

# QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2006 and the Latest Twelve Months

## Services

- Project-Based:
  - IT Commercial
  - IT Federal
  - Management Consulting
- Outsourcing:
  - IT
  - Business Process Outsourcing
- Offshore
- IT Staffing
- Value Added Resellers

## Software

- Enterprise
- Spotlight: Financial Services

## Communications

- Software
- Equipment

Second Quarter 2006 Spotlight: Interactive Agencies

Claes E. Persson  
Vice President

Joel S. Harper  
Senior Associate

Naresh Dawda  
Research Analyst



Orange County

Charlotte

St. Louis

This Quarterly ViewPoint covers trends, stock index performances, public valuation multiples and relevant M&A activity for the services, software and communications sectors. To illustrate general capital market and M&A trends within these sectors, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents publicly available information.

DecisionPoint International is a boutique investment bank providing merger and acquisition services and business valuations to companies in the services, software and communications sectors. DecisionPoint offers clients a complete range of M&A services including buy-side and sell-side advisory and company valuations.

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DecisionPoint is ranked 5<sup>th</sup> in Thomson Financials' League Table for number of middle market (\$5m-\$100m deal value) services & software M&A deals over the past 18 months.



July 2006 - Services



July 2006 - Services



May 2006 - Services



May 2006 - Services



April 2006 - Services



April 2006 - Software/Services



February 2006 - Services



August 2005 - Software



July 2005 - Services



June 2005 - Services



May 2005 - Services



April 2005 - Services



February 2005 - Services

| Rank | Financial Advisor             |
|------|-------------------------------|
| 1    | Jefferies & Co                |
| 2    | KPMG Corporate Finance        |
| 3    | PricewaterhouseCoopers        |
| 4    | Houlihan Lokey Howard & Zukin |
| 5    | DecisionPoint International   |
| 5    | Deutsche Bank AG              |
| 5    | UBS                           |
| 8    | Enskilda                      |
| 8    | Mizuho Financial Group        |
| 8    | JP Morgan                     |
| 8    | Investec                      |
| 8    | BB&T Corp                     |
| 8    | Svenska Handelsbanken AB      |



April 2006 - Services



September 2005 - Services



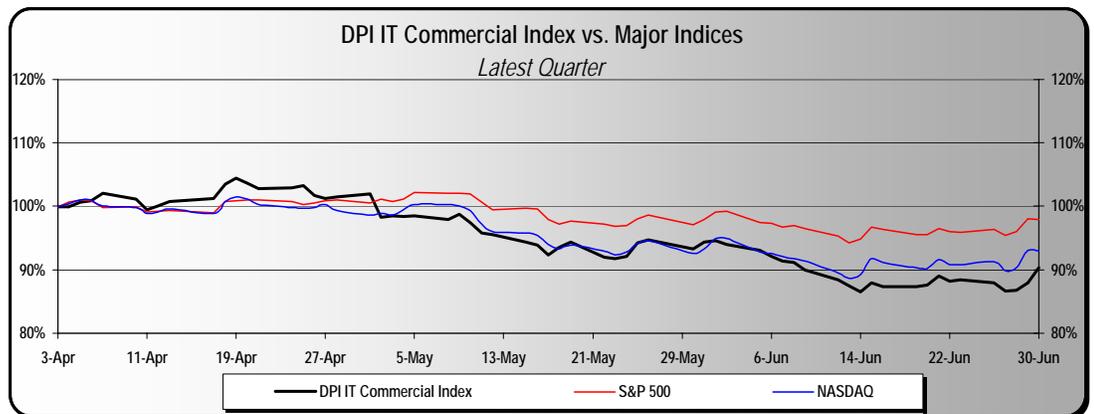
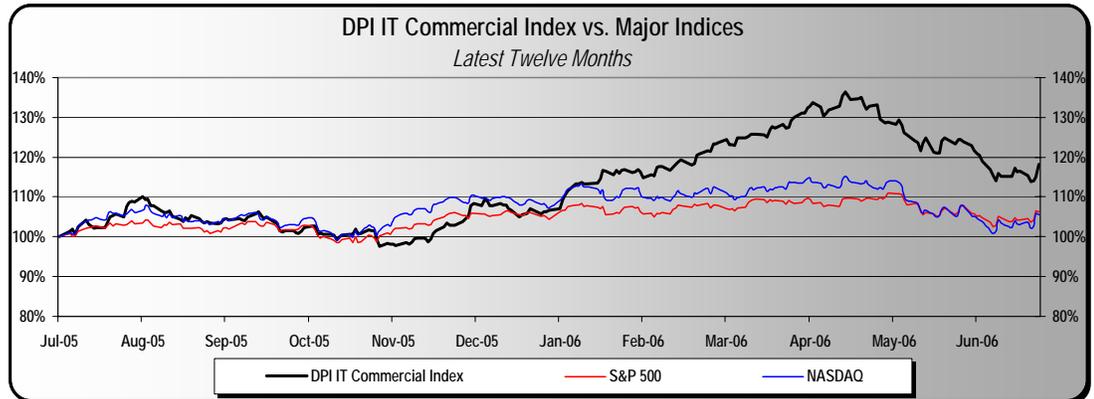
August 2005 - Services

# Services: Project-Based - IT Commercial

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Commercial Index was up 18% and down 10%, respectively.
- Client initiatives are increasing in both number and size and buying patterns are less iterative and experimental.
- The market is shifting to more engagements being driven by business decisions as opposed to projects originating from an IT department.
- There are more expectations and demand from clients for full lifecycle engagement capabilities including business-driven solutions.
- Resource availability in the market is tightening for certain specialty skills while commoditizing for others. Demand for Oracle, Hyperion, EMC Documentum and SAP skills remains strong.
- Enterprise software vendor-aligned consultancies saw significant M&A demand last quarter, including the acquisitions of Bay Street Solutions (Oracle Siebel), Qorval Integrated Solutions (SAP), Interlink (Microsoft) and Insolexen (IBM).
- Q2'06 had a total of 32 M&A transactions.



Note: The DPI IT Commercial Index includes: Accenture, Answerthink, CIBER, Edgewater Technology, Inforte Corporation, Keane, Perficient and Sapient Corporation.

June 30, 2006

### Metrics

| Company              | Enterprise Value |            |
|----------------------|------------------|------------|
|                      | LTM Revenue      | LTM EBITDA |
| Accenture Ltd.       | 1.5x             | 12.3x      |
| Answerthink          | 1.2x             | 18.4x      |
| CIBER                | 0.7x             | 11.9x      |
| Edgewater Technology | 1.1x             | 22.1x      |
| Inforte Corporation  | 1.0x             | 8.6x       |
| Keane                | 1.1x             | 13.2x      |
| Perficient           | 3.3x             | 22.4x      |
| Sapient Corporation  | 1.9x             | 21.7x      |

LTM = Last twelve months  
NM = Not Meaningful

### Representative IT Commercial Transactions

| Announced Date | Acquiror Name                       | Target Name                           | Enterprise Value (\$m) |
|----------------|-------------------------------------|---------------------------------------|------------------------|
| 06/22/06       | Accenture                           | Random Walk Computing                 | NA                     |
| 06/06/06       | MTI Technology                      | Collective Technologies (assets)      | \$12.3                 |
| 05/31/06       | Perficient                          | Insolexen                             | \$13.4                 |
| 05/15/06       | Wipro                               | Quantech Global Services              | \$10.2                 |
| 05/11/06       | EMC                                 | Interlink Group                       | NA                     |
| 04/30/06       | ABeam Consulting                    | Qorval Integrated Solutions           | NA                     |
| 04/28/06       | Visionary Integration Professionals | Core Integration Partners             | NA                     |
| 04/27/06       | Kronos                              | ClarityMatters                        | NA                     |
| 04/24/06       | Anexinet                            | The Sycamore Group                    | NA                     |
| 04/24/06       | Enterpulse                          | SBI.Enteris                           | NA                     |
| 04/20/06       | MTM Technologies                    | Axcent Solutions                      | NA                     |
| 04/18/06       | Take Solutions                      | OnSphere                              | \$2.8                  |
| 04/17/06       | Incentra Solutions                  | NST                                   | \$8.0                  |
| 04/07/06       | Perficient                          | Bay Street Solutions                  | \$9.3                  |
| 04/04/06       | Helios & Matheson                   | A Consulting Team (controlling stake) | \$18.7                 |

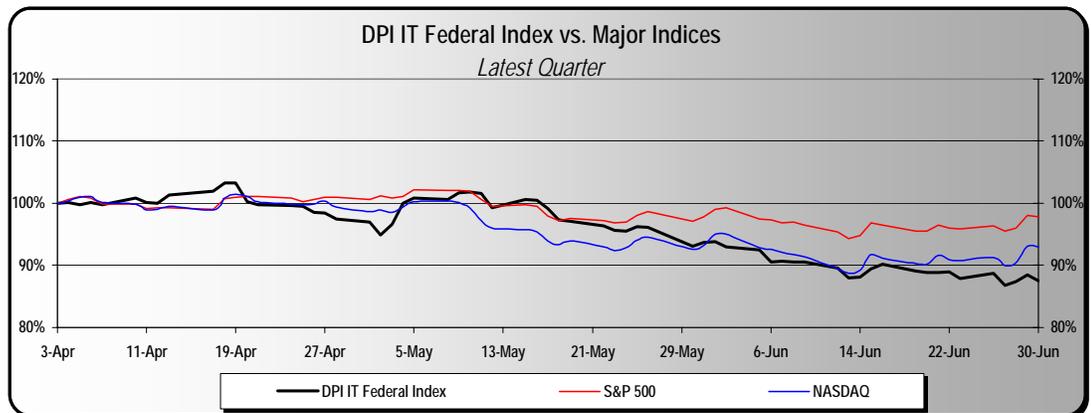
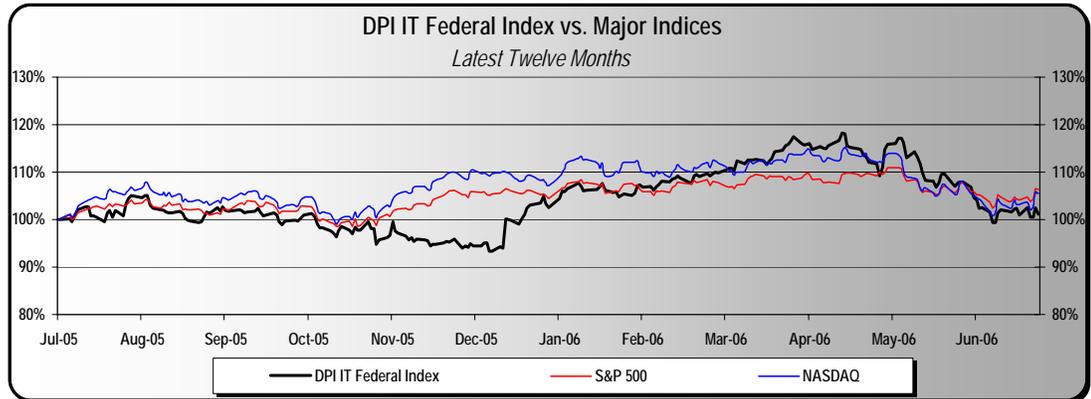
Please call DecisionPoint for further details on listed transactions.

# Services: Project-Based - IT Federal

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Federal Index was up 1% and down 12%, respectively.
- The Federal government IT budget is close to \$70B, but tight and forecasted to be flat over the next few quarters.
- Legacy replacement and security top the priority lists.
- Many federal contractors are having a hard time forecasting numbers since the federal government frequently cancels or delays prospective projects. This makes no program or contract a "sure thing" in the federal market.
- Classified / top secret cleared resources with good technical skills remain in high demand. Buyers tend to look at small boutique firms with multiple cleared employees as attractive targets, even at sizes that would normally not interest a commercial consulting buyer.
- Firms with 8A status (women or minority owned) continue to be challenging acquisition targets as buyers are concerned that they will lose the 8A status and be unable to renew or win work that was in the pipeline.
- Q2'06 had a total of 11 M&A transactions.



Note: The DPI IT Federal Index includes: CACI International, Mantech International, Nci, SI International and SRA International.

June 30, 2006

### Metrics

| Company               | Enterprise Value |            |
|-----------------------|------------------|------------|
|                       | LTM Revenue      | LTM EBITDA |
| CACI International    | 1.4x             | 12.3x      |
| Mantech International | 1.2x             | 12.3x      |
| Nci                   | 0.8x             | 11.5x      |
| SI International      | 1.3x             | 13.5x      |
| SRA International     | 1.3x             | 13.2x      |

LTM = Last twelve months

### Representative IT Federal Transactions

| Announced Date | Acquiror Name                      | Target Name                      | Enterprise Value (\$m) |
|----------------|------------------------------------|----------------------------------|------------------------|
| 06/12/06       | Lockheed Martin                    | ISX                              | NA                     |
| 06/12/06       | TAC Acquisition Corp.              | AVIEL Systems (Merger)           | \$100.0                |
| 06/07/06       | Alion Science and Technology       | Anteon (assets)                  | NA                     |
| 06/07/06       | Beck Disaster Recovery             | Excelliant Services              | NA                     |
| 06/06/06       | Fortress America Acquisition Corp. | Total Site Solutions and Vortech | \$38.5                 |
| 06/03/06       | Netco Government Services          | Multimax                         | NA                     |
| 05/22/06       | Alion Science and Technology       | Micro Analysis & Design          | NA                     |
| 04/20/06       | Federal Services Acquisition Corp. | Advanced Technology Systems      | \$124.0                |
| 04/18/06       | SAIC                               | Geo-Spatial Technologies         | NA                     |
| 04/10/06       | Apogen Technologies                | Ocean Systems Engineering        | \$53.0                 |
| 04/05/06       | Cybertel Capital                   | HBLN Services                    | NA                     |

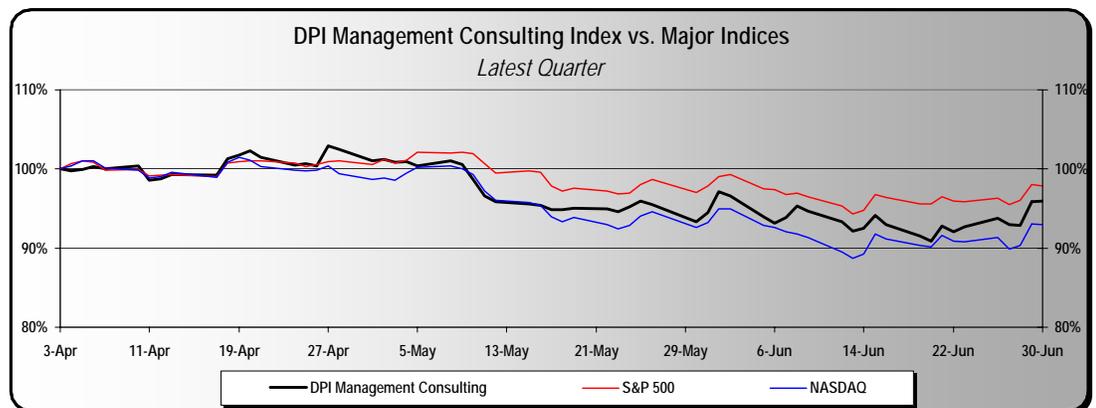
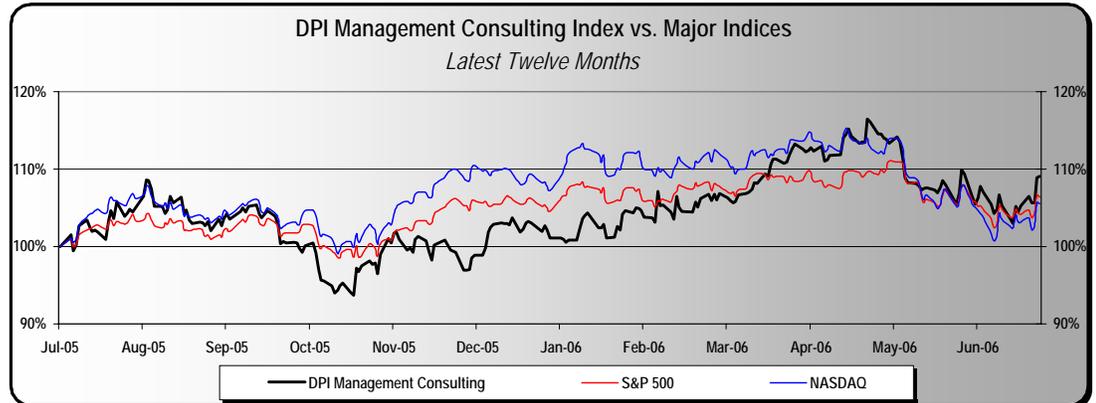
Please call DecisionPoint for further details on listed transactions.

# Services: Project-Based - Management Consulting

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Management Consulting Index was up 9% and down 4%, respectively.
- According to a recent IDC study, business consulting is set to be an area of increasing focus and innovation for service providers as well as greater user spending. IDC expects worldwide business consulting spending to increase at a compound annual growth rate (CAGR) of 3.9% from 2005-2010.
- There is an accelerating convergence of business and IT processes. This increasing link between business and IT is in part causing consulting firms to build up their technology-focused capabilities, intellectual property and talent pool.
- Management consulting firms now have aggressive headcount targets, making recruiting and retention a priority. An uptick in interest from new candidates seems to have met the increased demand in the marketplace which has historically struggled with a small talent pool.
- Q2'06 had a total of 12 M&A transactions compared to 17 announced in Q1'06.



Note: The DPI Management Consulting Index includes: Charles River Associates, Diamondcluster International, FTI Consulting, Huron Consulting Group, LECG Corporation, Navigant Consulting, The Advisory Board Company and The Corporate Executive Board.

June 30, 2006

### Metrics

| Company                   | Enterprise Value |            |
|---------------------------|------------------|------------|
|                           | LTM Revenue      | LTM EBITDA |
| Charles River Associates  | 1.5x             | 8.6x       |
| Diamondcluster Int'l      | 1.3x             | 16.1x      |
| FTI Consulting            | 1.8x             | 7.8x       |
| Huron Consulting Group    | 2.5x             | 15.2x      |
| LECG Corporation          | 1.6x             | 9.9x       |
| Navigant Consulting       | 2.2x             | 9.7x       |
| The Advisory Board        | 6.3x             | 23.1x      |
| The Corp. Executive Board | 11.0x            | 36.5x      |

LTM = Last twelve months

### Representative Management Consulting Transactions

| Announced Date | Acquiror Name                   | Target Name                          | Enterprise Value (\$m) |
|----------------|---------------------------------|--------------------------------------|------------------------|
| 06/16/06       | R. W. Beck                      | Positive Energy Directions           | NA                     |
| 06/15/06       | Symphony Services               | VMOplus                              | NA                     |
| 06/12/06       | TAC Acquisition Corp.           | AVIEL Systems (Merger)               | \$100.0                |
| 06/05/06       | Everware                        | CBDI Forum                           | NA                     |
| 05/31/06       | Robbins-Gioia                   | Parks & Company                      | NA                     |
| 05/30/06       | CGI Group                       | Plaut Consulting SAS                 | NA                     |
| 05/18/06       | Palladium Group                 | Sponsor                              | NA                     |
| 05/12/06       | Mindshare Interactive Campaigns | RampWeb                              | NA                     |
| 05/08/06       | Salary.com                      | Aon Consulting (eComp division)      | NA                     |
| 05/03/06       | Fujitsu Consulting              | Amadeus International (M3K business) | \$3.6                  |
| 04/11/06       | Palladium Group                 | Arcon Group                          | NA                     |
| 04/03/06       | The Management Network Group    | ADVENTIS (assets)                    | NA                     |

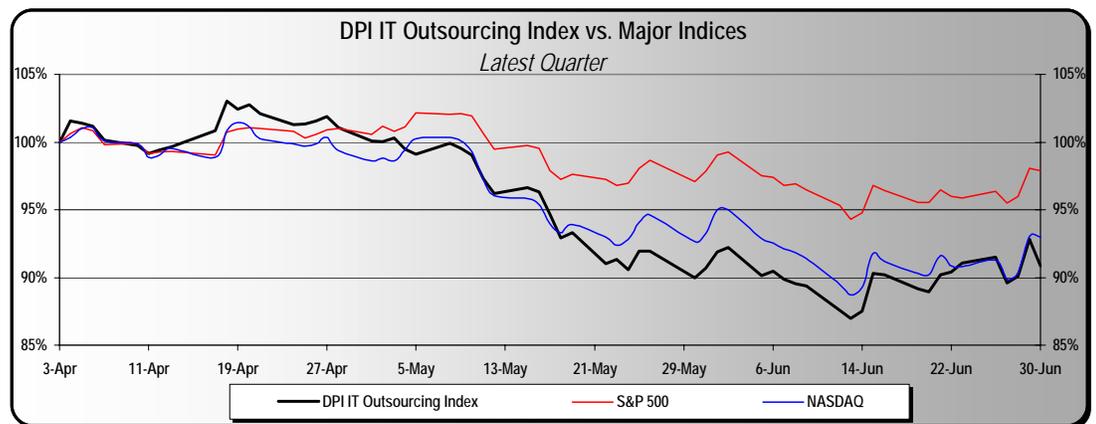
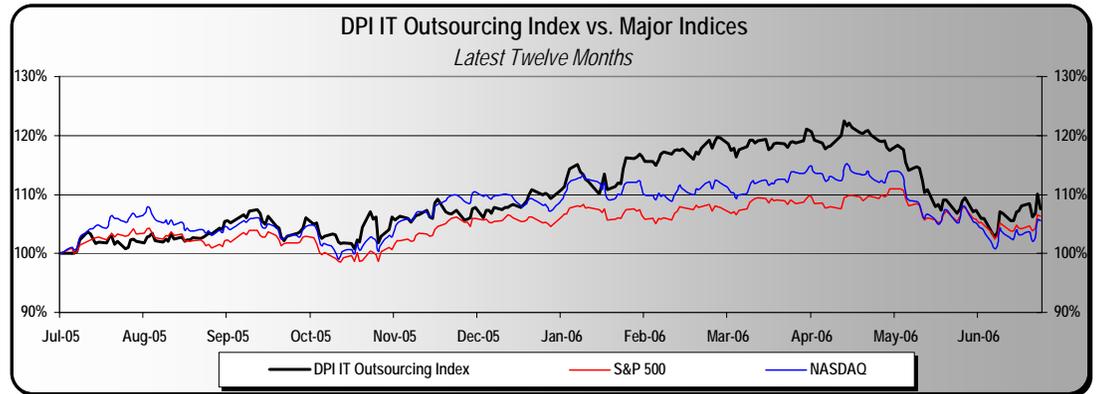
Please call DecisionPoint for further details on listed transactions.

# Services: Outsourcing - IT

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Outsourcing Index was up 10% and down 9%, respectively.
- Buyers are increasingly worried about IT security when they outsource and many are willing to pay more for better data security. Suppliers should invest in the infrastructure to protect buyers' data. This is now a differentiating selection factor but before long it may be a qualifying factor.
- Legacy systems, workforce challenges, and improvements in service delivery are expected to force state and local governments to outsource technology services by 2008.
- Despite more outsourcing deals being signed in the first half of this year (92 compared with 58 in the comparable period last year), the total revenue from outsourcing contracts is not expected to match last year's \$75 billion, according to TPI.
- Q2'06 had a total of 18 M&A transactions compared to 31 announced in Q1'06.



Note: The DPI IT Outsourcing Index includes: CGI, CSC, Covansys Corporation, EDS and Perot Systems.

June 30, 2006

### Metrics

| Company              | Enterprise Value |            |
|----------------------|------------------|------------|
|                      | LTM Revenue      | LTM EBITDA |
| CGI Group            | 1.0x             | 7.2x       |
| CSC                  | 0.8x             | 6.4x       |
| Covansys Corporation | 1.0x             | 10.2x      |
| EDS                  | 0.6x             | 6.3x       |
| Perot Systems        | 0.8x             | 7.1x       |

LTM = Last twelve months

### Representative IT Outsourcing Transactions

| Announced Date | Acquiror Name             | Target Name                     | Enterprise Value (\$m) |
|----------------|---------------------------|---------------------------------|------------------------|
| 06/20/06       | ViaWest Internet Services | Fortix                          | NA                     |
| 05/16/06       | SecurePipe                | Farm9                           | NA                     |
| 05/15/06       | Maxima Holdings           | QED Business Systems            | \$9.0                  |
| 05/15/06       | Qwest Communication       | OnFiber Communications          | \$107.0                |
| 05/10/06       | ABN AMRO Capital France   | NextiraOne Europe               | NA                     |
| 05/10/06       | Internet Commerce Corp.   | Enable Corp.                    | NA                     |
| 04/24/06       | Criticalcontrol Solution  | Remote Data Acquisition Network | \$0.7                  |
| 04/19/06       | Zanett                    | DataRoad                        | NA                     |
| 04/17/06       | Luxoft                    | IT Consulting International     | NA                     |
| 04/10/06       | Black Box                 | NextiraOne (certain operations) | NA                     |

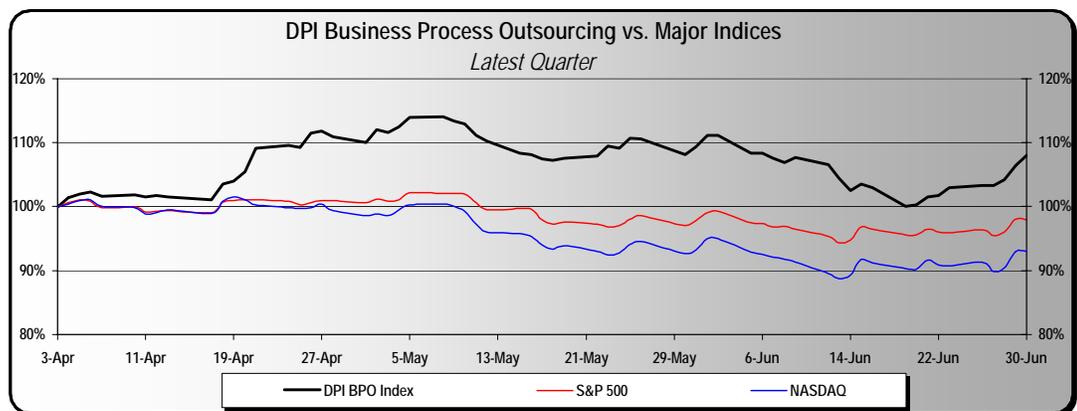
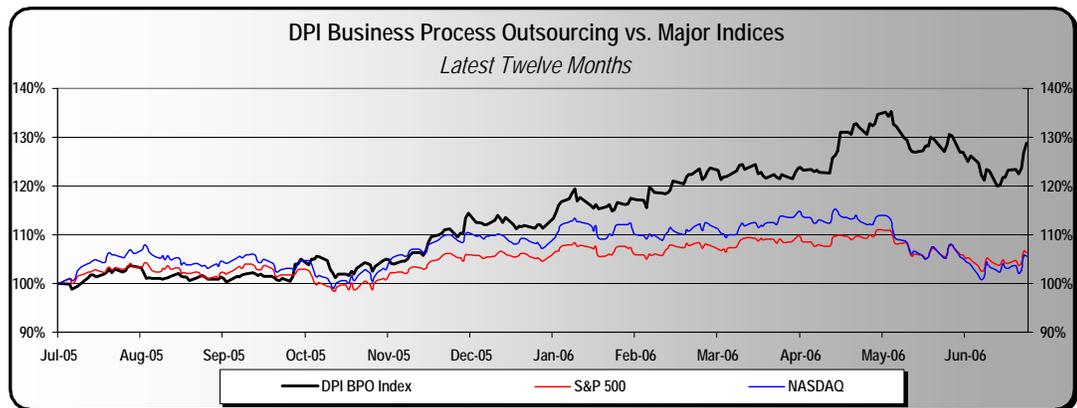
Please call DecisionPoint for further details on listed transactions.

# Services: Outsourcing - Business Process Outsourcing

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Business Process Outsourcing Index was up 29% and 9%, respectively.
- Outsourcing within the three functional areas of G&A, HR and F&A has historically been dominated by single-process deals. Now the emerging trend in the marketplace is that of full-service outsourcing. For example, while a single-process HR outsourcing (HRO) deal may involve payroll process outsourcing, a full-service HRO deal would be structured to include multiple processes, such as payroll processing, benefits administration, time/labor management, regulatory compliance and/or recruiting.
- Although buyers have gotten savvier and now are buying BPO services with greater understanding, third party advisors like Everest Group, TPI, and EquaTerra continue to be in demand for 2006 BPO transactions. The market is seeing strong demand for their services because very few organizations will look to do a complicated BPO transaction without hiring an advisor.
- Q2'06 had a total of 65 M&A transactions compared to 89 in Q1'06.



Note: Due to the broad Business Process Outsourcing market, the DPI BPO Index includes a variety of financial services, healthcare, human resources, energy and IT services companies: Affiliated Computer Services, Aspen Technology, Automatic Data Processing, Bisys Group (The), Ceridian, CGI Group, GSE Systems, First Advantage, Paychex, Per-Se Technologies and Tier Technologies.

June 30, 2006

### Metrics

| Company          | Enterprise Value |            |
|------------------|------------------|------------|
|                  | LTM Revenue      | LTM EBITDA |
| ACS              | 1.3x             | 7.2x       |
| Aspen Technology | 2.5x             | NM         |
| ADP              | 2.9x             | 12.3x      |
| Bisys Group      | 1.9x             | 10.2x      |
| Ceridian Corp.   | 2.6x             | 13.8x      |
| CGI Group        | 1.1x             | 7.6x       |
| GSE Systems      | 1.6x             | NM         |
| First Advantage  | 2.5x             | 12.1x      |
| Paychex          | 9.9x             | 22.7x      |
| Per-Se Tech.     | 3.7x             | 23.2x      |
| Tier Tech.       | 0.1x             | 1.6x       |

LTM = Last twelve months  
NM = Not Meaningful

### Representative Business Process Outsourcing Transactions

| Announced Date | Acquirer Name                  | Target Name                   | Enterprise Value (\$m) |
|----------------|--------------------------------|-------------------------------|------------------------|
| 06/14/06       | McKesson                       | RelayHealth                   | NA                     |
| 05/31/06       | TH Lee Putnam Ventures         | West Corp.                    | \$3,883.0              |
| 05/30/06       | Diebold                        | ERAS JV (assets)              | NA                     |
| 05/29/06       | Emergis                        | FrontLine Solutions (unit)    | \$4.0                  |
| 05/25/06       | Ingenix                        | NWH                           | \$54.0                 |
| 05/25/06       | McKesson                       | HealthCom Partners            | NA                     |
| 05/19/06       | MedAssist                      | Capstone Solutions            | NA                     |
| 05/11/06       | Transaction Systems Architects | Electronic Payment Systems    | \$36.2                 |
| 05/08/06       | Datacash Group                 | Proc Cyber Services           | \$114.0                |
| 05/08/06       | MED3000                        | iLIANT (merger)               | NA                     |
| 05/04/06       | Coinstar                       | Travelx Money Transfer        | \$27.0                 |
| 05/04/06       | DealerTrack Holdings           | Global Fax                    | \$25.6                 |
| 04/24/06       | Hologic                        | R2 Technology                 | \$220.0                |
| 04/20/06       | Infosys                        | Progeon (assets)              | \$500.6                |
| 04/10/06       | VeriFone Holdings              | Lipman Electronic Engineering | \$697.2                |

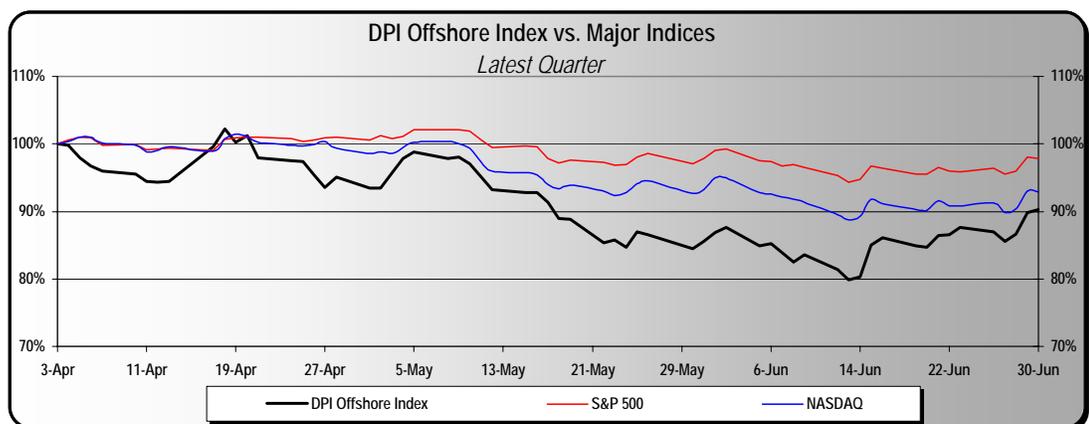
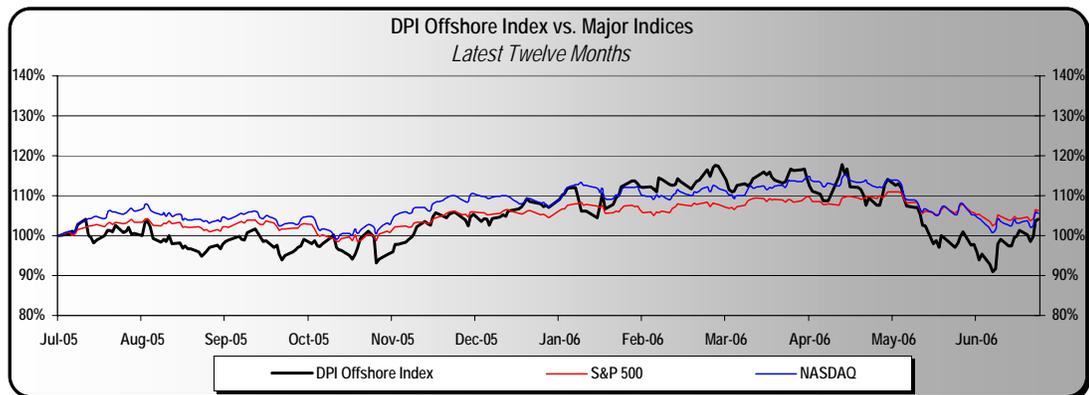
Please call DecisionPoint for further details on listed transactions.

# Services: Offshore

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Offshore Index was up 4% and down 10%, respectively.
- Many offshore buyers want best-of-breed capabilities rather than a single provider. Most buyers use between two and five offshore providers to manage demand and pricing.
- Captive strategies are popular but ultimately not practical unless: 1) client has or wants a presence in the foreign geography; 2) legal or regulatory reasons compel the client to employ resources that are processing certain transactions, etc; 3) client's process scale is large enough to get scale economies without giving away margin to an offshore vendor.
- Foreign buyers are increasingly aiming at smaller and mid-size targets since they offer lower risk. However, they also result in slower growth in top and/or bottom line numbers.
- Non US-targets are turning to Indian IT companies for better valuations over their foreign counterparts (e.g. Wipro's acquisitions of Saraware and Enabler).
- Q2'06 had a total of 3 M&A transactions.



The DPI Offshore Index includes: Cognizant Technology, Infosys, Kanbay International, Patni Computer Systems, Satyam and Wipro.

June 30, 2006

### Metrics

| Company              | Enterprise Value |            |
|----------------------|------------------|------------|
|                      | LTM Revenue      | LTM EBITDA |
| Cognizant Technology | 2.3x             | 12.1x      |
| Infosys              | 17.8x            | 56.1x      |
| Kanbay Int'l         | 2.2x             | 11.0x      |
| Patni Computer Sys.  | 1.6x             | 10.0x      |
| Satyam               | 4.0x             | 17.7x      |
| Wipro Ltd            | 7.7x             | 37.2x      |

LTM = Last twelve months

### Representative Offshore Transactions

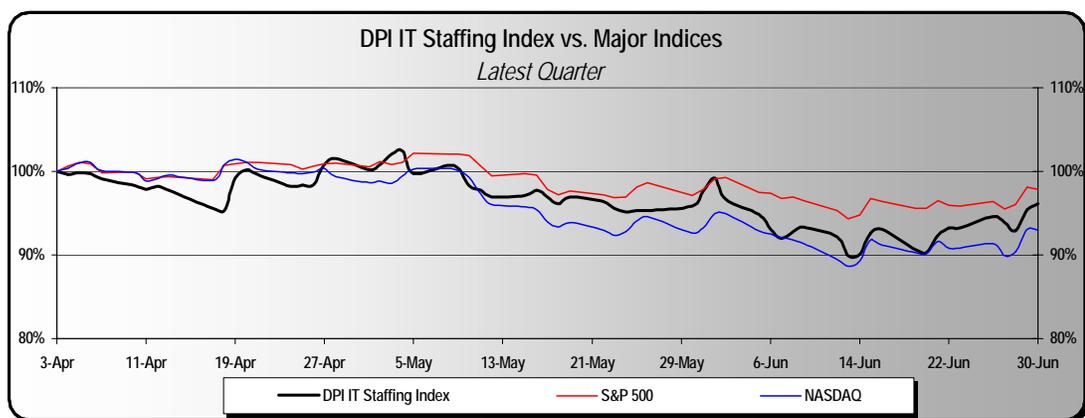
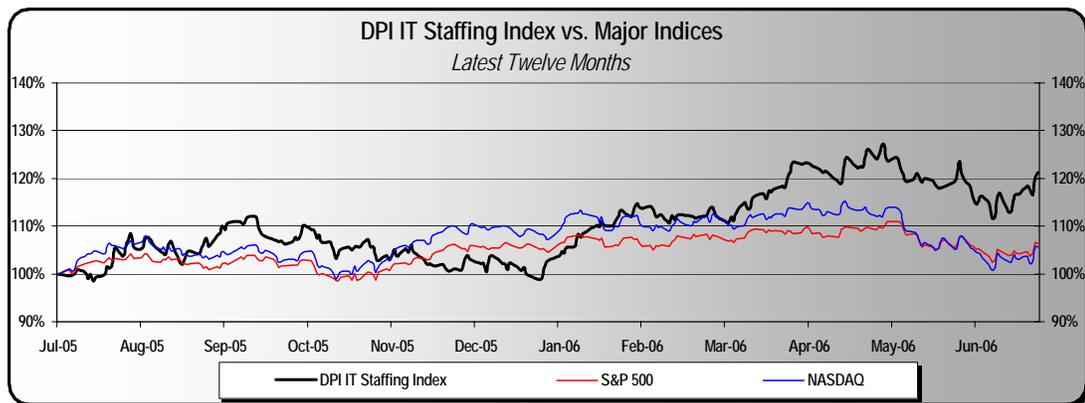
| Announced Date | Acquiror Name         | Target Name               | Enterprise Value (\$m) |
|----------------|-----------------------|---------------------------|------------------------|
| 04/24/06       | Achievo               | Shanghai Wintech Software | NA                     |
| 04/11/06       | Cadmus Communications | KnowledgeWorks Global     | NA                     |
| 04/04/06       | EDS                   | Mphasis                   | \$733.2                |

# Services: IT Staffing

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Staffing Index was up 22% and down 4%, respectively.
- IT executives are increasingly considering their own IT staff members when searching for new positions. Internal candidates can be an excellent talent source to cross train into job categories where demand is growing.
- Staffing companies are continuously challenged on how to keep services from becoming commodities.
- Fortune 500 companies have been tightening their "preferred vendor" lists, forcing smaller consulting firms that don't make the cut to subcontract from vendors on the approved list.
- The M&A market continues to be relatively weak, characterized by a small number of well-capitalized buyers with very selective acquisition programs.
- Q2'06 had a total of 2 M&A transactions compared to 5 announced in Q1'06.



The DPI Staffing Index includes: Analysts International, COMFORCE, Computer Horizons, Computer Task Group, Kforce, RCM Technologies, TechTeam Global and Volt Information Services.

June 30, 2006

### Metrics

| Company           | Enterprise Value / |            |
|-------------------|--------------------|------------|
|                   | LTM Revenue        | LTM EBITDA |
| Analysts Int'l    | 0.2x               | 23.3x      |
| COMFORCE          | 0.3x               | 7.6x       |
| Computer Horizons | 0.5x               | NM         |
| CTG               | 0.3x               | 12.1x      |
| Kforce            | 0.8x               | 12.7x      |
| RCM Technologies  | 0.3x               | 7.9x       |
| TechTeam Global   | 0.5x               | 6.8x       |
| Volt Information  | 0.3x               | 8.7x       |

LTM = Last twelve months  
NM = Not Meaningful

### Representative IT Staffing Transactions

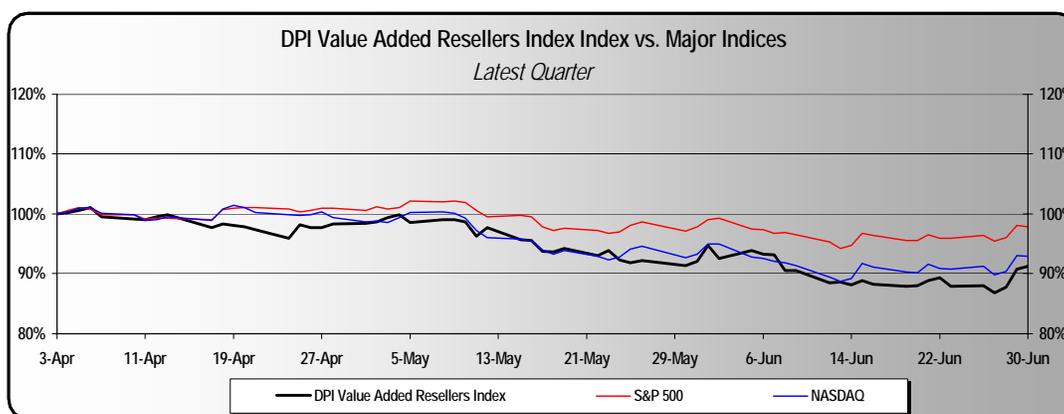
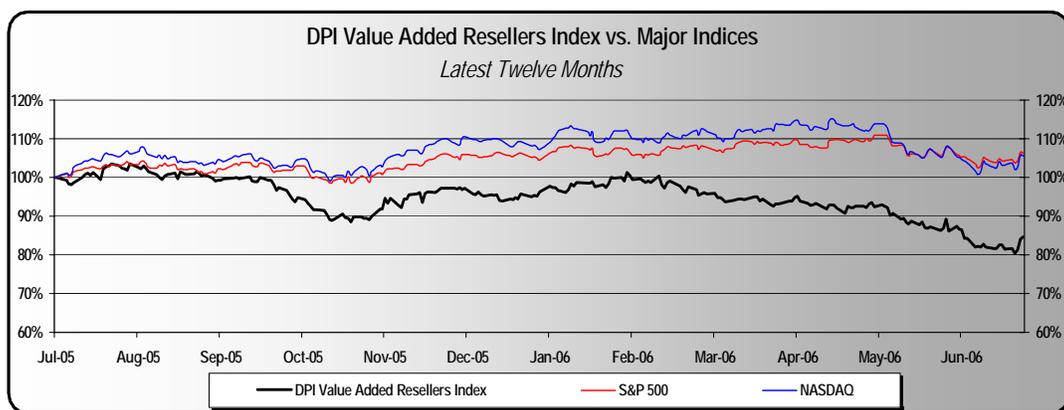
| Announced Date | Acquiror Name               | Target Name            | Enterprise Value (\$m) |
|----------------|-----------------------------|------------------------|------------------------|
| 05/05/06       | Swissrisk Financial Systems | Riva Financial Systems | NA                     |
| 05/02/06       | Vedior                      | CNC Global             | NA                     |

# Services: Value Added Resellers

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the VAR Index was down 15% and 9%, respectively.
- The Virtual Private Network (VPN) services market is continuing its spectacular growth, and is slated to hit \$29 billion by 2009, up 22% from the \$23 billion in 2005 sales, according to a new report from Infonetics Research.
- VARs are becoming managed-services providers (MSPs), in hopes that expanding their services portfolios and embracing more complex remote-management tasks will offset shrinking margins in commoditized hardware and software.
- Security innovation is a collaborative process that often involves solution providers, vendors and end users working in concert to build better defense systems with new and existing technology. Many VARs feel that this three-way collaboration is key to prevent damage from hackers.
- Q2'06 had a total of 13 M&A transactions compared to 8 announced in Q1'06.



Note: The DPI Value Added Resellers Index includes: CDW Computer Centers, Emtec, En Pointe Technologies, Insight Enterprises, MTM Technologies, PC Connection, Pomeroy IT Solutions and TransNet Corporation.

June 30, 2006

### Metrics

| Company                | Enterprise Value |            |
|------------------------|------------------|------------|
|                        | LTM GP           | LTM EBITDA |
| CDW Computer Centers   | 3.9x             | 8.6x       |
| Emtec                  | 2.3x             | 23.0x      |
| En Pointe Technologies | 0.7x             | NM         |
| Insight Enterprises    | 2.1x             | 6.4x       |
| MTM Technologies       | 0.3x             | 3.3x       |
| PC Connection          | 1.0x             | 7.3x       |
| Pomeroy IT Solutions   | 1.0x             | 19.7x      |
| TransNet Corporation   | 0.8x             | NM         |

LTM = Last twelve months

NM = Not Meaningful

GP = Gross Profit

### Representative Value Added Resellers Transactions

| Announced Date | Acquiror Name              | Target Name                       | Enterprise Value (\$m) |
|----------------|----------------------------|-----------------------------------|------------------------|
| 05/30/06       | AT Communications Group    | Britannia Telecom Group           | \$11.0                 |
| 05/23/06       | Sage Group                 | SWA Ltd. and Huatuo Software Ltd. | NA                     |
| 05/08/06       | Trey Resources             | AMP-BEST Consulting               | \$1.8                  |
| 04/13/06       | InfoHighway Communications | Future Telecom                    | NA                     |

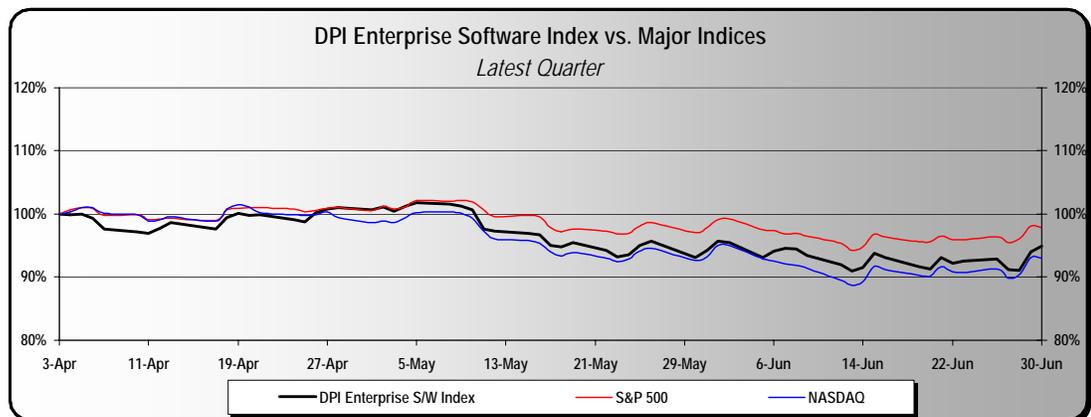
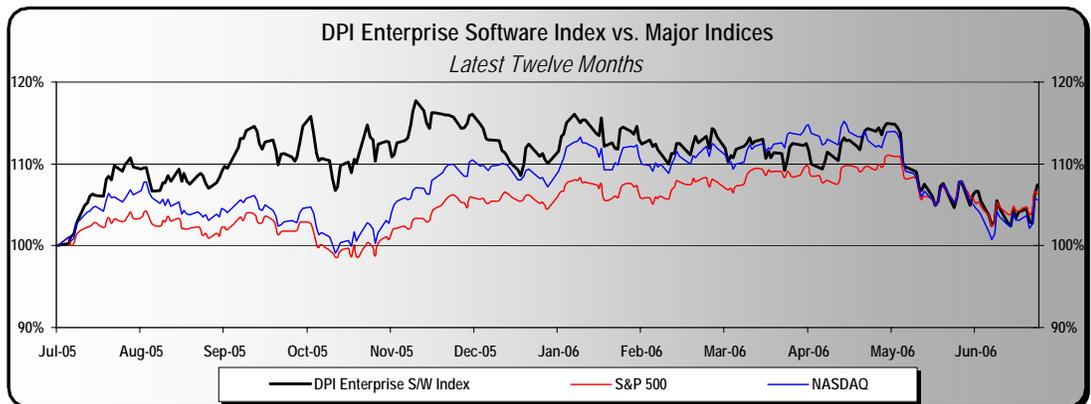
Please call DecisionPoint for further details on listed transactions.

# Software: Enterprise

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Enterprise Software Index was up 7% and down 5%, respectively.
- The big deal of the quarter came in late when EMC announced its \$2.1b acquisition of RSA Security (NASDAQ: RSAS), an encryption software provider. The deal value (7x last 12 months revenue) indicates the importance of security in the sector.
- Open source will become "business as usual" in a couple of years according to IDC which has urged services providers to add open source services to their portfolios.
- Business intelligence vendors have a strong interest in acquiring data quality companies since the market is shifting from periodic cleansing projects to providing quality as an integrated component in ongoing ETL, data warehousing, BI or data integration projects.
- M&A activity was once again very active for the quarter where Q2'06 had a total of 170 M&A transactions compared to 140 in Q1'06.
- The level of dealflow over the last few quarters has been favorable to the venture-capital community.



Note: The DPI Enterprise Software Index includes: BMC Software, Borland Software, EMC Corporation, Internet Security Systems, Manhattan Associates, Symantec Corporation, Tibco Software, Vignette Corporation and webMethods.

June 30, 2006

### Metrics

| Company              | Enterprise Value |            |
|----------------------|------------------|------------|
|                      | LTM Revenue      | LTM EBITDA |
| BMC Software         | 3.4x             | 15.4x      |
| Borland Software     | 1.4x             | NM         |
| EMC Corporation      | 2.6x             | 18.0x      |
| Internet SS          | 2.2x             | 9.5x       |
| Manhattan Associates | 2.4x             | 15.8x      |
| Symantec Corp.       | 4.1x             | 19.1x      |
| Tibco Software       | 3.3x             | 18.9x      |
| Vignette Corp.       | 1.9x             | 22.5x      |
| webMethods           | 2.6x             | 25.7x      |

LTM = Last twelve months

NM = Not Meaningful

### Representative Enterprise Software Transactions

| Announced Date | Acquiror Name               | Target Name                  | Enterprise Value (\$m) |
|----------------|-----------------------------|------------------------------|------------------------|
| 06/30/06       | EMC Corporation             | RSA Security                 | \$2,100.0              |
| 06/07/06       | EMC Corporation             | nLayers Inc.                 | NA                     |
| 06/06/06       | Made2Manage Systems Inc.    | Onyx® Software Corporation   | \$87.7                 |
| 05/26/06       | Symphony Technology Group   | Hummingbird Ltd.             | \$494.6                |
| 05/22/06       | RightNow Technologies       | Salesnet, Inc.               | \$9.0                  |
| 05/17/06       | VeriSign                    | GeoTrust, Inc.               | \$125.0                |
| 05/16/06       | Infor Global Solutions Inc. | SSA Global Technologies Inc. | \$1,981.2              |
| 05/09/06       | EMC Corporation             | Kashya                       | \$153.0                |
| 04/27/06       | AttachmateWRQ               | NetIQ Corporation            | \$356.8                |
| 04/27/06       | Avocent Corporation         | LANDesk Software             | \$416.0                |
| 04/27/06       | Extensify                   | Systems Union Group plc      | \$485.9                |
| 04/24/06       | JDA Software Group, Inc.    | Manugistics Group, Inc.      | \$320.3                |
| 04/18/06       | Amdocs Limited              | Qpass, Inc.                  | \$275.0                |
| 04/13/06       | Computer Associates         | Cybermation                  | \$75.0                 |
| 04/10/06       | Red Hat Inc.                | Jboss                        | \$402.5                |

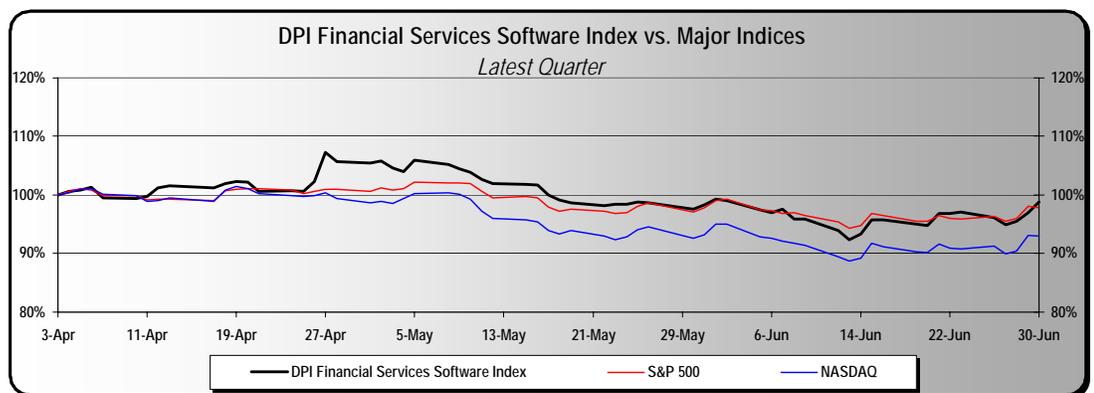
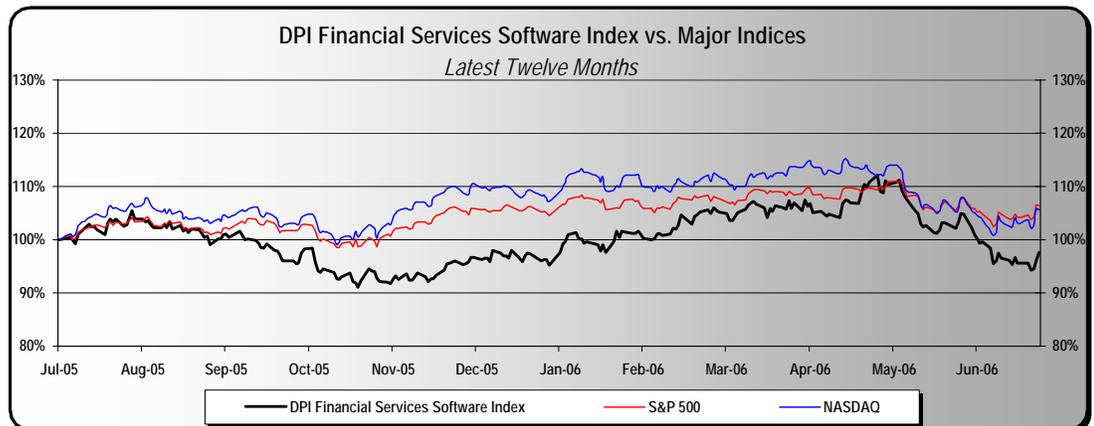
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# Software Spotlight: Financial Services

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Financial Services Software Index was down 2% and 1%, respectively.
- The financial services sector today is characterized by globalization, consolidation and convergence. In this scenario, technology is a major driving force for achieving competitive advantage through cost reductions and creation of new business opportunities.
- To compete in new markets, and to address ever-growing consumer demand for convenient services delivery, financial services companies have embraced new technology in both the front and back office, often through integration with legacy systems.
- Smaller banks might find it easier to meet their needs with off-the-shelf banking platforms. Larger institutions, however, seem to still prefer banking platforms that favor homegrown applications to a certain degree.
- Deregulation of the financial services industry on a global scale has resulted in an active M&A market.



Note: The DPI Financial Services Software Index includes: Corilian, Digital Insight, DST Systems, Fair Isaac, Fidelity National, Fiserv, ILOG, IONA Technologies, John H. Harland, LION, Misys and S1.

June 30, 2006

### Metrics

| Company           | Enterprise Value |            |
|-------------------|------------------|------------|
|                   | LTM Revenue      | LTM EBITDA |
| Corilian          | 2.5x             | NM         |
| Digital Insight   | 5.3x             | 19.3x      |
| DST Systems       | 3.5x             | 11.5x      |
| Fair Isaac        | 2.7x             | 9.5x       |
| Fidelity National | 1.3x             | 7.3x       |
| Fiserv            | 2.4x             | 10.9x      |
| ILOG              | 2.0x             | 38.3x      |
| IONA Technologies | 2.1x             | NM         |
| John H. Harland   | 4.7x             | 21.5x      |
| LION              | 0.8x             | 34.7x      |
| Misys             | 2.7x             | 21.9x      |
| S1                | 1.8x             | NM         |

LTM = Last twelve months  
NM = Not Meaningful

### Representative Financial Services Software Transactions

| Announced Date | Acquiror Name                     | Target Name        | Enterprise Value (\$m) |
|----------------|-----------------------------------|--------------------|------------------------|
| 06/29/06       | INGENICO                          | Moneyline          | NA                     |
| 06/29/06       | Metavante                         | VICOR              | NA                     |
| 06/22/06       | Experian                          | Eiger Systems      | NA                     |
| 06/20/06       | GL Trade                          | EMOS               | NA                     |
| 06/07/06       | Advent International              | BondDesk Group     | NA                     |
| 05/18/06       | Davis + Henderson                 | Filogix            | \$212.0                |
| 05/10/06       | Markit                            | Communicator       | NA                     |
| 05/09/06       | NetSol Technologies               | McCue Systems      | NA                     |
| 05/08/06       | NIIT                              | Room Solutions     | \$25.0                 |
| 04/24/06       | Thomson Financial                 | Market Systems     | NA                     |
| 04/10/06       | NCR                               | IDVelocity         | NA                     |
| 04/10/06       | Bloomberg                         | Brainpower         | NA                     |
| 04/05/06       | 3i Infotech                       | Datacons           | \$9.0                  |
| 04/04/06       | International Securities Exchange | Longitude (assets) | NA                     |
| 04/03/06       | Microsoft                         | ProClarity         | NA                     |

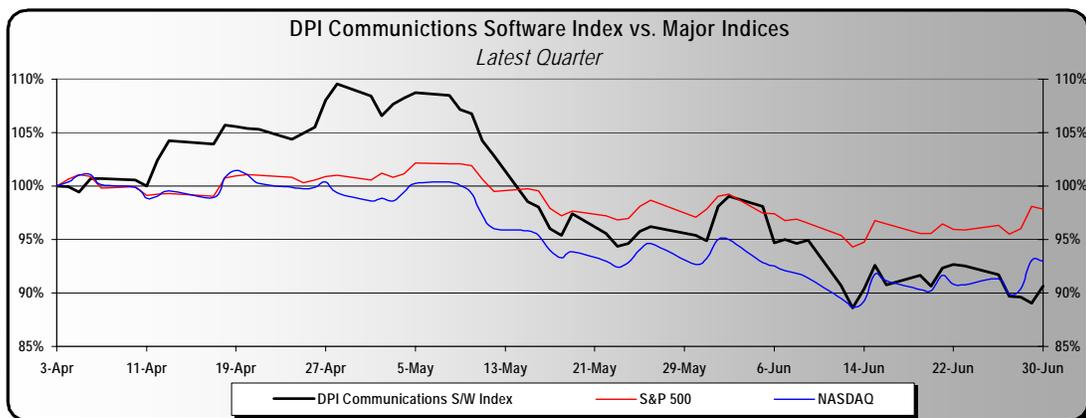
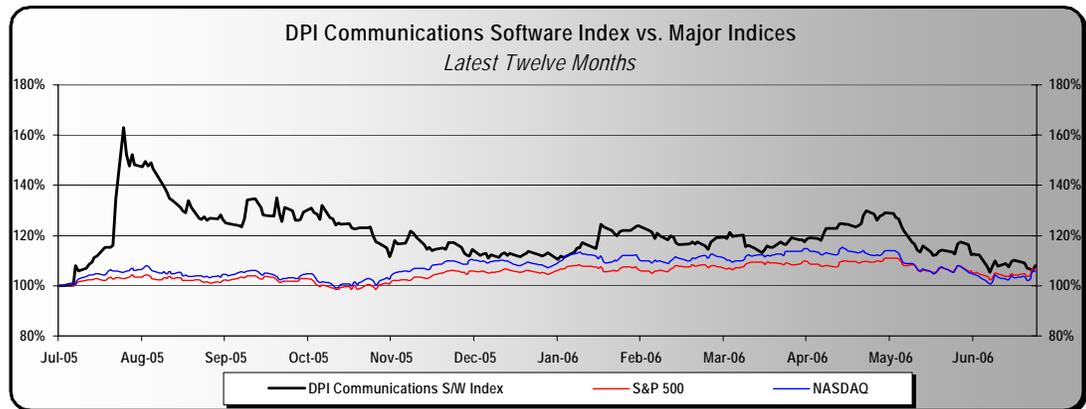
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# Communications: Software

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Communications Software Index was up 8% and down 9%, respectively.
- Despite the question of mobile user acceptance, mobile advertising is picking up steam but it is still too early for serious M&A. Mobile advertising will grow, especially since players like Microsoft, Google and Yahoo help accelerate growth and smaller players like AdMob work to make the process of creating mobile ads easier for marketing.
- Consumers continue to expect higher levels of personalization and richer content via multiple electronic channels.
- Cisco acquired two communications software start-ups whose technology will be used by Cisco's third-party technology partners, systems integrators, value-added resellers and customers to build and deliver applications on Cisco's Unified Communications System.
- Q2'06 had a total of 65 M&A transactions compared to 39 in Q1'06.



Note: The DPI Communications Software Index includes: 724 Solutions, Amdocs Limited, Converse Technology, Metasolv and TeleCommunication Systems.

June 30, 2006

### Metrics

| Company           | Enterprise Value |            |
|-------------------|------------------|------------|
|                   | LTM Revenue      | LTM EBITDA |
| 724 Solutions     | 1.6x             | NM         |
| Amdocs Limited    | 3.4x             | 16.8x      |
| Converse Techn.   | 2.2x             | 15.0x      |
| Metasolv          | 1.7x             | NM         |
| TeleComm. Systems | 1.0x             | 8.8x       |

LTM = Last twelve months  
NM = Not Meaningful

### Representative Communications Software Transactions

| Announced Date | Acquiror Name       | Target Name                    | Enterprise Value (\$m) |
|----------------|---------------------|--------------------------------|------------------------|
| 06/08/06       | Cisco Systems       | Metreos                        | \$28.0                 |
| 06/08/06       | Cisco Systems       | Audium                         | \$19.8                 |
| 06/01/06       | Motorola            | TTP Communications             | \$203.1                |
| 05/26/06       | AsialInfo Holdings  | GCTech Company (business unit) | \$3.5                  |
| 05/15/06       | Onset Technology    | Messagevine                    | NA                     |
| 05/12/06       | Tatara Systems      | Xybec Solutions                | NA                     |
| 05/10/06       | Modelabs Group      | Innovi Technologies            | \$30.0                 |
| 05/05/06       | Cell Wireless       | Bond Wireless                  | NA                     |
| 04/21/06       | Mediabolic          | Digital 5 (assets)             | NA                     |
| 04/20/06       | Yahoo               | Meedio LLC                     | NA                     |
| 04/17/06       | KKR                 | Flextronics Software Systems   | \$900.0                |
| 04/11/06       | Skype Technologies  | Sonorit                        | \$26.7                 |
| 04/10/06       | Converse Technology | Netcentrex                     | \$176.0                |
| 04/10/06       | Coppercom           | Switchmaxx                     | NA                     |
| 04/05/06       | Genesys Telecom     | VoiceGenie                     | NA                     |

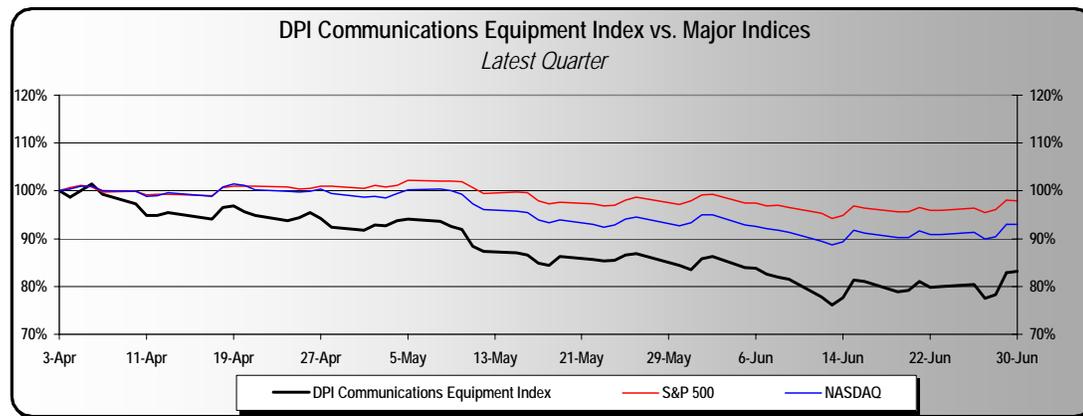
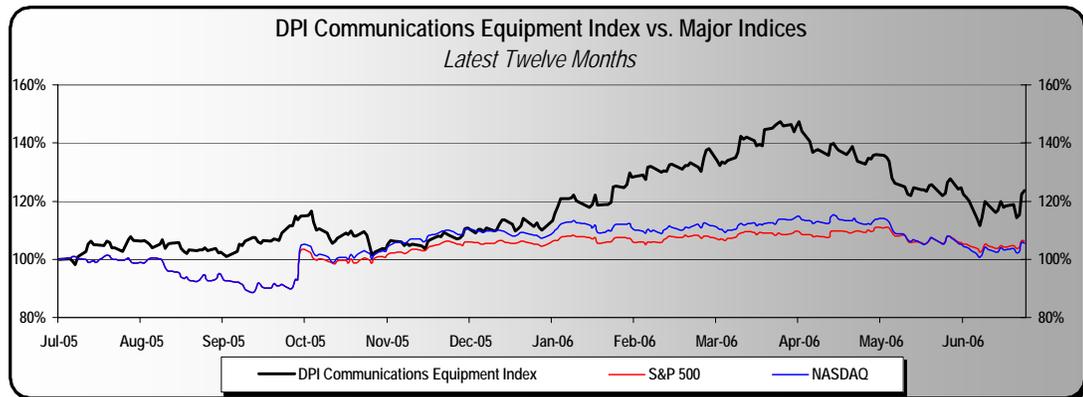
Please call DecisionPoint for further details on listed transactions.

# Communications: Equipment

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Communications Equipment Index was up 24% and down 17%, respectively.
- There has been a move towards consolidation in the telecommunications infrastructure industry, largely because of low-price competition from Asia. Examples are Nokia/Siemens merger of their telecom infrastructure operations and the Alcatel/Lucent merger.
- Cisco has ramped up its in-house development while the pace of its acquisitions has slowed. Because of the increasing complexity of networks and Cisco's aspiration to sell complete architectures rather than point products, fully assimilating an externally developed technology can be more difficult than building one from scratch.
- Q2'06 had a total of 60 M&A transactions compared to 65 in Q1'06.



Note: The DPI Communications Equipment Index includes: 3Com Corporation, ADC Telecommunications, Alcatel, CIENA, Cisco Systems, Lucent Technologies, Nortel Networks and Tellabs.

June 30, 2006

### Metrics

| Company       | Enterprise Value |            |
|---------------|------------------|------------|
|               | LTM Revenue      | LTM EBITDA |
| 3Com          | 2.7x             | NM         |
| ADC           | 1.5x             | 15.0x      |
| Alcatel       | 1.3x             | 9.2x       |
| CIENA         | 4.9x             | NM         |
| Cisco Systems | 5.1x             | 16.9x      |
| Lucent        | 1.4x             | 8.9x       |
| Nortel        | 1.3x             | NM         |
| Tellabs       | 3.0x             | 15.8x      |

LTM = Last twelve months  
NM = Not Meaningful

### Representative Communications Equipment Transactions

| Announced Date | Acquiror Name             | Target Name                              | Enterprise Value (\$m) |
|----------------|---------------------------|--|------------------------|
| 06/21/06       | ViaSat                    | Enerdyne Technologies                    | \$23.5                 |
| 06/19/06       | Nokia                     | Siemens (merger of infrastr. operations) | NA                     |
| 06/07/06       | Analog Devices            | Integrant Technologies                   | \$151.8                |
| 06/07/06       | Allied Technologies Group | LongReach Group (merger)                 | \$12.5                 |
| 06/05/06       | Level 3 Communications    | Looking Glass Networks                   | \$165.0                |
| 05/31/06       | ADC Telecommunications    | Andrew Corp.                             | \$2,411.8              |
| 05/10/06       | IP5280 Communications     | Smart Communications (assets)            | NA                     |
| 05/09/06       | California Amplifier      | Dataradio                                | \$54.6                 |
| 05/05/06       | Wipro                     | North-West Switchgear Ltd. (unit)        | \$22.4                 |
| 05/04/06       | Lockheed Martin           | Savi Technology                          | \$400.0                |
| 04/19/06       | Emulex                    | Arohi                                    | \$39.0                 |
| 04/13/06       | Andrew Corp.              | Precision Antennas                       | \$26.0                 |
| 04/04/06       | PMC-Sierra                | Passave                                  | \$300.0                |
| 04/04/06       | Sirenza Microdevices      | Premier Devices                          | \$84.2                 |
| 04/02/06       | Alcatel                   | Lucent Technologies                      | \$24,449.0             |

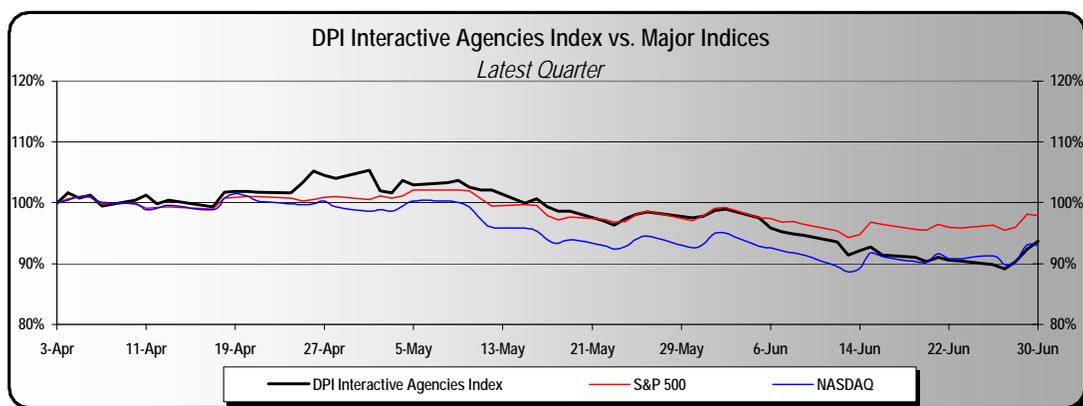
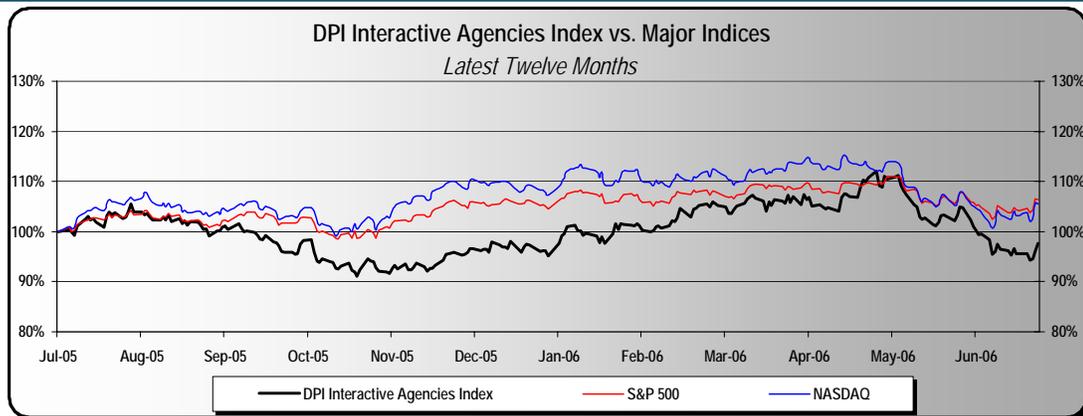
Please call DecisionPoint for further details on listed transactions.

# Second Quarter Spotlight: Interactive Agencies

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Interactive Agencies Index was down 3% and 6%, respectively.
- Ventures related to delivering online video and other services that take advantage of the increased ubiquity of broadband are expected to do well.
- Another attractive area is the improved personalization and targeting, particularly into local markets.
- Online retail sales is growing at a steady rate, especially in Europe where Forrester predicts that online retail will pass the €100 billion mark in 2006. Improved supply, comparison shopping sites and more confidence in security are the main reasons that are fueling online shopping.
- There are rumors that Interpublic Group might be acquired in the near future. Interpublic's market cap has declined to a record low and several private equity firms seem to have an interest in the company.
- M&A outside the U.S. is expected to be strong in the coming quarters. In particular Europe, Australia, Israel, China and Japan are predicted to see abundant M&A activity.



Note: The DPI Interactive Web Development Index includes: aQuantive, Digitas, Havas, Interpublic Group, Omnicom Group, Publicis Groupe, Sapient Corporation and WPP Group.

June 30, 2006

### Metrics

| Company             | Enterprise Value |            |
|---------------------|------------------|------------|
|                     | LTM Revenue      | LTM EBITDA |
|                     | aQuantive        | 4.4x       |
| Digitas             | 1.8x             | 20.3x      |
| Havas               | 1.5x             | 10.2x      |
| Interpublic Group   | 0.7x             | NM         |
| Omnicom Group       | 1.6x             | 16.1x      |
| Publicis Groupe     | 1.7x             | 8.7x       |
| Sapient Corporation | 1.9x             | 21.7x      |
| WPP Group           | 1.8x             | 10.8x      |

LTM = Last twelve months

NM = Not Meaningful

### Representative Interactive Agencies Transactions

| Announced Date | Acquiror Name                   | Target Name             | Enterprise Value (\$m) |
|----------------|---------------------------------|-------------------------|------------------------|
| 06/15/06       | Unified Development             | Net Impact              | NA                     |
| 06/14/06       | WPP Group                       | M80                     | NA                     |
| 05/22/06       | Vitalstream                     | Eonstreams              | \$17.6                 |
| 05/17/06       | Aprimo                          | Then                    | NA                     |
| 05/17/06       | aQuantive                       | Franchise Gator         | \$21.5                 |
| 05/12/06       | Mindshare Interactive Campaigns | RampWEB                 | NA                     |
| 05/09/06       | ad pepper media                 | Webgains                | NA                     |
| 05/05/06       | America Online, Inc.            | Lightningcast, Inc.     | NA                     |
| 05/04/06       | Microsoft Corporation           | Massive Inc.            | NA                     |
| 05/03/06       | Conducive Corp                  | AdZilla New Media, Inc. | NA                     |
| 04/24/06       | Meredith Corporation            | O'Grady Meyers          | NA                     |
| 04/21/06       | Satama Interactive Oyj          | Aboavista Oy            | NA                     |
| 04/19/06       | NeuStar                         | UltraDNS Corporation    | \$61.8                 |
| 04/11/06       | Global Resource Systems         | MediaWhiz Holding LLC   | NA                     |
| 04/06/06       | e-Dialog                        | Adinfontum, Inc.        | NA                     |

Please call DecisionPoint for further details on listed transactions.

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**East Coast – Headquarters**

3420 Toringdon Way  
Suite 350  
Charlotte, NC 28277  
Phone: 704.248.1111  
Fax: 704.248.1121

**Midwest**

400 Chesterfield Center  
Suite 400  
St. Louis, MO 63017  
Phone: 636.537.7825  
Fax: 704.943.5274

**West Coast**

28202 Cabot Road  
Suite 300  
Laguna Niguel, CA 92677  
Phone: 949.365.5700  
Fax: 704.943.5273

Research Inquiries Can Be Directed To:

**Claes E. Persson**

Vice President

CPersson@DecisionPointInt.com

704.943.5255

**Joel S. Harper**

Senior Associate

JHarper@DecisionPointInt.com

704.943.5257

[www.DecisionPointInt.com](http://www.DecisionPointInt.com)