$850 million in aggregate deal value. Fourth quarter investment activity slowed, with a 35 percent and 58 percent decline in volume and reported value, respectively. Twenty-two private equity deals were recorded, six of which were announced in the fourth quarter.

Communications Transactions by Type of Buyer/Investor

Buyer Type	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Strategic	56	1,901	32	4,029	190	9,686	13%	(60%)
Private Equity - Buyout	7	101	6	145	22	421	16%	(84%)
Private Equity - VC/Growth Capital	31	348	20	144	76	850	38%	(56%)
Total	94	2,350	58	4,318	288	10,956	19%	(62%)

Information & Business Services

M&A and Investment Activity

Information & Business Services was the most active segment in 2012 with 803 transactions announced (699 acquisitions and 104 investments), of which 644 reported \$27.8 billion in aggregate deal value. Despite being the most active segment, volume and value in the fourth quarter fell 22 percent and 23 percent, respectively, from 3Q12, partly due to uncertainties surrounding the federal budget, leading to fewer deals announced from government services companies. IT Consulting/Systems Integration was the most active subsegment in 2012, accounting for 70 percent of the activity in the segment. Deals from the subsegment announced in the second half of the year included:

- SAIC's \$493 million acquisition of MaxIT Healthcare Holdings, one of the largest private independent healthcare IT consulting companies in the U.S. providing IT strategy and planning, electronic health record implementation and optimization services
- Infosys Technologies' \$349 million (approximately 1.4x revenue) acquisition of Lodestone Holding, a Switzerland-based information technology and management consultancy for financial, pharmaceutical and consumer goods enterprises

Market Research was also an active subsegment in 2012 with 54 transactions announced, 25 of which reported \$3.1 billion in aggregate deal value. Transactions in the subsegment from the second half of the year included:

- Hellman & Friedman's \$1.5 billion acquisition of Wood Mackenzie, a UK-based provider of research and consulting services for the global energy, mining, metal, oil, gas, coal, refining, power and electricity industries
- Nielsen's \$1.3 billion acquisition of Arbitron, a chief competitor offering syndicated radio ratings services to radio broadcasters, advertising agencies and advertisers, at 2.7x revenue and 9.3x EBITDA
- Navigant Consulting's acquisition of Pike Research, a market research and consulting team comprised of more than 300 experts that provide analysis of global clean technology markets

Most Active Information & Business Services Subsegments

Subsegment	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
IT Consulting/Systems Integration	154	1,827	123	877	562	9,149	(7%)	(40%)
Market Research	19	1,619	6	1,236	54	3,077	(19%)	95%
Corporate Training	18	65	5	0	51	171	21%	(26%)
Healthcare Consulting	5	25	4	1	17	345	(15%)	(63%)
Marketing Data	5	54	5	31	16	92	(6%)	(93%)
Healthcare Information	4	58	1	10	15	1,981	(40%)	33%
Financial Information	4	427	5	1,542	12	2,146	(40%)	(13%)
Staffing Services	0	0	5	700	12	1,775	71%	973%
Business Process Outsourcing	3	1,087	3	31	9	1,136	(25%)	40%
Financial Consulting	1	0	0	0	8	2,893	(11%)	10,306%
Contact Center Services	1	150	2	1	6	151	(25%)	(76%)
Credit/Risk Consulting	2	0	2	0	6	0	20%	(100%)
Subtotal	216	5,312	161	4,428	768	22,915	(8%)	(8%)
Other	4	454	11	4	35	4,893	(54%)	53%
Total	220	5,767	172	4,432	803	27,807	(12%)	(1%)

"Other" includes Collections Services, Credit/Risk Management Information, Engineering Consulting, Engineering/Scientific/Tech Information, Geo-Demo Consulting, Geo-Demo Information, HR Consulting, HR Information, IT Information, Legal Consulting, Legal Information, Management Consulting, Product/Price Consulting and Product/Price Information

Buyer & Investor Activity

Across 2012, strategic buyers accounted for nearly 80 percent of deals in the segment, while venture and growth capital investors accounted for 13 percent. There were 66 buyout deals announced, of which 49 were reported, totaling \$8 billion. Compared to 3Q12, strategic buyers announced 17 percent fewer transactions, while venture and growth capital investor activity declined 49 percent. In 4Q12, private equity buyout activity was relatively flat compared to the previous quarter, with 16 deals announced.

Information & Business Services Transactions by Type of Buyer/Investor

Buyer Type	3Q12		4Q12		2012		2012 vs 2011 (% Change)	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value
Strategic	166	2,972	137	3,541	633	16,866	(15%)	(24%)
Private Equity - Buyout	17	1,559	16	707	66	8,030	(06%)	65%
Private Equity - VC/Growth Capital	37	1,236	19	185	104	2,911	6%	203%
Total	220	5,767	172	4,432	803	27,807	(12%)	(1%)

Recent Transactions

 <p>a leading provider of in-store and shopper marketing signage to major North American retailers</p> <p>has been sold to</p>  <p>PetskyPrunier</p>	 <p>a real-time behavioral advertising company</p> <p>has been acquired by</p>  <p>(NYSE: AOL)</p> <p>PetskyPrunier</p>	 <p>a leading provider of digital production services to brands and agencies</p> <p>has been sold to</p>  <p>(NYSE: ACN)</p> <p>PetskyPrunier</p>	 <p>a dynamic display media and retargeting company</p> <p>has been acquired by</p>  <p>(NASDAQ: 4755)</p> <p>PetskyPrunier</p>	 <p>a leading provider of transportation-based digital media networks</p> <p>has received a mezzanine debt investment from</p>  <p>PetskyPrunier</p>
 <p>a leading digital direct marketing company utilizing a proprietary database to provide customer acquisition solutions for major brands</p> <p>has received an equity investment from</p>  <p>with debt financing from Madison Capital Funding LLC</p> <p>PetskyPrunier</p>	 <p>a leader in technology and global in-app advertising for Facebook, Apple (iOS), and Android developers</p> <p>has received a \$66M investment from</p>  <p>PetskyPrunier</p>	 <p>a provider of a cloud-based integration platform for the digital marketing industry</p> <p>has received \$15M financing led by</p>  <p>PetskyPrunier</p>	 <p>a leader in multichannel retail, eCommerce and loyalty marketing services</p> <p>has been sold to</p>  <p>PetskyPrunier</p>	 <p>a leader in global healthcare, primary market research and influence network mapping</p> <p>has been sold to</p>  <p>a portfolio company of</p>  <p>PetskyPrunier</p>
 <p>the top independent direct-to-consumer marketer of dental savings plans</p> <p>has been sold to</p>  <p>PetskyPrunier</p>	 <p>has sold</p>  <p>a leading provider of services for domain name registration, acquisition, brokerage and sales</p> <p>to</p>  <p>PetskyPrunier</p>	 <p>a leading data management and audience optimization platform (DMP) company</p> <p>has been sold to</p>  <p>a global digital marketing agency</p> <p>a unit of</p>  <p>PetskyPrunier</p>	 <p>a leading provider of taxi-based outdoor media</p> <p>has been sold to</p>  <p>(NYSE: PAY)</p> <p>PetskyPrunier</p>	 <p>has sold</p>  <p>a leading provider of integrated data, technology and analytics solutions</p> <p>to</p>  <p>PetskyPrunier</p>
 <p>has acquired</p>  <p>a pioneer in measuring the impact of promotion on physician prescribing behavior</p> <p>PetskyPrunier</p>	 <p>has sold</p>  <p>a premier provider of affinity programs for universities and colleges</p> <p>to</p>  <p>PetskyPrunier</p>	 <p>a leading advertising technology company</p> <p>has been sold to</p>  <p>(Xetra: DPW.DE)</p> <p>PetskyPrunier</p>	 <p>(TSX: PTO)</p> <p>a leading shopper marketing execution company</p> <p>has been sold to</p>  <p>PetskyPrunier</p>	 <p>a portfolio company of Vestar Capital Partners</p> <p>has sold</p>  <p>to</p>  <p>PetskyPrunier</p>
 <p>has merged with</p>  <p>a portfolio company of Parthenon Capital Partners</p> <p>PetskyPrunier</p>	 <p>one of North America's largest mobile marketing and gateway solution providers</p> <p>has been sold to</p>  <p>a portfolio company of KRG Capital Partners</p> <p>PetskyPrunier</p>	 <p>CLEARSALEING</p> <p>the leader in attribution management and online advertising analytics</p> <p>has been sold to</p>  <p>(Nasdaq: GSIC)</p> <p>PetskyPrunier</p>	 <p>a rapidly growing provider of online and offline performance-based customer acquisition solutions to a number of the largest suppliers of home services in the U.S.</p> <p>has received a majority investment from</p>  <p>PetskyPrunier</p>	 <p>a leading online video advertising network</p> <p>has received a growth capital investment from</p>  <p>PetskyPrunier</p>
 <p>a provider of multichannel marketing software services</p> <p>has been sold to</p>  <p>(Nasdaq: RRD)</p> <p>PetskyPrunier</p>	 <p>a digital communications agency with a proprietary software platform serving biopharmaceutical companies</p> <p>has been sold to</p>  <p>PetskyPrunier</p>	 <p>a division of</p>  <p>has acquired</p>  <p>PetskyPrunier</p>	 <p>a premier provider of benchmark-based advisory services to the pharmaceutical and biotech industry</p> <p>has been acquired by</p>  <p>PetskyPrunier</p>	 <p>a leading digital content marketing agency</p> <p>refinancing of debt facilities</p> <p>PetskyPrunier</p>

About Petsky Prunier LLC

Petsky Prunier is one of the leading investment banks in the technology, media, marketing and healthcare industries. We work with a wide-range of growth-oriented businesses focused on:

- Digital Media/eCommerce and Digital Advertising/Marketing
- Technology and, specifically, Marketing Tech
- Agency and Marketing Services
- Out-of-Home and Specialty Media
- Software and Communications
- Information and Businesses Services
- Vertical expertise in healthcare technology, media and marketing

Our firm's mergers and acquisitions and private placements advisory services reflect a unique blend of product specialization and industry expertise. Together with strategic consulting firm Winterberry Group, a Petsky Prunier company, our organization represents one of the largest industry-specific advisors providing strategic and transactional services. Securities transactions are processed through Petsky Prunier Securities LLC.

PetskyPrunier
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New York
Palo Alto
Las Vegas
Chicago
Tampa

www.petskyprunier.com

Michael Petsky
Partner
212.842.6001
mpetsky@petskyprunier.com

Sanjay Chadda
Partner & Managing Director
212.842.6022
schadda@petskyprunier.com

Christopher French
Managing Director
212.842.6033
cfrench@petskyprunier.com

Jed Laird
Managing Director
212.842.7120
jlaird@petskyprunier.com

John Sternfield
Managing Director
650.320.1650
jsternfield@petskyprunier.com

Matthew Kratter
Senior Vice President
212.842.6024
mkratter@petskyprunier.com

John Prunier
Partner
212.842.6021
jprunier@petskyprunier.com

Norm Colbert
Partner & Managing Director
702.990.3280
ncolbert@petskyprunier.com

Amy LaBan, CFA
Managing Director
212.842.7126
alaban@petskyprunier.com

Seth Rosenfield
Managing Director
212.842.6018
srosenfield@petskyprunier.com

Scott Wiggins
Managing Director
212.842.6028
swiggins@petskyprunier.com

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