

Overall M&A activity within the Software & Services sector increased 42% over the last twelve months (LTM) ending December 31, 2004, with 803 deals reported compared with 565 deals for the same period last year and with median valuation multiples at 1.4 times Revenue, 12.2 times EBITDA, 19.6 times EBIT and 2.9 times Book Value.

M&A Transactions - By Software & Services Subsector

For the Last Twelve Months Ended December 31,

	00	01	02	03	04
Enterprise Software	281 25%	219 29%	99 35%	212 38%	275 34%
Internet Software & Services	454 40%	266 36%	75 27%	142 25%	215 27%
IT Services	199 17%	121 16%	29 10%	88 16%	152 19%
Application Software	110 9%	57 8%	34 12%	56 9%	69 9%
Systems Software	76 7%	53 7%	28 10%	54 10%	68 8%
Home Entertainment Software	19 2%	30 4%	16 6%	13 2%	24 3%
Total	1139 100%	746 100%	281 100%	565 100%	803 100%

Based on Mosaic Capital research and data provided by S&P, Thomson Financial, Dow Jones and Reuters. Data includes some diversified targets that focus on more than one Subsector.

National and international strategic buyers lead the demand for U.S.-based businesses in order to:

- fill product suites and become a category leader
- increase market share in maturing sectors (e.g. - ERP, CRM, Content Management, etc.)
- acquire install bases and better compete for limited IT customer spending volume
- provide more integrated, reliable and simpler systems

About Us

Mosaic Capital LLC is a leading West Coast Investment Banking firm specializing in the sale of middle-market companies, and it provides broker/dealer services through affiliate Mosaic Capital Securities, LLC - member NASD and SIPC. Mosaic Capital is the local member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 90 offices in 22 countries, and whose partners have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital is presently working with over 625 buyers of \$10 to \$300 million revenue businesses in this sector, and we are seeking introductions to owners and management teams in the following lines of businesses:

Enterprise Software, including:

- CRM, ERP, Supply Chain and Logistics
- Enterprise Middleware
- Document Management Software
- Enterprise Information Portals
- Enterprise Data Mining, Warehousing & Mgmt

Internet Software & Services, including:

- Search Engines & Navigation Portals
- Website, Browser and Agent/Spider Software
- E-Commerce & Plug-Ins Software
- Info Streaming and Network Management
- Content Publishing & Delivery/Management
- Performance and Usage Tracking Software
- Application Host Enabled Software
- Internet Monitoring, Security and Content

Systems Software, including:

- Operating System Software
- Backup/Recovery, Security & Network Admin
- Licensing Distributors and Control Software
- Performance Monitoring and Analysis
- Software Configuration and Control
- Wireless/802.11 Access
- Computer Telephone Integration (CTI)
- Computer Aided Design (CAD) Software
- Design Automation and Development Tools
- Artificial Intelligence Software
- Encryption Software

Home Entertainment Software, including:

- Distance Learning, Training & Ref Materials
- Computer Games & Console Platforms

IT Services

- Data Processing & Outsourced
- Information Retrieval Services
- Computer Facilities Management
- Computer Rental and Leasing
- Data Warehousing & Management
- Enterprise Resource Planning (ERP)
- Application Management
- Remote Enterprise Management
- Remote Performance Testing
- Networking & Hardware Services
- Data Processing and Entry Services
- Data Storage, Backup & Recovery
- Infrastructure Consulting

Application Software

Sales & Divestitures ♦ **Mergers & Acquisitions** ♦ **Valuations** ♦ **Financing**

For more information contact Gordon Gregory at 1.818.728.7555, Craig Miller at 1.818.728.7510, Jeff Shippy at 1.818.728.7550, or visit our website at www.mosaiccapital.com