

Insurance Industry Focus

Freeman & Co. LLC

Insurance Servicing, Processing and Technology

Sectors Covered: The goal of this report is to provide an overview of a selected universe of insurance servicing and processing companies, third-party administrators (“TPA”) and business process outsourcing firms (“BPO”) based on a framework that takes into account the two most visible types of outsourcing occurring in this sector:

Policy Administration & Claims Processing

Risk Management & Software Services

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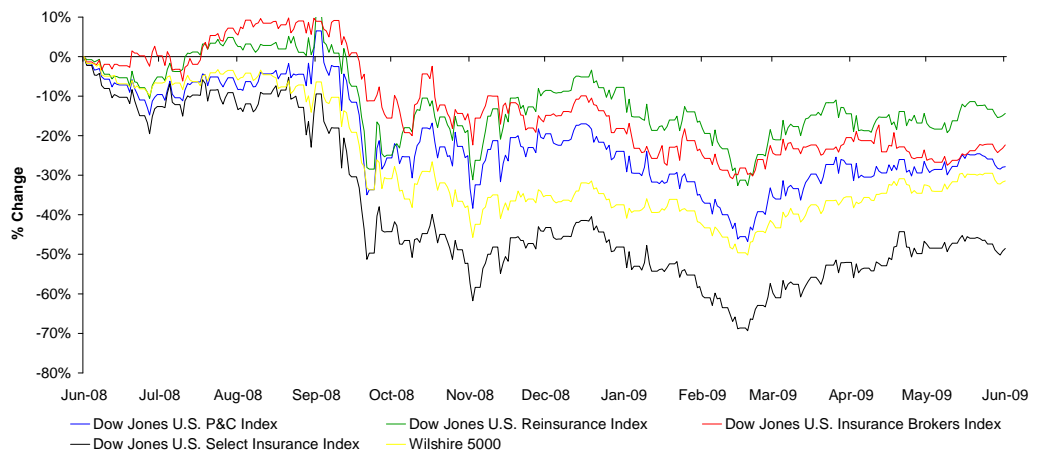
Key Topics:

- Coverage of selected insurance servicing, processing and technology firms in North America and Europe
- Analysis of industry trends and structures witnessed in recent M&A activity
- Opportunities for the TPA/BPO universe in the current economic environment
- Cost-cutting initiatives used as alternative methods of raising capital
- Effects of organizational change on the typical TPA/BPO sales cycle

Indices at 7/7/2009:

| | |
|-------------------|--------|
| DJIA | 8,163 |
| NASDAQ | 1,746 |
| S&P 500 | 881 |
| FTSE 100 | 4,187 |
| 10-yr U.S. T-Bond | 3.45% |
| USD per GBP | \$1.61 |
| USD per EUR | \$1.39 |

Dow Jones Insurance Indices Performance



| | | | |
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Overview

The insurance servicing industry, despite the financial problems of the insurance companies they serve, has held up relatively well and is now positioned to gain from the turbulence faced by a growing number of insurance companies.

In recent years, spin-offs from insurance conglomerates have become strong stand-alone enterprises with highly consistent cash flows, significant versatility and sophisticated operational networks. Similarly, entrepreneurial endeavors have grown large enough to become compelling M&A opportunities.

Our research identifies two key sectors that support the insurance industry and outlines a framework of business metrics, operational issues and expansion prospects.

The sectors involved with insurance servicing and processing covered in this report include:

1. Policy Administration & Claims Processing
2. Risk Management & Software Services

We are the first to acknowledge that activities across the sectors defined herein are not always separated. Indeed they are sometimes integrated, and the largest players thrive on this integration. However, it is important to note that each sector is characterized by different growth expectations, sector drivers and business models as discussed later in this report.

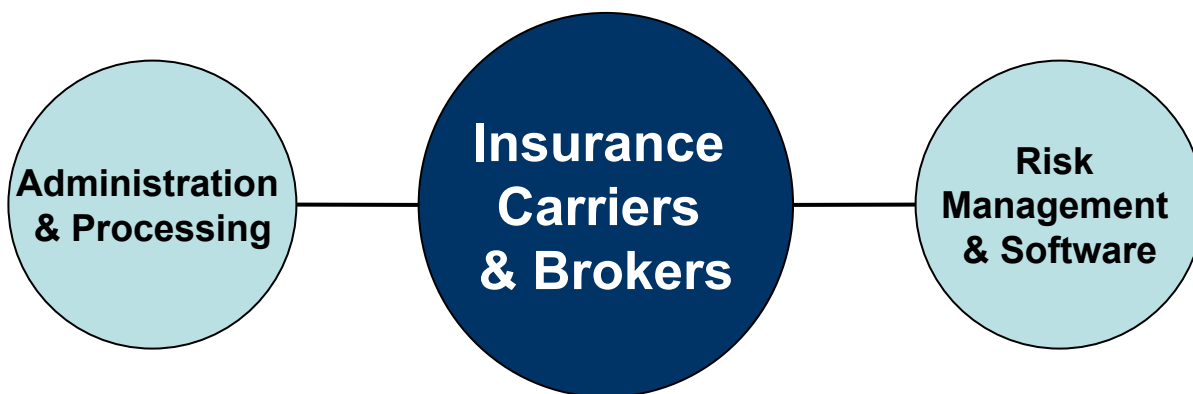
Insurance Servicing, Processing & Technology

Policy Administration & Processing

- Policy administration
- Claims administration
- Business process management
- Specialist customer relationship management
- Cost control / Profit optimization
- Reporting and budgeting
- Accounting
- Compliance
- Portfolio and investment management
- Data warehousing

Risk Management & Software

- Application development
- Risk analysis and management
- Payment processing systems
- Modeling and analytics
- Dynamic forecasting
- Business continuity / Disaster recovery



Insurance TPA/BPO Landscape

Surviving in a New Business Cycle

When Bob Dylan wrote, “If your time to you is worth savin’, then you better start swimmin’ or you’ll sink like a stone – for the times they are a-changin,” he was largely providing social commentary on revolutionary geopolitical changes that were rapidly sweeping across the globe during the watershed years of the early 1960’s.

In the summer of 2009, the same words can almost be heard if one attempts to listen to sound of economic pain coming from the entire universe of financial services companies that have been engulfed by the credit crisis over the past 2 years. None more so than the insurance industry.

The tactics that are necessary to implement the strategy of becoming more efficient will cause a significant business shift toward outsourcing certain administrative and back office functions to TPA and BPO firms.

While the primary benefit of building servicing efficiency is cost-cutting, maintaining the *status quo* at many insurers has prevented the industry from monetizing this alternative method of “raising capital”. Simply stated, those firms that formerly had access to equity or debt financing must now think outside of the box in order to maintain profitability and position themselves for future growth.

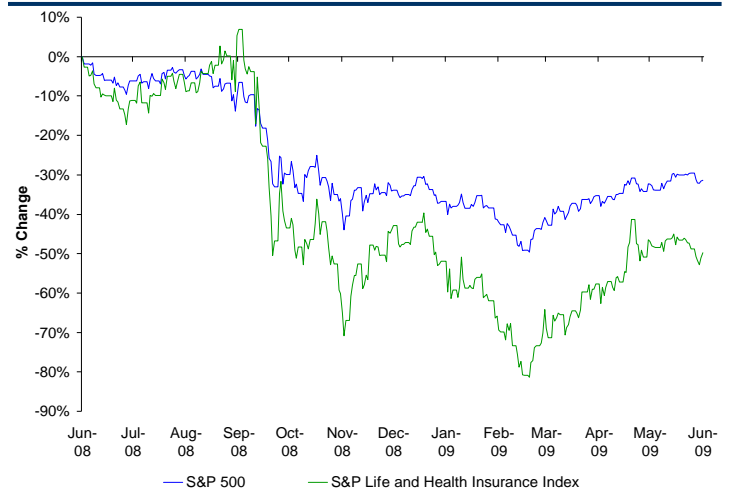
Finally, the sales cycle has compressed for TPA and BPO firms. Legacy management teams that were previously focused on corporate initiatives other than outsourcing solutions had been a bit slow on the uptake. However, new management teams that are forced to take over due to economic turmoil are expected to rapidly change course in terms of exploring long-term cost savings initiatives. The insurance servicing and processing industry will be the direct beneficiary of this paradigm shift over the next several years.

2009 Q1 Ratings of Major U.S. Life Insurers

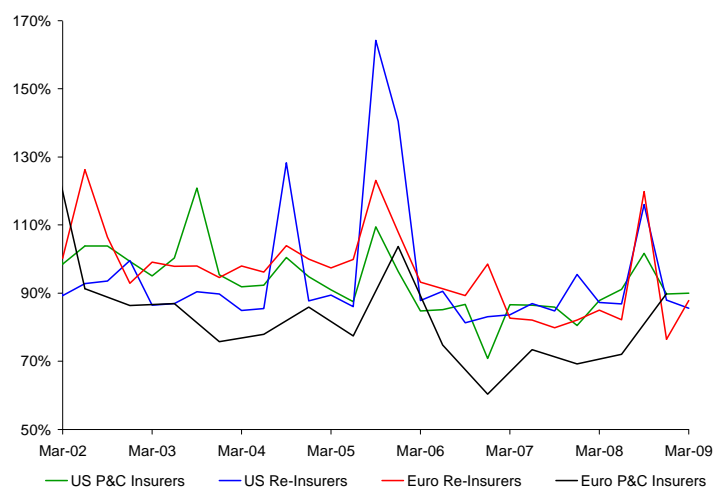
| Insurer | Fitch | Moody's | S&P |
|---------------------|-------|---------|------|
| AEGON | A+ | A3 | A- |
| Conseco | B+ | Caa1 | CCC |
| Genworth | W/D | Baa3 | BBB |
| Hartford | BBB | Baa3 | BBB |
| Lincoln National | BBB+ | Baa2 | A- |
| MetLife | A+ | A2 | A- |
| New York Life | AA+ | Aa2 | AAA |
| Phoenix Companies | N/A | Ba2 | B+ |
| Principal Financial | A | A3 | BBB+ |
| Protective Life | A- | Baa2 | A- |

Gray: Negative credit watch Blue: Downgraded Not shaded: Stable

S&P Life Insurance Index Performance



Public Insurance Companies Average Combined Ratios



Sources: Fitch, Moody's, Standard & Poor's, Bloomberg

Insurance Servicing, Processing and Technology Overview

Historical Trends

During the current period of economic uncertainty, we see several compelling opportunities for independent companies that service the insurance industry. In the U.S., market share has been shifting away from conglomerate providers to the independent, more specialized and versatile servicing firms. Along with specialization, scale has become increasingly important for insurance servicing companies to obtain operating efficiencies themselves. In order to remain competitive, policy administration and processing companies have been increasingly on the lookout for strategic merger opportunities.

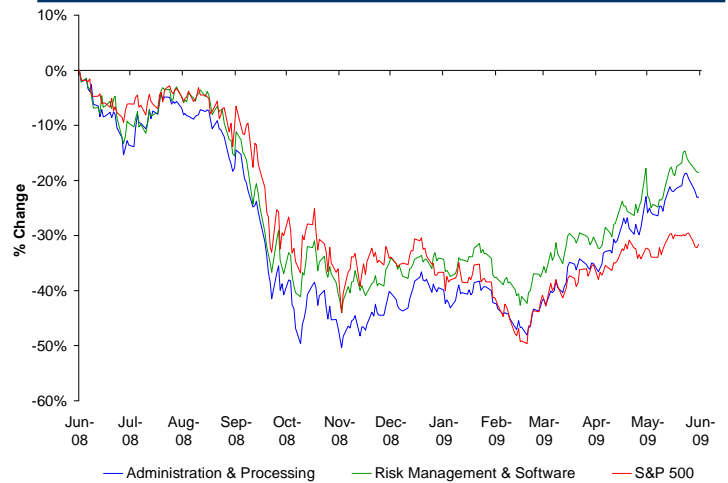
Insurance companies struggling due to the current turmoil have increased outsourcing to low-cost providers, which has helped risk management and software companies that offer end-to-end capabilities. Insurance servicing providers have been looking to acquire niche software companies at lower valuations to improve service offerings and their own operating margins.

Upcoming opportunities

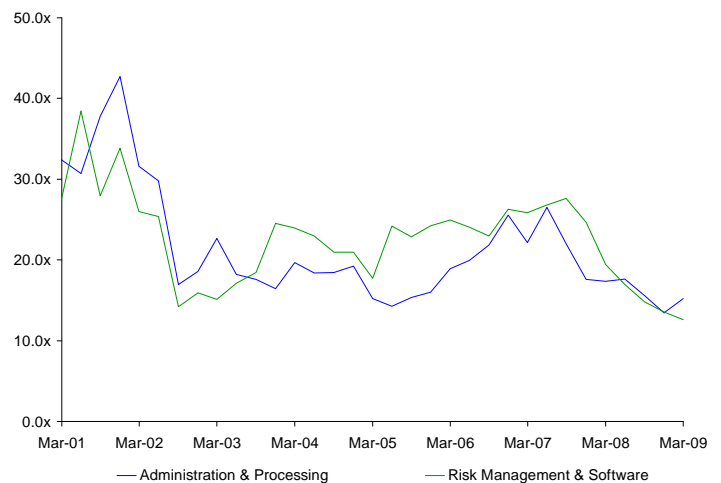
Over the next year, a focus on capital needs within life, P&C, and health insurance companies and consolidation among these firms will increasingly provide significant business opportunities to independent policy administration and processing firms. Achieving scale will become increasingly important for improving margins and capturing market share, while the absence of attaining efficient operations will drive sub-scale players to seriously consider the use of an outsourcing platform to better serve their shareholders and business needs.

At the same time, as venture capital and other financing sources become inaccessible, risk management and software companies will need strong partners and financial backers to survive the down cycle and position themselves for future growth. Companies with solid cash flows but limited growth prospects are those most likely to be shopping for technology platforms.

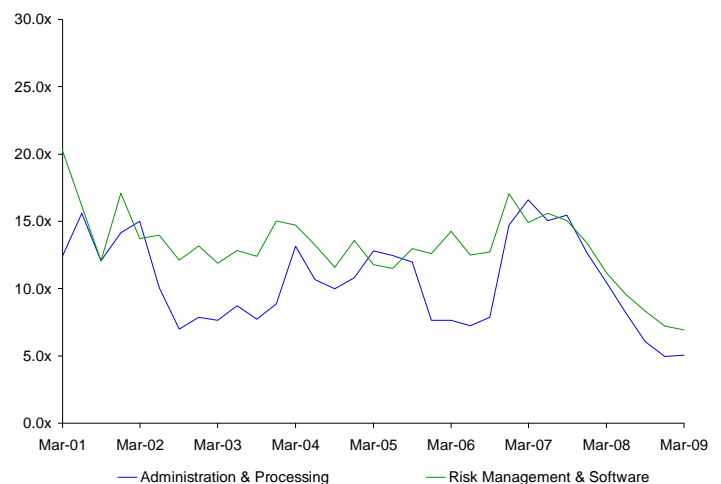
Insurance Servicing Index Stock Performance



Sub-Sector Average P/E Multiple Trend



Sub-Sector Average EV/EBITDA Multiple Trend



Sources: Swiss Re, The World Bank Group, Bloomberg

Competitive Landscape

Sub-sector comparative analysis

Among the two sub-sectors discussed in this report, the valuations of administration and processing firms have suffered the most on a revenue-multiple basis. This is a result of high fixed cost structures coupled with the pricing pressure coming from insurers.

Risk Management and Software firms, in essence technology companies, have seen their valuation multiples decrease by almost 30%, in line with the broader tech sector. This took place despite the sustainability of their pre-tax profit margins.

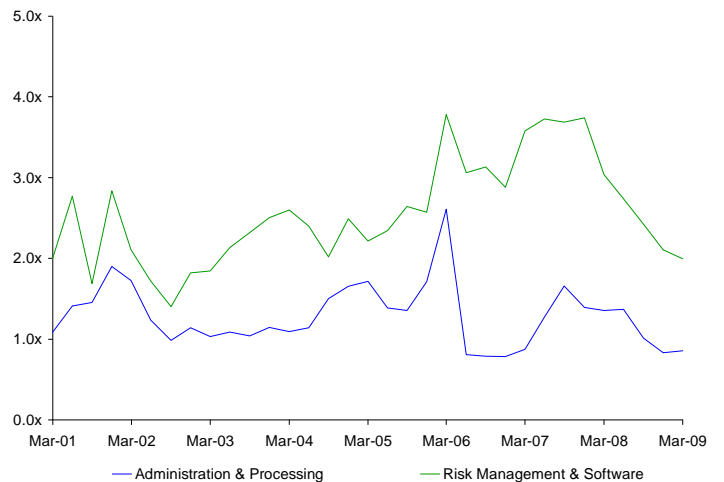
In addition to some of the short term trends captured by our analysis, the two sectors in our report display a set of sensible characteristics identified in the first table on this page. For example, policy administration and processing firms are generally subject to long term contracts and high fixed costs which allows for good visibility into their future revenue streams.

Risk management and software companies, on the other hand, are highly dependent on subscription and license revenues, but also benefit from low non-R&D fixed costs and higher intellectual property protection. The increased flexibility in pricing and stronger control of costs leads to higher margins and valuations.

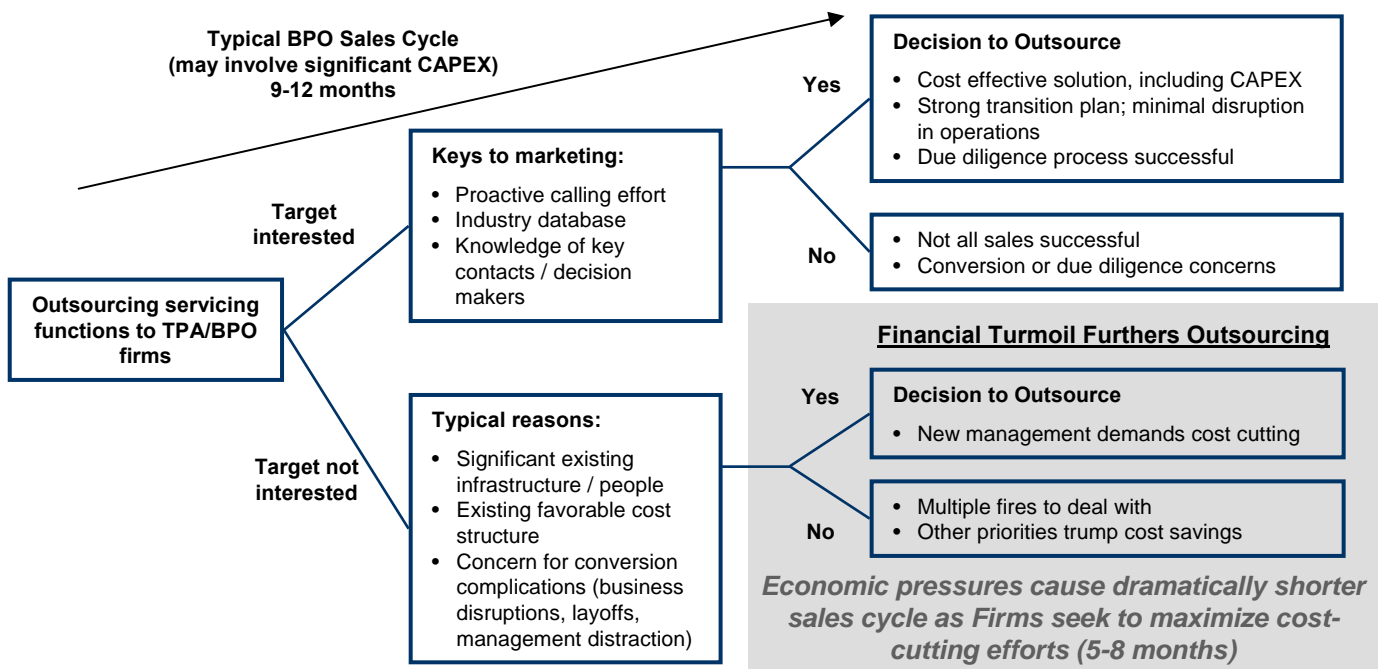
Significance of Revenue and Cost Drivers by Sector

| Revenue and Cost Drivers | Administration & Processing | Risk Management & Software |
|-----------------------------------|-----------------------------|----------------------------|
| Subscriptions Revenue / Recurring | Medium | High |
| Commission Revenue / Volume | Medium | Low |
| Non – R&D Fixed Costs | High | Low |
| Long Term Contracts | High | Medium |
| Pricing Pressure | High | Medium |

Sub-Sector Average Mkt Cap/Revenue Multiple Trend



Typical TPA / BPO Sales Cycle Decision Process



(1) LTM as of 3/31/2009

Sources: Company Financials, Freeman & Co., Bloomberg

Policy Administration & Processing

Summary

During the economic downturn, as insurance companies find their margins squeezed and search for ways to further increase efficiency, cost reduction will remain a key driver of outsourcing.

M&A drivers

From a buyer's perspective:

- Increase scale through acquisitions of “blocks of business” from drifting competitors
- Improve earnings through accretive acquisitions
- Profit from a lack of liquidity in the marketplace and complete acquisition at a very attractive price
- Expand operations and customer reach domestically and internationally

From a seller's perspective:

- Divest to raise capital to address corporate parent's liquidity needs
- Exit sub-scale markets or unprofitable operations with limited upside potential

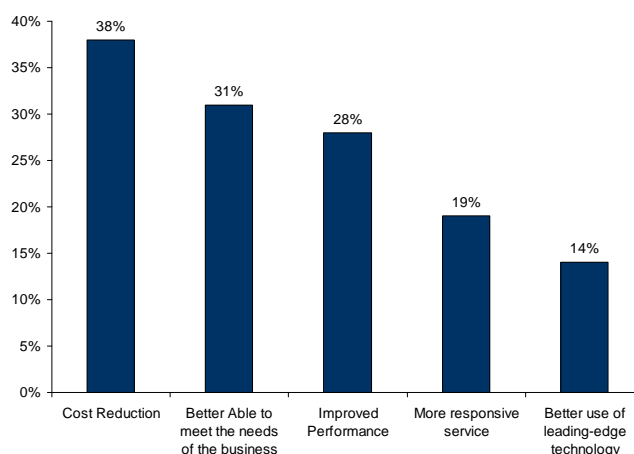
Recent deals over the last twelve months:

EBIX, Inc. acquired Facts Services, Inc.

Fiserv, Inc. acquired i_Tech Corporation

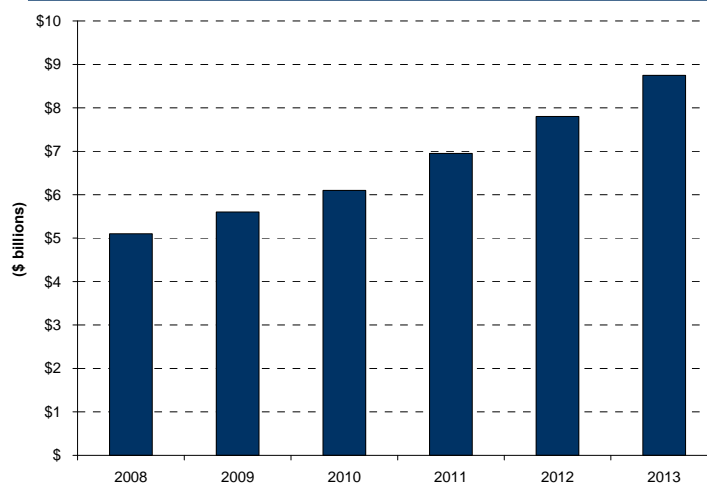
Xchanging plc acquired Cambridge Solutions, Ltd.

Key Reasons Behind Decision to Outsource



Source: Harvey Nash

Projected Growth in the Global BPO Insurance Market



Source: Celent

Selected Private Industry Players

| Private Company | Employees & FTEs |
|---------------------------------|------------------|
| Antares Management Solutions | 650 |
| AQS | 180 |
| Camillion Solutions | 200 |
| Duck Creek | 250 |
| IDMI Systems | N/A |
| Insurity | 600 |
| McCamish Systems | 150 |
| Policy Administration Solutions | N/A |
| Reinsurance Solutions LLC | 220 |
| se ² | 480 |

Selected Public Industry Players

| Public Company | Market Cap 7/2/2009 | LTM Revenue ⁽¹⁾ | Employees & FTEs |
|------------------------------|---------------------|----------------------------|------------------|
| Affiliated Computer Services | \$4.3 bn | \$6.4 bn | 74,000 |
| CGI | C\$3.2 bn | C\$ 3.8 bn | 25,500 |
| CSC | \$6.6 bn | \$16.7 bn | 92,000 |
| EXL Service | \$298 mm | \$185 mm | 9,500 |
| Genpact | \$2.5 bn | \$1.1 bn | 36,500 |
| Innovation Group | £69 mm | £151 mm | 2,400 |
| Perot Systems | \$1.7 bn | \$2.7 bn | 23,100 |
| Wipro | \$11.7 bn | \$5.6 bn | 100,000 |
| WNS | \$389 mm | \$539 mm | 21,350 |
| Xchanging ⁽²⁾ | £443 mm | £558 mm | 4,250 |

(1) LTM as of 3/31/2009

(2) LTM as of 12/31/2008

Source: Bloomberg

Risk Management & Software

Summary

During the current financial crisis, companies have gained a greater appreciation for successful risk management and cutting edge software products. Premium providers and new entrants with superior product offerings will benefit from this increased demand.

M&A drivers

From a buyer's perspective:

- Buy instead of build valuable, cutting edge intellectual property or new product offerings
- Expand exposure to future growth areas
- Opportunistic acquisitions at attractive prices
- Increase market share in established niche markets

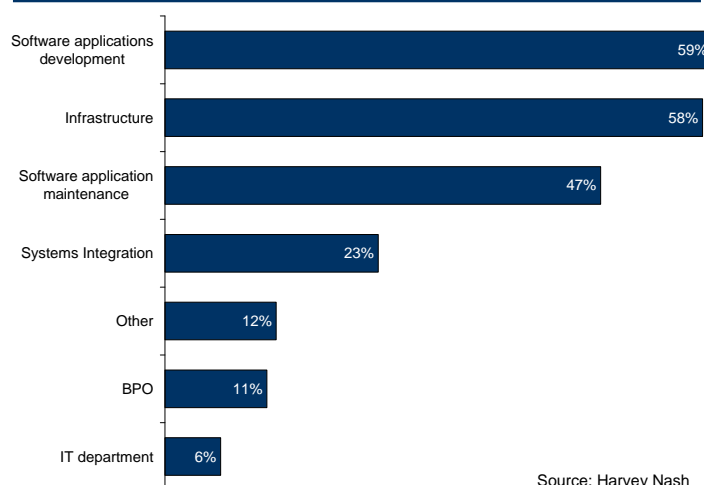
From a seller's perspective:

- Exit growth areas due to unavailability of capital necessary for growth
- Focus the business on core competencies and divest "non-core" assets to strategic or PE investors

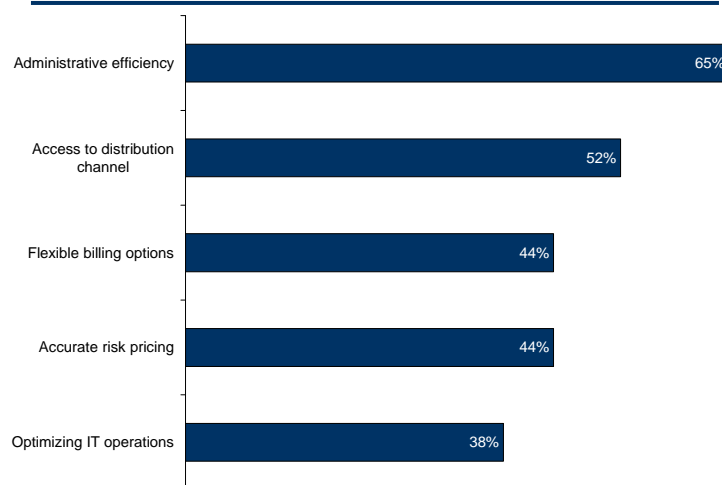
Recent deals over the last twelve months:

iPipeline, Inc. acquired COSS Development Corp.
Hyland Software, Inc. acquired Liberty IMS, Inc.
CCC Information Services Group acquired Mitchell International, Inc.

IT Functions Outsourced



Top Business Needs Driving IT Initiatives



Selected Private Industry Players

| Private Company | Employees |
|---------------------------|-----------|
| FINEOS | 230 |
| INSTECH | 70 |
| Majesco Mastek | 250 |
| One Shield | 160 |
| Patriot Risk Management | 150 |
| Ravello Solutions | N/A |
| StoneRiver ⁽¹⁾ | 20,000 |
| SunGard | 20,000 |
| Verisk Analytics (ISO) | 3,650 |
| Vertafore | 830 |

Selected Public Industry Players

| Public Company | Market Cap 7/2/2009 | LTM Revenue ⁽²⁾ | Employees |
|-----------------------------|---------------------|----------------------------|-----------|
| Automated Benefits Corp. | C\$21 mm | C\$4 mm | 30 |
| BottomLine Technologies | \$224 mm | \$139 mm | 680 |
| CA | \$8.7 bn | \$4.3 bn | 13,200 |
| Cover-All Technologies | \$26 mm | \$14 mm | 50 |
| EBIX | \$327 mm | \$79 mm | 650 |
| Fair Isaac Corporation | \$732 mm | \$684 mm | 2,200 |
| Informatica Corp. | \$1.5 bn | \$461 mm | 1,600 |
| Infosys | \$21.5 bn | \$4.7 bn | 104,900 |
| Sapiens International Corp. | \$21 mm | \$44 mm | 300 |
| SPSS | \$600 mm | \$297 mm | 1,230 |

(1) Formerly Fiserv Insurance Solutions

(2) LTM as of 3/31/2009

European Perspectives

Introduction

Insurance BPO in Europe has and continues to be a tale of two regions. On the Continent, most insurers have been cautious users of BPO wary of losing control of their operations to third party vendors and of the significant political ramifications and costs arising from the potential job losses and the headlines often associated with off-shoring. Insurers in the UK, on the other hand, have been active and innovative users of BPO for over a decade.

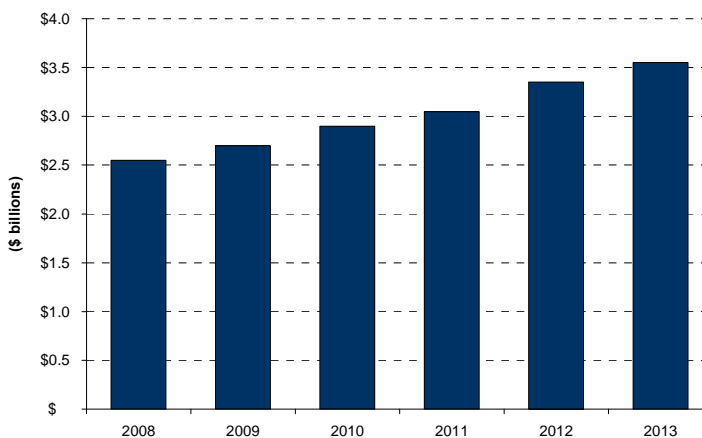
This growth in BPO is largely being driven by a resurgence of many of the same factors that first prompted UK insurers to explore BPO arrangements in the early 2000s. Significant pressure to cut costs and increasingly onerous regulatory requirements with growing costs of compliance have been the most common motivations. Yet whereas most insurers' historical outsourcing relationships were largely limited to non-core competencies such as administration, HR and IT, recent contracts have been increasingly expanding the role of BPO vendors up the value chain into more core insurance services such as policy administration, claims processing and actuarial analysis.

Moreover, the structures through which UK insurers and BPO vendors interact are beginning to show signs of change. Based on the experience of a number of recent transactions, we expect the industry to experience a shift from captive and third party models to more innovative hybrid business arrangements that blend the features of both, such as joint ventures and build-operate-transfer (BOT) models. This trend will likely lead to longer contract durations and stronger insurer-vendor relationships that allow for end-to-end BPO integration.

Competitive Landscape

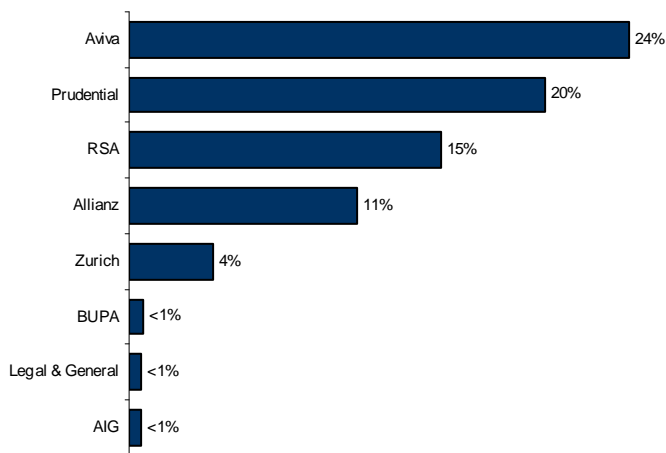
Insurance BPO in the UK and Europe is largely dominated by a small number of major players with scale and global reach that include the likes of WNS, Accenture, 24/7 Customer, Wipro, EXL Service, Unisys and Satyam. These firms have thrived as a result of their ability to provide a mix of on-shore, near-shore and off-shore solutions to their customers as well as to leverage internal insurance specific knowledge. National champions also exist, such as Capita in the UK, as do a select number of small niche players although many have been acquired in recent years and the absolute number of independents is low as compared to the US.

Projected Growth in European Insurance BPO Market



Source: Celent

Percent of Insurers' UK Headcount Offshored⁽¹⁾



Source: Everest Consulting Group

Select European Insurance BPO Vendors

| BPO Vendor | Market Cap 7/2/2009 | 2008 Revenue | Employees |
|--------------------------|---------------------|--------------|-----------|
| Capita Group | £4.4 bn | £2.4 bn | 32,600 |
| Cap Gemini | €3.8 bn | €3.7 bn | 86,500 |
| Logica plc | £1.2 bn | £3.6 bn | 40,000 |
| SAI BPO Services | Private | N/A | 550 |
| Vertex Data Science | Private | £219m | 3,550 |
| Xansa plc ⁽²⁾ | Private | £380 mm | 8,080 |
| Xchanging | £443 mm | £558 mm | 4,250 |

(1) Includes both third party & captive employees

(2) Part of Groupe Steria, revenues for FY 2007

Source: Company Websites

European Perspectives

Recent M&A Activity in Europe

In Europe just as in North America and India, the Insurance BPO segment has had an active M&A market in recent years. Transactions have occurred for a variety of reasons including increasing or acquiring scale, capability and geographical coverage, and have often been possible due to the support of private equity backers. In the space below we discuss four recent transactions that we think are indicative of larger trends and themes in the industry.

1) Prudential's sale of Prudential Process Management to Capita Group (October 2008)

This transaction, together with Aviva's sale of Aviva Business Services to WNS, represents an emerging multi-industry trend for firms to divest captive offshore centers in response to worsening global economic conditions. Other notable non-insurance companies that have recently divested their captive BPO units include Citigroup, Unilever and Philips. These divestments make sense for multiple reasons: 1) captive centers represent large, fixed-cost investments; 2) inflationary pressures and fluctuating exchange rates may be increasing the costs of these centers; 3) divestitures can raise much needed capital. Still, only a few very large insurance companies like Axa, Allianz and Principal Financial actually operate their own captive centers and many of these may be committed to such ownership.

2) Xchanging's acquisition of Cambridge Solutions (October 2008)

This transaction is indicative of what we believe will be a major trend in Insurance BPO – in-market consolidation of BPO vendors between firms that share common clients. In this transaction, Xchanging acquired 75% of Cambridge Solutions after working together with the company for more than two years as part of an outsourcing for US insurance broker Aon Corp. The Insurance BPO market is continually undergoing in-market consolidation as competitors seek scale and global reach and vie for increased market share, and we believe that increased interaction resulting from shared clients will serve as a catalyst in introducing BPO vendors to each other.

3) Aviva's sale of Aviva Business Services to WNS Global Services (July 2008)

More than just a corporate divestiture, this transaction is interesting because of the historical interaction of the two parties involved. Beginning in 2003, Aviva entered into a build-operate-transfer (BOT) partnership with WNS whereby Aviva effectively hired WNS to set up and run a BPO center over a period of years with the contractual stipulation that WNS transfer the operation of the service over to Aviva as a captive center after a set period of time. This transaction, which is subsequent to the transfer of the center to Aviva, thus represents a sale of the center back to WNS. Through this structure, Aviva was able to utilize WNS' BPO experience and expertise to create value beyond that provided by outsourcing, which it was then able to crystallize through a sale process.

4) HCL Technology's acquisition of Liberata Financial Services (July 2008)

This transaction is representative of two types of buyer motivations: to acquire/increase insurance expertise and to gain expand BPO footprint internationally. In this transaction, HCL Technology, a global IT services provider headquartered in India, acquired Liberata Financial Services (LFS), a subsidiary of Liberata, a UK-based BPO vendor, leaving Liberata with its larger public-sector BPO business. All of LFS' insurance assets, including intellectual property, fixed assets and the people working in that line of business were transferred to HCL. Like many other offshore companies, HCL wanted to enter the insurance BPO market but was unable to do so without acquiring this capability. Moreover, as part of the deal, HCL received four delivery centers in the UK staffed by 800 employees who brought HCL regional domain knowledge as well as technical expertise. This desire for a major onshore presence in Europe was also a notable motivator in Tata Consultancy Services (TCS)'s deal with Pearl Insurance for insurance administration processing in 2005.

Insurance Servicing Transactions and Public Comparables

| Selected Recent Transactions (\$ millions) | | | | | | | | | | |
|--|--|------------------------------------|----------------|---|--|------------------|------------|------------|--------------|--|
| Date Announced | Target | Target Type | Target Country | Acquirer | Acquirer Type | Acquirer Country | % Acquired | Deal Value | Target Value | |
| 6/4/2009 | FinCor Holdings | Policy Administration & Processing | U.S. | Medical Professional Mutual Insurance Company | Health Insurance | U.S. | 100% | \$237 | \$237 | |
| 5/22/2009 | Facts Services | Policy Administration & Processing | U.S. | EBIX | Risk Management and Software | U.S. | 100% | \$7 | \$7 | |
| 5/14/2009 | Innovation Group | Policy Administration & Processing | U.K. | Private Placement | Investor Group | U.K. | 10% | \$8 | \$79 | |
| 5/8/2009 | Istituto Centrale delle Banche Popolari Italiane | Policy Administration & Processing | Italy | ICCREA Holding | Financial Services | Italy | 10% | \$81 | \$810 | |
| 12/15/2008 | i_Tech Corporation | Policy Administration & Processing | U.S. | Fiserv Solutions | Software and BPO | U.S. | 100% | \$40 | \$40 | |
| 10/24/2008 | Cambridge Solutions | Policy Administration & Processing | U.S. | Xchanging | Policy Administration & Processing | U.S. | 100% | \$240 | \$240 | |
| 10/15/2008 | AmFed | Policy Administration & Processing | U.S. | Companion Property & Casualty Insurance Group | Insurance | U.S. | N/A | N/A | N/A | |
| 10/1/2008 | Prudential Process Management | Policy Administration & Processing | India | Capita India | Policy Administration & Processing | India | 100% | N/A | N/A | |
| 8/19/2008 | MEDicision | Risk Management & Software | U.S. | Health Care Service Corporation | Health Insurance | U.S. | N/A | N/A | N/A | |
| 7/22/2008 | COSS Development Corporation | Risk Management & Software | U.S. | iPipeline | Sales, distribution software | U.S. | N/A | N/A | N/A | |
| 7/16/2008 | Liberata Financial Services | Policy Administration & Processing | U.K. | HCL Technologies | Software and BPO | India | 100% | \$2 | \$2 | |
| 7/10/2008 | Aviva's Indian BPO Operations | Policy Administration & Processing | India | WNS | Policy Administration & Processing | India | 100% | \$228 | \$228 | |
| 7/10/2008 | Liberty IMS | Risk Management & Software | U.S. | Hyland Software | Enterprise Content Management | U.S. | N/A | N/A | N/A | |
| 7/1/2008 | Fiserv Insurance Solutions | Risk Management & Software | U.S. | Stone Point Capital | Private Equity | U.S. | 51% | \$571 | \$1,120 | |
| 4/11/2008 | Mitchell International | Risk Management & Software | U.S. | CCC Information Services Group | Risk Management and Origination Services | U.S. | 100% | \$1,400 | \$1,400 | |
| 3/28/2008 | Lancaster Insurance Services | Insurance Intermediary | U.K. | Capita Group | Policy Administration & Processing | U.K. | 100% | \$33 | \$33 | |
| 3/18/2008 | SDS Business Services | Risk Management & Software | U.S. | Affiliated Computer Services | Risk Management, BPO and CRM | U.S. | 100% | \$67 | \$67 | |
| 3/8/2008 | Systems Task Group | Risk Management & Software | U.S. | Mastek | Software and BPO | India | 100% | \$29 | \$29 | |
| 1/11/2008 | First Consulting Group | Risk Management & Software | U.S. | CSC | Administration & BPO, Technology & Risk Management | U.S. | 100% | \$369 | \$369 | |

(All figures in millions unless otherwise state)

| Company Name | Summary Financials | | | | | | | Valuation Metrics | | | | |
|-------------------------------------|--------------------|------------|--------------------|----------|---------|--------------------|----------------------|-------------------|---------------------------------|---------|--------------------|----------------------|
| | 7/2/2009 | | LTM ⁽¹⁾ | | | EPS | | Price / Book | Market Cap / LTM ⁽¹⁾ | | PE Ratio | |
| | Stock Price | Market Cap | Book Value | Revenue | Pre-Tax | LTM ⁽¹⁾ | 2009E ⁽²⁾ | | Revenue | Pre-Tax | LTM ⁽¹⁾ | 2009E ⁽²⁾ |
| Administration, BPO and CRM | | | | | | | | | | | | |
| Affiliated Computer Services | \$43.40 | \$4,304 | \$2,457 | \$6,441 | \$553 | \$3.58 | \$3.94 | 1.8 x | 0.7 x | 7.8 x | 12.1 x | 11.0 x |
| CGI | C \$10.30 | C\$3,181 | C\$2,319 | C\$3,791 | C\$411 | C\$0.98 | C\$1.00 | 1.4 x | 0.8 x | 7.7 x | 10.5 x | 10.3 x |
| CSC | \$43.80 | \$6,639 | \$5,510 | \$16,740 | \$949 | \$7.31 | \$4.15 | 1.2 x | 0.4 x | 7.0 x | 6.0 x | 10.6 x |
| EXL Service Holdings | 10.32 | 298 | 171 | 185 | 12 | 0.36 | 0.35 | 1.7 x | 1.6 x | 25.1 x | 28.7 x | 29.3 x |
| Genpact | 11.41 | 2,451 | 778 | 1,072 | 154 | 0.62 | 0.69 | 3.2 x | 2.3 x | 15.9 x | 18.4 x | 16.7 x |
| Innovation Group | £0.10 | £69 | £124 | £151 | (£2) | (£0.01) | £0.01 | 0.6 x | 0.5 x | N/A | N/A | 8.4 x |
| Perot Systems | \$14.15 | \$1,696 | \$1,334 | \$2,720 | \$182 | \$0.97 | \$0.97 | 1.3 x | 0.6 x | 9.3 x | 14.6 x | 14.5 x |
| Wipro | 7.96 | 11,666 | 2,691 | 5,593 | 993 | 0.58 | 0.50 | 4.3 x | 2.1 x | 11.7 x | 13.7 x | 15.8 x |
| WNS | 9.19 | 389 | 188 | 539 | 11 | 0.20 | 1.14 | 2.1 x | 0.7 x | 35.1 x | 46.0 x | 8.1 x |
| Xchanging ⁽³⁾ | £1.88 | £443 | £258 | £558 | £49 | £0.13 | £0.15 | 1.7 x | 0.8 x | 9.0 x | 14.5 x | 12.7 x |
| AVERAGE | | | | | | | | 1.9 x | 1.1 x | 15.1 x | 19.0 x | 14.0 x |
| MEDIAN | | | | | | | | 1.7 x | 0.8 x | 10.5 x | 14.5 x | 12.7 x |
| Risk Management and Software | | | | | | | | | | | | |
| Automated Benefits Corp. | C\$0.19 | C\$21 | C\$1 | C\$4 | (C\$2) | (C\$0.01) | N/A | 15.2 x | 5.2 x | N/A | N/A | N/A |
| Bottomline Technologies | \$8.95 | \$224 | \$114 | \$139 | (\$11) | (\$0.50) | \$0.63 | 2.0 x | 1.6 x | N/A | N/A | N/A |
| CA | 16.85 | 8,742 | 4,344 | 4,271 | 1,102 | 1.29 | C\$1.55 | 2.0 x | 2.0 x | 7.9 x | 13.1 x | 10.9 x |
| Cover-All Technologos | 1.05 | 26 | 8 | 14 | 3 | 0.18 | N/A | 3.4 x | 1.9 x | 9.5 x | 5.8 x | N/A |
| EBIX | 32.09 | 327 | 77 | 79 | 31 | 2.51 | N/A | 4.2 x | 4.2 x | 10.5 x | 12.8 x | N/A |
| Fair Isaac Corp. | 14.98 | 732 | 565 | 684 | 95 | 1.64 | 1.40 | 1.3 x | 1.1 x | 7.7 x | 9.1 x | 10.7 x |
| Informatica Corp. | 16.90 | 1,473 | 369 | 461 | 92 | 0.59 | 0.83 | 4.0 x | 3.2 x | 16.0 x | 28.6 x | 20.4 x |
| Infosys | 37.47 | 21,470 | 3,598 | 4,721 | 1,498 | 2.27 | 2.01 | 6.0 x | 4.5 x | 14.3 x | 16.5 x | 18.7 x |
| Sapiens International Corp. | 0.96 | 21 | 22 | 44 | 2 | 0.10 | N/A | 1.0 x | 0.5 x | 11.0 x | 9.6 x | N/A |
| SPSS | 32.73 | 600 | 232 | 297 | 52 | 1.85 | 2.13 | 2.6 x | 2.0 x | 11.5 x | 17.7 x | 15.4 x |
| AVERAGE | | | | | | | | 4.2 x | 2.6 x | 11.1 x | 14.2 x | 15.2 x |
| MEDIAN | | | | | | | | 3.0 x | 2.0 x | 10.7 x | 12.9 x | 15.4 x |

(1) LTM as of 3/31/2009

(2) Based on consensus Bloomberg estimates as of 7/2/09. Estimates for companies with FY other than December have been calendarized

(3) LTM as of 12/31/2008

Source: Bloomberg, Capital IQ, SEC Filings

Freeman & Co. Transactions

Freeman & Co. Insurance Transactions

 INTER-ATLANTIC FINANCIAL

announced definitive merger agreement with

 **PATRIOT**
RISK MANAGEMENT INC

The undersigned acted as financial advisor to Patriot Risk Management, Inc. Pending

Freeman & Co. Securities LLC

\$30,000,000


 **Ullico**

has completed a combined \$30,000,000 senior debt and reinsurance transaction with


 **PATRIOT**
RISK MANAGEMENT INC

The undersigned acted as financial advisor to Ullico, Inc. December 31, 2008

Freeman & Co. Securities LLC


 **KBC**

has acquired

 **VERTICALEND**
FINANCIAL PRODUCTS FOR THE MUTUAL INDUSTRY

The undersigned acted as financial advisor to KBC Financial Products signed June 9, 2007

Freeman & Co. Securities LLC

 **KBC**

has acquired the assets of

Mutual Credit Corp.

The undersigned acted as financial advisor to KBC Financial Products November 13, 2006

Freeman & Co. Securities LLC

Freeman & Co. Financial Technology Transactions

 **ESP**
Electronic Specialist LLC

ESP has been recapitalized and received a growth equity investment from


 **BEAR STEARNS**

 **CREDIT SUISSE**


 **SIG**
SUSSENBANK

The undersigned acted as advisor to ESP Technologies, LLC May 17, 2007

Freeman & Co. Securities LLC

 **CARLIN FINANCIAL GROUP**

has been acquired by

 **RBC Capital Markets**

Acted as financial advisor to Carlin Financial Group January 2, 2007

Freeman & Co. Securities LLC

The BANK of NEW YORK **GTCR** Eze Castle Software

have merged

The BANK of NEW YORK Eze Castle Software

to form

 **BNY ConvergeEx Group**

Acted as financial advisor to GTCR October 2, 2006

Freeman & Co. Securities LLC

 **NEOVEST**
High Performance Trading Technology

has been acquired by

 **JPMorgan**

Acted as financial advisor to Neovest Holdings, Inc. September 1, 2005

Freeman & Co. Securities LLC

 **citigroup**

has acquired

 **LAVA**

Acted as financial advisor to Citigroup Inc. August 2004

Freeman & Co. Securities LLC

\$345,577,305

 **charles SCHWAB**

has acquired

 **SOUNDVIEW TECHNOLOGY GROUP**

Acted as financial advisor to The Charles Schwab Corporation January 16, 2004

Freeman & Co. Securities LLC

\$105,000,000

 **ITG**
Investment Technology Group, Inc.

has acquired

 **HOENIG**
Hoening Group, Inc.

Acted as financial advisor to ITG September 3, 2002

Freeman & Co. Securities LLC

 **GUGGENHEIM**

has made an investment in

 **CRT**
CAPITAL GROUP LLC

Acted as financial advisor to CRT Capital Group February 2002

Freeman & Co. Securities LLC

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- *Making Wall Street & Main Street Work* (October 2008)

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- *Are Hedge Fund M&A Deals a Sustainable Trend?* (January 2005)

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