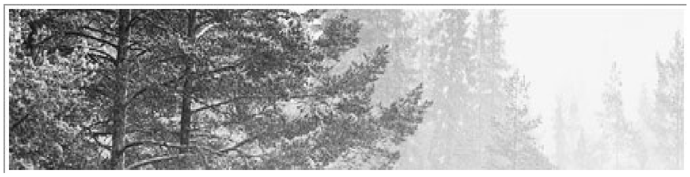

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M&A The Right Way.

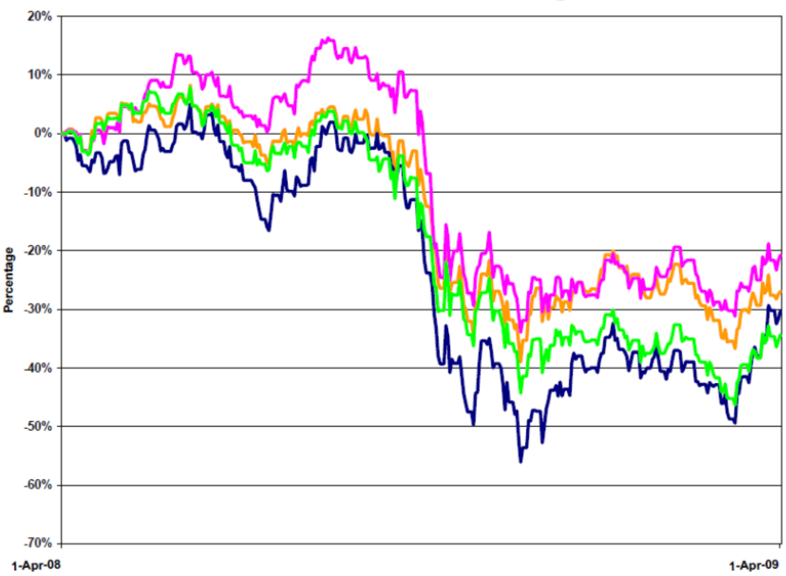
Valuation & Deal Insights®

First Quarter 2009

Industry Coverage — IT Services, BPO and IT Supply Chain Services

Inside this Issue

MWS Index® vs. NASDAQ Composite Index



Transaction Highlights

IT Services

- **03/23/09** As part of the firm's Chapter 11 bankruptcy reorganization, BearingPoint announced the planned sale of two of its divisions. BearingPoint Inc., Commercial & Financial Services Business will be sold to PricewaterhouseCoopers LLP for an implied Enterprise Value (EV) of $25MM and BearingPoint Inc., North American Public Services Business will be sold to Deloitte LLP for an implied EV of $350MM. These divisions provide management and technology consulting services to Commercial & Financial and Public Sector clients, respectively.
- **03/11/09** ManTech International Corp. (NasdaqGS:MANT) acquired IT services firm DDK Technology Group, Inc. for an undisclosed amount.

Business Process Outsourcing

- **03/24/09** BPO firm e-Services Group International, Inc. was acquired by Affiliated Computer Services, Inc. (NYSE:ACS) for an implied EV of approximately $85MM or 1.31x LTM 2/28/09 revenue.
- **03/04/09** Trinet Group, Inc. announced its planned acquisition of HR BPO firm Gevity HR Inc. (NasdaqGS:GVHR) for an implied EV of approximately $65MM or 0.12x LTM 12/30/08 revenue or 2.5x EBITDA.

IT Supply Chain Services

- **03/11/09** Continuing the wave of management buyouts in the IT Supply Chain space, En Pointe Technologies, Inc.'s President and Chief Executive Officer, Attiazaz "Bob" Din and members of Din's family entered into a definitive merger agreement to acquire En Pointe Technologies, Inc. (Nasdaq: ENPT) for $13.3 million in cash on March 11, 2009. The Din family agreed to pay $2.50 in cash for each outstanding share of the En Pointe Technologies common stock, representing a premium of approximately 212% over the closing share price of the En Pointe Technologies common stock of $0.80 on March 11, 2009. This represents an implied EV of 0.07x LTM 12/31/08 revenue.

Viewpoint

Marty Wolf — President

With technology M&A off by over 80% in the first quarter and, per The 451 Group, annualized tech deal flow at the lowest rate in over a decade, we have clearly gotten off to a slow start. The fact that no large tech deals were announced in the first quarter is also unsettling.

While these are not new trends, just a continuation of the market melt down from last September, by "fence posting" the IT M&A market and understanding global macro economic factors, I think one can draw conclusions that can guide strategic thinking. In today's rough waters, you need an experienced captain to help navigate the many complex issues that make today's environment so challenging

We have built a practice over 12 years advising midsize IT owners by helping sellers unlock value or gain liquidity; helping Fortune 500 companies (five to date, one in process) confidentially and efficiently spin off non-core IT divisions; providing trusted advisory work for international and domestic strategic buyers by mapping out spaces, profiling companies and conferring deep domain expertise. However, the questions and issues today are very different than before. Arguably the most valuable advice you can receive today, as buyer or seller, is "what are my real options today and on what basis should I have confidence in what I hear."

When certain publicly traded Indian companies trade at a discount to EBITDA and certain publicly traded U.S. companies trade at a discount to current assets, the environment and rules for doing deals changes. Further, there are a lot of acquisitive private companies out there trying to acquire a series of companies, like and unlike, always an issue, and they make it very difficult to analyze the actual value of the deal, particularly if you do not have competing bids.

Having said all this, based upon our pipeline and market view, we think we are going to have a robust '09. Let's look at the specific company dynamics of some of our active clients:

* Solution provider loses his financing
* Solution provider outgrows his financing
* IT lifecycle management company with enough capital to run its existing business, but has some opportunities to really grow the value four to six times and needs additional debt and equity financing to take advantage of these
* Solution provider that focuses on the government space, which is the area with the most visibility, growth and is currently in vogue
* Lastly, a Fortune 500 company, looking to prune a non core asset to focus on its larger units

So what to do? We believe as much sustainable value will be created over the next five years as in the preceding five. By managing expenses tighter, with less focus on growth, by managing cash flow and more emphasis on the balance sheet vs. the P&L, many companies will weather the storm nicely, and be well positioned.

First, know your firm's strengths and weaknesses. Nothing is more important than that today.

Secondly, know the current value of the segment in the market you play in and just as importantly, know the form of consideration. I learned along time ago from a CFO of a Fortune 25 company, it's not how much you pay, rather, how long you have to pay for it. It's particularly relevant when taking equity in a company, especially when it's private. In any case, taking equity can be either brilliant or ridiculous. While you cannot guarantee the result, you can really give it a good effort upfront, and mitigate risk. In general, we think taking equity, in the right transaction, is a good way to maximize value. Little things mean a lot.

Continued on Next Page

Viewpoint cont.

Thirdly, plan on a longer process. We used to take great pride in our relatively short customized work plans prepared for each client. Today we do the same exercise but add 30-60 days. Time will tell if that's enough. Finding qualified prospects takes longer, diligence today is more comprehensive and exacting, and financing is slower, more complicated and more at risk.

Lastly, focus on expense management and profitability. In an era where growth is constrained and hard to forecast with any precision, you can still focus on costs and waste. It's not surprising that En Pointe Technologies (NASDAQ: ENPT) and Pomeroy IT Solutions, Inc. (NASDAQ: PMRY) albeit version three, are scheduled to go private. Why? It's the ultimate cost reduction by going private and eliminating all those ancillary expenditures. Watch for more.

Happy selling.

Seller Forecasting

In this difficult economic environment with forecasts uncertain and valuation multiples depressed, many deals are including earnouts as a key component of purchase consideration. Earnouts provide both risk and reward to the buyer and seller. The seller, by taking on some additional risk can increase their purchase price by 30% or more. The buyer, who has concerns about the future prospects of the seller, can mitigate some of their risk, by providing contingent payout if the business performs at forecasted levels. While earnouts enable sellers and buyers to bridge valuation gaps, their presence complicates deals in many ways, not the least of which is how it is earned, measured and paid.

With earnouts as a likely part of a deal, sellers must be especially diligent and thoughtful in providing financial forecasts to prospective buyers. These forecasts will be used as the basis for the earnout. The question becomes how aggressive or conservative should the seller be in their earnings forecast for the next two to three years. Many companies prepare several forecasts as part of their annual business planning. They may prepare a conservative one that they use to provide banks and investors; an aggressive one to motivate their employees to reach new goals. The dilemma becomes, which to use in selling your business. Go to low in your forecast and it will affect the total valuation, too high and you may not receive your earnout.

In advising sellers on what forecast to present we often compare the forecast to a ring toss game, where you try to toss rings on the post from a set distance. The distance you stand equates to the difficulty of making a successful throw. A three-foot toss is equal to the conservative forecast which you should make 90+% of the time. A ten-foot toss would be your stretch forecast, which you may expect to make 25% of the time, and a six-foot toss would provide challenge and growth but you average over 70% success. For the most part our advice would be to go with the six-foot toss.

Clearly earnouts are on the rise in their use in this economy, and sellers at the outset should anticipate they will be part of the purchase price and prepare their financial information with that potential in mind.

M&A Tips - How M&A Trends Are Effecting Negotiations

By now everyone knows we are experiencing difficult market trends in mergers and acquisitions. It is difficult to get financing, even companies that are flush with cash are cautious, and there simply are not that many deals getting done.

We are continuing to see activity, however, and for those of you looking to sell, the following should be among your expectations:

- It will take longer to get a deal done (and as we all know, "time kills all deals"). Whatever may have been your expectations in the past, expect the time from receiving an indication of interest to the closing to be longer…in some cases 50% to 100% longer. That means that now, more than ever, you must continue to run your business and meet or beat financial projections while simultaneously dealing with the full time job of negotiating a transaction. Do not assume that your job is done when you first agree to a valuation and sign a letter of intent. Skittish buyers will continue to scrutinize your financial results up to the closing, and will use any significant downturn to either "walk" or renegotiate the purchase price.

- Accordingly, be careful with committing to a very long "exclusivity period." Most savvy buyers will ask that you commit to a deal "exclusively" with them during the period from the signing of a letter of intent (or an indication of interest) to when the parties sign the purchase and sale agreement. Now, more than ever, you may need to use the threat of going back to the market to force your suitor to the closing line.

- Due diligence will be difficult. One of the manifestations of the risk adverse climate we are currently in is that buyers' will dot every "I" and cross every "t" during the due diligence process. What can you do to expedite due diligence? Prepare, prepare, prepare. Most experienced M&A attorneys can anticipate the due diligence requests…or at least 80% of them…and if you are intent on selling there is little reason to delay in getting documents together. (If you need an "excuse" for some of the more nosy employees included in the process, indicate that you are considering raising capital and the lending institution will need to review the documents as part of its due diligence process, or that you are considering selling a piece of the company to a new shareholder.) Make sure you have all the documents in electronic format (soft copies). Make sure that someone in your company reviews each and every word in every document before it is provided. Evaluate whether any information – for example, from customers or vendors – is subject to preexisting confidentiality obligations, and if so, what can be done about it. Consider redacting any information you consider particularly significant and confidential, and which need not be shared with the buyer until after the close. Consider whether some information can be provided after the signing, but before (and as a condition to) the close. Consider using a third party electronic due diligence "data room," and loading the documents in that room. (There are numerous advantages to using an electronic data room, including that buyer will not need to physically be at your location, or at your attorneys' office, most allow you to track buyers' activities (i.e. get some sense of what they believe is important), and you will be able to augment the contents remotely. Moreover, the management of the data room can be a dynamic process, meaning that you can add more sensitive documents only as specifically requested, and only late in the process.)

- Consider carefully what you can "outsource." Obviously a sale of your business can be life changing, and must be approached very carefully, but do not skimp on costs. First, engage an investment banker familiar with your industry. Nothing will impact the purchase price of your company more than the hiring of an expert on valuations. They will know current market values and trends, and their position as a third party intermediary will allow them to orchestrate a competitive bidding environment which will maximize shareholder return. Second, retain outside counsel with transaction experience. They will understand the legal implications of a sale immediately, and may be able to provide supplemental assistance in preparing you for the sale (for example, providing an easily understandable review and summary of key customer contracts). Third, your outside accounting firm can be of immense value. In some instances, particularly when you have a CFO without transaction experience, it will be helpful to bring in your accounting firm early to explain your expectations. You will need their help with tax implications, earn-out analyses, working capital calculations, and any problematic accounting. Do not assume that any of those issues are straight forward, or that the buyer's analysis is unbiased and that doing the work yourself will be duplicative. In almost every instance, we have found that an error by the seller in its presentation or analysis of a financial issue will have a compounding, negative impact on purchase price negotiations. We have also seen some instances in which an understaffed seller has in effect hired a temporary CFO, solely for the purpose of the transaction, with significant and long term positive financial results. Finally, "outsourcing" is not limited to banking, financial or legal issues. We have seen instances in which substantial value was in real property assets, for example, and a current valuation be a third party became material to the purchase price negotiations.

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M&A Tips - How M&A Trends Are Effecting Negotiations cont.

- Expect increased attention to third party consents. Again, buyers are skittish, and will look to any excuse to either walk or renegotiate. Accordingly, have your key relationship documents reviewed in advance. Those typically include your lease, your key vendors, your key customers, and, in some instances your lenders. Will a sale of assets require their consent? Will a transfer of your stock? To the extent possible, it may be helpful to negotiate either consents in advance or reasonable standards for granting such consent. However, particularly with regard to customers, you will not want to ask for their consent in advance of having a genuine commitment from the buyer. (Also keep in mind, however, that if your suitor is a public company, and if the signing of any binding document would require a public disclosure by the securities laws, your insistence on the signing of a binding purchase and sale agreement in advance of the solicitation of a customer's consent may not be viable.)

- Cash is king. Sellers are looking for cash transactions, but it is unlikely that you will maximize your return by insisting on an all cash transaction. Traditionally, disparities between buyers' and sellers' value expectations have been bridged in part by the use of earn-outs, and we expect that will continue to be the case. We often encourage our clients to accept earn-outs, because we do think that, carefully crafted, they can truly be win–win situations. But the devil is in the details, and this is an area in which you need expert advice. Among the most vexing of the considerations is how the earn-out will be affected by future changes. What happens if there is another transaction during the earn-out period? What is the effect of the termination of employment of a key employee? Unfortunately the variables are many, and it is not possible to develop a one size fits all strategy, but those post closing provisions concerning your earn-out are money in the bank...be careful.

- Consider the value of taking stock as part of the purchase price. While everyone wants cash, and we see very few stock for stock transactions, a good case can be made for accepting equity – of both public and private companies – and that there has never been a better time to buy stock. As all of know, many strategic acquirers in the technology space are trading at historic lows, and if you believe those companies are undervalued there could not be a better time to take their stock. If a private company asks you to take a significant portion of the total purchase price in its stock, remember to "change hats" – you are essentially buying their stock, and are on the opposite side of most of the considerations noted above. Do not wait until the last minute to ask for key financial information...even it you will have a very small piece of the ongoing entity, you should be provided due diligence information timely.

In summary, the market is difficult but not dead, and now, more than ever, is not the time to try to save on costs if you are selling your company. Buyers are out there, and are more conservative, cost conscious and risk adverse than they have been in a long time, but deals are getting done. The sellers being rewarded are not lucky – they are the ones who have prepared in advance and hired outsiders to assist them - bankers, lawyers and financial experts – who know their industry. Good luck.

"By failing to prepare, you are preparing to fail."

- Benjamin Franklin

Selected Transactions

03/31/09 Fidelity National Information Services Inc. (NYSE:FIS) to acquire Metavante Technologies, Inc. (NYSE:MV)

Target	Metavante Technologies, Inc. delivers banking and payments technologies to financial services firms and businesses worldwide.
Buyer	Fidelity National Information Services Inc.
Implied Enterprise Value	$4.77 billion
Implied EV/Revenue	2.78x LTM 12/31/08 revenue
Implied EV/EBITDA	11.4x LTM 12/31/08 EBITDA
Synopsis	Fidelity National Information Services Inc. (NYSE: FIS) signed a definitive agreement to acquire Metavante Technologies, Inc. (NYSE: MV) from Warburg Pincus LLC for $2.9 billion in stock on March 31, 2009. Under the terms of the agreement Fidelity National Information will issue its 1.35 share for every one share held in Metavante Technologies. Following the completion of the transaction, the Board of Directors will consist of six Fidelity National Board members and three Metavante Directors. At closing, current Fidelity National Information Services shareholders will own 52% and current Metavante Technologies shareholders will own 44% of Fidelity National Information Services. The transaction is expected to close in the third quarter of 2009 and is expected to be accretive to adjusted earnings per share in 2010.
Transaction Highlights	This acquisition allows Fidelity National to expand their geographic reach, increase margins, and create over a quarter of a billion dollars in cost synergies. "By bringing these two companies together, we expect to accelerate revenue growth, drive higher profitability, and create greater financial flexibility for growth investments and acquisitions," said Metavante Chairman Frank Martire.

01/22/09 Autonomy plc (LSE:AU.) acquired Interwoven Inc (Nasdaq:IWOV)

Target	Interwoven, Inc. engages in the design, development, and marketing of content management software solutions.
Buyer	Autonomy Corp. plc (LSE:AU.)
Implied Enterprise Value	$582.34 million
Implied EV/Revenue	2.24x LTM 12/31/08 Revenue
Implied EV/EBITDA	13.1x LTM 12/31/08 EBITDA
Synopsis	Autonomy Corp. plc (LSE: AU.) signed a definitive agreement to acquire Interwoven Inc. (NASDAQ: IWOV) for approximately $750 million in cash on January 22, 2009. Under the terms, the holders of shares of common stock of Interwoven will receive $16.20 in cash, without interest, for each share of Interwoven common stock held by them. The consideration will be funded by an underwritten placing of ordinary shares of £220 million ($310.74 million), a new revolving credit facility from Barclays of approximately $200 million and a portion of Interwoven and Autonomy's existing cash reserves. Following the close, Interwoven will become a wholly owned subsidiary of Autonomy. The acquisition is expected to be earnings enhancing in the first full quarter following completion.
Transaction Highlights	This marriage of US content management software company Interwoven and British search and information management firm Autonomy makes sense on many levels. The combined entity will have over 20,000 customers and significant cross selling opportunities. "Through the combination of Interwoven's Optimost software and IDOL, Interwoven's customers will be able to optimize multiple forms of customer interactions, including email, chat sessions and the telephone," Autonomy said. Additionally, there should be cost synergies of approximately $40MM in the first year and management expects earnings accretion of 20% in 2009.

MWS Scoreboard

	Revenue Growth%	GM%	EBITDA%	Debt / Asset %	P/S	P/E	EV/Revenue	EV/EBITDA
IT Conglomerates	5.5%	43.5%	15.4%	20.0%	0.96	15.3	1.06	6.3
IT & IT-ENABLED OUTSOURCED SERVICES								
Financial IT Services	8.1%	50.1%	20.5%	10.4%	1.25	14.1	1.55	6.7
IT Outsourcing	10.3%	32.5%	15.6%	12.9%	0.80	10.7	0.86	5.8
Governmental IT Professional Services	19.8%	20.6%	8.9%	17.7%	0.70	16.9	0.64	7.2
Offshore Outsourcing	23.1%	38.0%	21.0%	3.4%	0.54	4.4	0.50	2.5
European IT & Business Services	14.8%	25.7%	9.4%	15.0%	0.25	8.7	0.32	3.6
Commercial IT Professional Services	7.0%	30.9%	6.6%	2.8%	0.37	9.8	0.25	4.0
IT Staff Augmentation	2.4%	22.6%	3.3%	4.5%	0.09	9.1	0.13	3.4
BUSINESS PROCESS OUTSOURCING								
Business Process Outsourcing - Non-voice	8.5%	48.0%	23.2%	33.3%	1.07	14.4	1.19	6.9
Offshore Business Process Outsourcing	15.5%	38.1%	13.8%	4.0%	0.44	8.3	0.81	5.5
European Business Process Outsourcing	21.6%	28.0%	13.4%	26.7%	0.78	11.5	0.69	5.2
Business Process Outsourcing - Voice	2.2%	32.1%	8.8%	9.3%	0.35	11.2	0.52	4.5
IT SUPPLY CHAIN SERVICES								
IT Retailers	2.9%	26.3%	5.0%	21.6%	0.19	16.3	0.32	6.2
Asian IT Supply Chain	5.4%	8.1%	1.4%	21.7%	0.16	11.8	0.24	5.6
IT Resellers	-1.7%	19.7%	0.5%	17.6%	0.08	5.8	0.20	6.3
IT Products Distributors	4.9%	10.5%	2.2%	17.9%	0.08	9.5	0.13	4.9
European IT Supply Chain	-0.9%	7.3%	3.1%	4.1%	0.15	11.7	0.11	4.0
IT Direct Marketers	6.9%	13.8%	3.2%	9.9%	0.05	8.5	0.08	2.6
SOFTWARE								
IT Management Software	12.1%	82.7%	22.5%	0.0%	2.08	22.6	2.09	9.3
Business Software	7.5%	67.6%	19.9%	19.7%	1.78	15.2	1.65	7.4
Middleware, Tools and Integration	10.4%	72.5%	22.1%	0.0%	2.20	18.7	1.64	7.0
Enterprise Applications	7.3%	65.9%	13.9%	14.8%	1.06	20.2	0.97	10.3

Key Definitions:

1. Data Source: Capital IQ
2. The defined industry categories are based on Martin Wolf Securities' in-house research
3. The MWS Index® is market-value-weighted. It starts on January 1, 2005 with a value of 1000. It includes 69 IT and IT-Enabled Outsourced Services, 25 IT Supply Chain Services, and 38 Software companies listed in US stock market. It is based on the closing price as of April 1, 2009.
4. Enterprise value = Market Cap + Minority Interests + Preferred Stock + Outstanding Debt - Cash and Cash equivalents
5. LTM means Last Twelve Months based on last reported period
6. MWS Scoreboard is based on the closing price as of April 1, 2009
7. Revenue Growth is growth in LTM revenue compared with previous period
8. Gross Margin = LTM Gross Profit * 100 / Revenue
9. EBITDA % = LTM EBITDA * 100 / Revenue
10. Net Income % = LTM Net Income *100 / Revenue
11. Debt/Asset = LTM Total Debt / Total Assets
12. P/S = Market Cap / LTM Revenue
13. P/E = Market Cap /LTM Net Income
14. EV/Revenue = Enterprise Value / LTM Revenue
15. EV/EBITDA = Enterprise Value / LTM EBITDA

If you have any questions, or want to subscribe to our periodic intelligence information, or be removed from the distribution list, please contact Geoff Rhizor at (925) 355-0110 or email him at grhizor@martinwolf.com.

Martin Wolf Securities—Selected Transactions

Insight
has acquired
Software Spectrum
$320.3 million
September 2006

Direct Alliance
has been acquired by
TeleTech
The Science of Customer Management
$107.5 million
June 2006

softchoice
has acquired
Optimus Solutions
A Softchoice Company
$47.1 million
January 2008

softchoice
has acquired
Software Plus
$45.1 million
December 2007

ROLTA
has acquired
TUSC
The Oracle Experts
$45 million
January 2008

PC Wholesale
Your Partner in Distribution
has been acquired by
SYNNEX Corporation
$30 million
February 2007

ROLTA
has acquired
piocon
December 2008

HTMT
Inspiring Integration
has acquired
AFFINA
The Customer Relationship Company
October 2006

SaBER
has sold majority interest to
ACCEL KKR
January 2006

Exclusively focused on mid-market M&A in the IT Services, BPO & IT Supply Chain Services segments.