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The Twelfth Annual

University of California

Berkeley

Haas School of Business

Investment Banking Case Competition

WIND RIVER

Presented by: Goldman, Sachs & Co.



Introduction

The Haas Investment Banking Case competition has been designed to provide interested students with an opportunity to demonstrate and to further develop their business skill set. While there will be a “winning team,” all participants will benefit from the experience. The case is ideal for those students considering a career in investment banking, commercial banking, merchant banking, venture capital, consulting or corporate finance. The presentations by the finalists will also allow the panel of judges from Wind River and Goldman Sachs to observe students’ presentation and analytical skills. Several interview slots for permanent and summer analyst positions at Goldman Sachs may be reserved for a select group of finalists.

Teams

Students should form their own teams to participate in the competition. The recommended team size is four. However, a team may compete with a minimum of three individuals. There must be at least one team member who is not a Haas major or minor. This rule is intended to replicate the work environments that graduates will enter upon graduation.

Case Study

The case is based on an existing company and attempts to simulate the strategic decisions that the company faced. While the facts cited in this case study are intended to re-create the general circumstances that existed, this case study has been adapted for the purpose of this competition and now provides a hypothetical situation – it does not intend to provide a complete or definitive recitation of facts or events. The financial information provided is for illustrative purposes only and does not represent current or historical projections from any of the companies cited in this case. Financial information not provided in this case will not be relevant for your analyses. Discussion with the management or any employee of the company or any of the company’s competitors is strictly prohibited and is cause for disqualification. Students also should not discuss the case with investment banking, consulting or finance-related professionals. Any activity of this sort will be obvious to the judges and is cause for disqualification. The case should be the original work of the team members alone. Students who have current or past experiences in banking, consulting, or finance should cite these experiences in their final deliverable.

Submission Format and Due Date

Each team will present their conclusions through a written presentation (landscape format), similar to the discussion materials often used in investment banking, consulting and corporate board meetings (e.g. PowerPoint or Word slides). Your presentation (including tables and exhibits) may be a maximum of 10 pages in length. The tables and exhibits will be a critical component of the final product as your conclusions will be based on this work. The presentations must be submitted by noon on September 29th in the Haas Undergraduate Office. No exceptions will be made for cases submitted after this time. We will also hold a conference call to answer any questions you may have regarding the case on September 25th from 2-3pm Pacific. The dial in will be 212-902-5949, Passcode: 7415558.

Final Competition

The review committee comprised of Haas faculty and Goldman Sachs professionals will review the presentations and select three teams to participate in the final round. The finalists will be notified by Friday, October 2nd, 2009. The 2009 Haas Investment Banking Case Competition Finals will be held Tuesday, October 6th from 6-9:30PM in the Tilden Room at the Martin Luther King Student Union Building. Each of the finalist groups will make a 15-minute presentation followed by questions from a panel of judges. After a short recess, the winner will be announced, followed by the judges’ critique of the presentations and a discussion of what actually occurred, with time allotted for questions from the audience. Attendance to the finals will be open to all and is encouraged for all who are interested.



Background

It is now June 2009. The Management team and Board of Directors of Wind River are planning an important meeting to decide on the appropriate next steps for the Company. As part of the ongoing management and oversight of Wind River's business, the Board and management regularly discuss and evaluate the strategic direction, long-term goals, performance and prospects of the Company. In the course of these discussions, the Board and senior management have reviewed various strategic alternatives involving possible business combinations or other commercial transactions that could complement and enhance Wind River's competitive strengths and market position, and regularly reviewed Wind River's prospects as an independent company. In this regard, the senior management of Wind River from time to time communicated informally with, and was approached by, representatives of other companies whose businesses relate to, or who are otherwise interested in, the software industry regarding industry and market trends, strategic direction and the potential benefits of possible business combinations or other commercial transactions.

In late 2007 and early 2008, in connection with discussions relating to a commercial transaction, representatives of Wind River and Intel communicated several times by telephone and in person to discuss a potential equity investment by Intel in Wind River, with such discussions being placed on hold in April 2008. The possibility of an acquisition of Wind River by Intel was not discussed during the course of these discussions. On November 12, 2008 and on December 9, 2008, Kenneth Klein, Wind River's Chief Executive Officer, President and Chairman of the Board, met with Renee James, Vice President and General Manager of Intel's Software and Services Group, to discuss potential strategic commercial opportunities between Wind River and Intel. In November 2008, Ian Halifax, Wind River's Senior Vice President of Finance and Administration, Chief Financial Officer and Secretary, engaged in strategic discussions and attended a meeting with senior executives of Company A. The discussions focused on strategic interests and the potential for a strategic transaction with Company A, including specific rationale and structuring alternatives for a strategic transaction. These contacts continued through March 2009, during which period Wind River's senior management engaged in several telephonic conversations with representatives of Company A to discuss a possible strategic transaction, although no formal offer ever materialized. On January 28, 2009, Mr. Klein met with Ms. James in San Francisco and they were joined by Paul Otellini, President and Chief Executive Officer of Intel, at which time they discussed a potential acquisition of Wind River by Intel. On February 3, 2009, Arvind Sodhani, Executive Vice President of Intel and President of Intel Capital, telephoned Mr. Klein, expressing an interest in potentially pursuing an acquisition of Wind River. Following this conversation, representatives of Intel negotiated a mutual confidentiality agreement with Wind River's in-house counsel and outside legal counsel, Wilson Sonsini Goodrich & Rosati ("Wilson Sonsini"). In February 2009, Mr. Klein contacted Goldman, Sachs & Co., with which Wind River had an investment banking relationship, to discuss hiring Goldman Sachs as Wind River's financial advisor for a potential strategic transaction. Between February 2009 and June 2009, Goldman Sachs and Wind River have been discussing strategic alternatives for the Company.

Wind River and Intel sell complementary products and services and have worked together in various capacities over the years. The companies have had a long-standing relationship focused primarily on the Intel Embedded Computing Group, in which Wind River has made its products operable with Intel Architecture and XScale family of processors. This collaboration has been on-going for more than a decade and across various functions within the organizations, including engineering, marketing and sales. Since 2007, Wind River has been engaged in a number of other initiatives with Intel, including developing a new In-Vehicle Infotainment platform with joint customers, developing support for Mobile Internet Devices in collaboration with Intel's Ultra Mobility Group, and, more recently, pursuing a multi-party initiative around Moblin, an open source project to develop operating system software for mobile devices. Both Intel and Wind River view the relationship between the two companies as strategic.

Goldman Sachs has been asked to provide its assessment to the Board of Directors of fundamental value of the company and Goldman Sachs' views on a potential combination with Intel as well as other potential acquirers. In particular, the Board wanted the answers to the following questions: 1) What is the appropriate standalone value of Wind River, 2) What should Intel be able and willing to



pay for the Company and who may be other potential acquirers and what could they pay for the Company 3) Is now a good time to sell the business?

Company Description

Wind River is the global leader in device software optimization (DSO). Wind River, currently deployed in more than 300 million devices worldwide, enables companies to develop, run, and manage device software better, faster, at lower cost, and more reliably. Their platforms reduce effort, cost and risk and optimize quality and reliability at all phases of the device software development process, from concept to deployed product.

Wind River develops operating systems, middleware (software found between an OS and software application), and software design tools for a variety of embedded computing systems. Its main products include VxWorks, the market-leading proprietary and multicore-ready real-time operating system, and commercial-grade Linux software platforms. The company also provides design services and software expertise, including custom-built solutions, development tools and device testing products.

Industry Information:

Device Software Optimization (DSO) is a holistic, enterprise-wide solution to the challenges generated by increasing complexity in developing device software. Key tenets of the DSO solution include standardization of technologies and processes across projects, teams, and sites, and the embrace of open standards to provide companies with the broadest possible choice of tools, technologies, and architectures. Wind River's DSO solution is built on a choice of operating systems, an ecosystem of validated and integrated partner technologies, and expert services and support available around the world, around the clock.

DSO is a methodology that enables companies to develop, run, and manage device software faster, better, at lower cost, and more reliably. While many companies offer solutions for developing device software, they typically only provide ways to tune it, deploy it, manage it, or maintain it—and not in one comprehensive solution.

Wind River develops and sells leading real-time, proprietary VxWorks operating systems that are particularly well-suited for device applications that require reliable, real-time performance, small memory footprints and proprietary systems, as well as commercial-grade Linux operating systems that are well-suited for consumer device applications and other open-source-based systems. In the market for Linux operating systems and tools, Wind River competes with Linux distributions that are freely available from the open-source community, as well as commercial Linux distributors such as MontaVista Software Inc., LynuxWorks Inc., TimeSys Corporation and others. Wind River also competes with independent software vendors in the market for proprietary operating systems and tools, including Microsoft Corporation, ENEA OSE Systems AB, LynuxWorks Inc., Green Hills Software Inc. and QNX Software Systems Ltd. (acquired by Harman International), as well as a number of other vendors that address one or more segments of the device system design process.

In the microprocessor business, Intel competes with AMD, which markets software-compatible products that compete with Intel processors. Intel also faces competition from companies offering rival architecture designs, such as Cell Broadband Engine Architecture developed jointly by International Business Machines Corporation (IBM), Sony Corporation, and Toshiba Corporation; Power Architecture* offered by IBM; ARM architecture developed by ARM Limited; and Scalable Processor Architecture (SPARC*) offered by Sun Microsystems, Inc. NVIDIA has developed a programming interface to attempt to expand the use of its graphics processors to accomplish general-purpose computing functions typically performed by a microprocessor in highly parallel applications. In addition, Intel Atom processor family competes against processors offered by AMD and VIA, and from companies using rival architectures, such as ARM and MIPS. Intel chipset products compete in



the various market segments against different types of chipsets that support either Intel microprocessor products or rival microprocessor products. Competing chipsets are produced by companies such as AMD, NVIDIA, Silicon Integrated Systems Corporation, and VIA. Intel also offers products designed for wired and wireless connectivity; the communications infrastructure, including network processors; and networked storage. In these markets, Intel competes with products manufactured by Atheros Communications, Inc., Broadcom, QUALCOMM, and other smaller companies.

Your Role

Wind River has asked your Goldman Sachs team to evaluate strategic alternatives for Wind River, which requires you to develop your views on the current and potential future valuation of the company, industry positioning, and potential sale of company to Intel or other potential acquirers. You will present your preliminary considerations and conclusions at Wind River's upcoming Board meeting. Your Managing Director has asked your team to put together a 10 page presentation addressing the following questions in your presentation:

Deliverables

■ Valuation:

- Using the financial data provided in the exhibits of the case study, please develop views on what is the potential fair value of Wind River (we suggest you use Discounted Cash Flow, Comparable Company multiples, and comparable M&A transactions valuation methodologies). For the DCF analysis, we suggest you attempt to evaluate potential performance of the Company beyond the projection period (for example, consider a 5 year DCF) and how potential performance outcomes over the period may impact your views on value.
- Describe any other key assumptions and methodologies used to determine the value of Wind River

■ Strategic Sale

- Do you believe now is a good time to potentially consider selling Wind River?
- Who are the best potential acquirers?
- What can these potential acquirers pay for the Company?

■ Positioning:

- What are Wind River's strengths relative to its peers?
- What are potential concerns the Board should have in considering a sale process for the company now?

■ Recommendation?

- Should Wind River consider selling the company? Why or why not?
- What do you believe is a fair valuation for Wind River?
- What are your suggested next-steps for the Board of Directors?

Judging Criteria for the Case Analysis

PLEASE NOTE THAT THERE IS NO SINGLE "CORRECT" ANSWER AND THAT YOU WILL NOT BE JUDGED VERSUS WHAT ACTUALLY HAPPENED, GIVEN THAT THE FACTS AND ASSUMPTIONS **MAY HAVE BEEN CHANGED** FROM WHAT REALLY OCCURRED. THE CRITERIA USED BY THE JUDGES WILL INCLUDE:



-
- Quantitative and qualitative analyses supporting your recommendation
 - Judgment of the current situation
 - Thought process
 - Presentation skills (written and oral), including the ability to succinctly present analysis
 - Breadth of knowledge (each team member should understand all aspects of the case)
 - Teamwork
 - Creativity

Note: Any financial data obtained from outside sources will not be applicable. Any publicly available information should only be used to gain an understanding of the Company and the industry in which it operates.



Wind River Case Exhibits

Wind River Historical and Projected Financials

Income Statement

	Fiscal Year Ending January 31,				
	2007A	2008A	2009A	2010E	2011E
Total Revenue	\$285.3	\$328.6	\$359.6	\$369.8	\$382.1
Total Cost of Revenue	\$64.9	\$83.7	\$83.8	\$88.4	\$96.5
Gross Profit	\$220.4	\$244.9	\$275.8	\$281.4	\$285.6
Sales and Marketing	\$106.7	\$125.6	\$130.2	\$131.5	\$134.3
Research and Development	\$68.0	\$77.2	\$80.5	\$80.7	\$80.8
General and Administrative	\$25.8	\$29.5	\$28.2	\$28.3	\$26.5
Amortization of Purchased Intangibles	\$0.3	\$0.9	\$13.3	\$4.9	\$4.0
Stock-Based Compensation	20.2	18.8	14.1	15.0	15.2
Other Expenses	4.8	1.0	2.9	5.7	4.0
Operating Income	\$(5.4)	\$(8.1)	\$6.6	\$15.3	\$20.8
Interest Income	\$8.9	\$9.5	\$7.4	\$4.8	\$6.0
Interest Expense	(2.2)	(0.3)	(0.5)	0.0	0.0
Other Income (Expense)	(0.5)	(0.8)	(1.1)	(0.8)	(0.8)
Pretax Income	\$0.8	\$0.3	\$12.4	\$19.3	\$26.0
Income Tax	\$0.3	\$2.8	\$1.9	\$6.1	\$8.4
Net Income	\$0.5	\$(2.5)	\$10.5	\$13.2	\$17.6
GAAP EPS Diluted	\$0.01	\$(0.03)	\$0.13	\$0.17	\$0.23
Fully Diluted Shares	86.7	86.5	79.8	76.3	75.1

Source: Wall Street Research

Wind River Historical and Projected Financials

Balance Sheet

	Fiscal Year Ending January 31,				
	2007A	2008A	2009A	2010E	2011E
Cash and Cash Equivalents	\$71.3	\$101.6	\$78.8	\$125.2	\$132.7
Short-Term Investments	39.0	22.6	15.8	15.8	15.8
Accounts Receivable, Net	74.8	85.7	78.6	89.4	92.0
Prepaid Expenses and Other Current Assets	17.2	18.9	18.9	18.1	20.7
Total Current Assets	\$202.3	\$228.8	\$192.1	\$248.5	\$261.2
Long-Term Investments	\$92.7	\$119.9	\$74.5	\$74.5	\$74.5
Property and Equipment, Net	75.0	78.0	78.8	76.0	75.4
Goodwill, Net	108.4	114.4	108.1	108.1	108.1
Other Intangibles, Net	3.7	5.0	10.9	10.9	10.9
Other Assets	16.5	17.9	14.6	18.1	18.6
Total Assets	\$498.6	\$564.0	\$479.0	\$536.1	\$548.7
Accounts Payable	\$7.1	\$9.3	\$9.1	\$9.7	\$10.3
Accrued and Other Current Liabilities	15.9	21.8	14.6	20.1	18.6
Accrued Compensation	20.1	24.4	27.4	26.1	29.0
Income Taxes Payable	1.4	0.6	0.1	1.0	2.1
Deferred Revenue, Short-Term	112.2	119.9	114.5	126.1	131.0
Convertible Notes	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	\$156.7	\$176.0	\$165.7	\$183.0	\$191.0
Long-Term Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Revenue, Long-Term	14.9	14.6	17.8	18.5	18.1
Other Long-Term Liabilities	2.9	7.6	10.2	10.1	10.4
Total Liabilities	\$174.5	\$198.2	\$193.7	\$211.6	\$219.5
Total Stockholders' Equity	\$324.1	\$365.8	\$285.3	\$324.5	\$329.2
Total Liabilities And Stockholders' Equity	\$498.6	\$564.0	\$479.0	\$536.1	\$548.7

Source: Wall Street Research

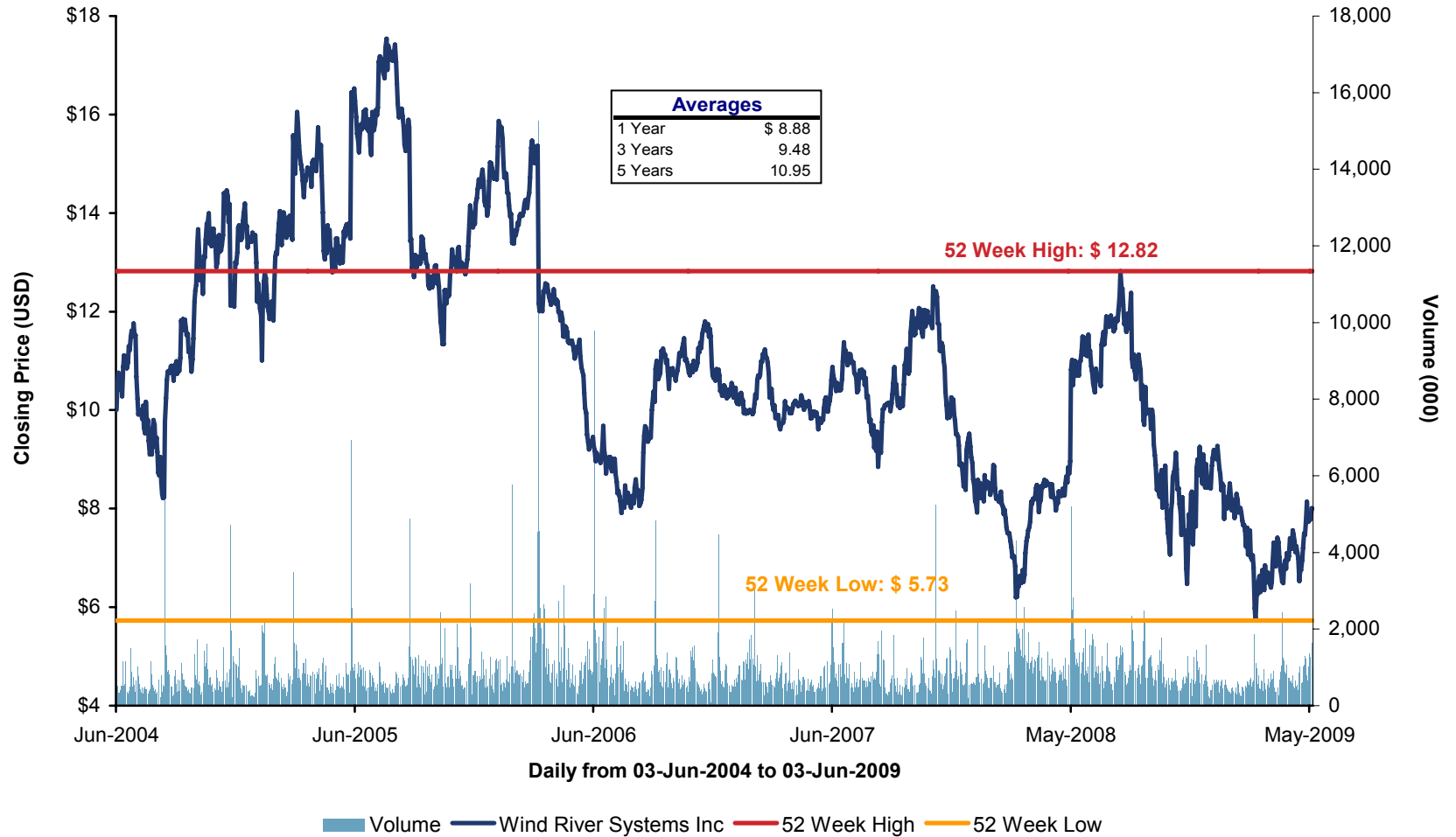
Wind River Historical and Projected Financials

Cash Flow Statement

	Fiscal Year Ending January 31,			
	2008A	2009A	2010E	2011E
Net Income (Loss)	\$(2.5)	\$10.5	\$13.2	\$17.6
Depreciation and Amortization	\$12.6	\$12.6	\$12.2	\$12.1
Stock-Based Compensation Expense	21.3	16.5	18.1	18.4
401K Common Stock Match	2.1	2.3	0.0	0.0
Non-Cash Restructuring Charges	3.2	0.0	0.0	0.0
Other-Than-Temporary Impairment of Investments	0.4	14.3	4.9	4.0
Realized (Gain) Loss from Sales of Securities, Net	0.0	(0.5)	0.0	0.0
Other Adjustments	(1.0)	0.3	0.0	0.0
Changes in Working Capital				
Accounts Receivable	\$(6.8)	\$3.9	\$(10.8)	\$(2.6)
Accounts Payable	2.0	(0.9)	0.6	0.6
Accrued Liabilities	5.2	(5.8)	5.5	(1.5)
Accrued Compensation	3.0	3.8	(1.2)	2.8
Income Taxes Payable	0.1	(0.2)	0.9	1.1
Deferred Revenues	2.1	0.5	12.8	4.4
Other Assets and Liabilities	0.7	(3.0)	(2.8)	(2.8)
Cash Flow from Operations (CFO)	\$42.4	\$54.3	\$53.4	\$54.1
Capex	\$(11.4)	\$(10.0)	\$(11.1)	\$(11.5)
Acquisitions, Net of Cash Acquired	(11.5)	(16.0)	(16.0)	(16.0)
Purchases of Investments	(96.7)	(45.5)	0.0	0.0
Sales of Investments	0.7	36.2	0.0	0.0
Maturities of Investments	87.7	59.5	0.0	0.0
Cash Flow from Investing (CFI)	\$(31.2)	\$24.2	\$(27.1)	\$(27.5)
Issuance of Common Stock	\$19.3	\$10.8	\$20.0	\$20.0
Repurchase of Convertible Notes / Common Stock	(6.4)	(105.6)	0.0	(40.0)
Cash Flow from Financing (CFF)	\$12.9	\$(94.8)	\$20.0	\$(20.0)
Foreign Exchange Rate Effects	\$5.9	\$(6.7)	\$0.0	\$0.0
Net Increase (Decrease) in Cash	30.0	(23.0)	46.3	6.6
Cash and Cash Equivalents at Beginning of Period	71.3	101.6	78.8	125.2
Cash and Cash Equivalents at End of Period	\$101.3	\$78.6	\$125.1	\$131.8

Source: Wall Street Research

Wind River's Historical Stock Price Performance Since 2004



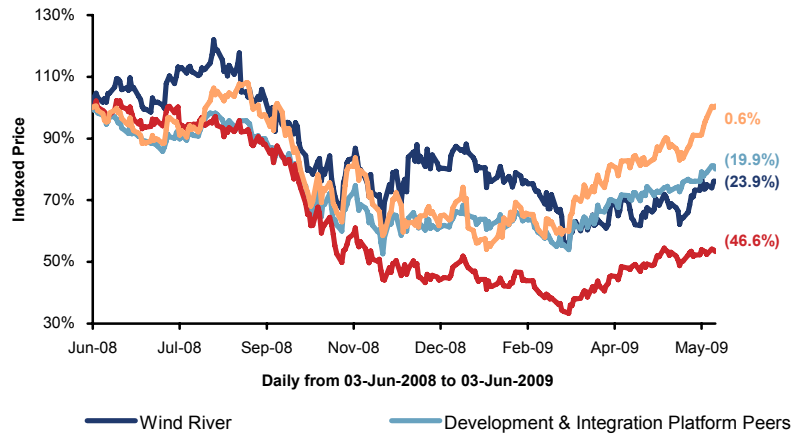
Source: FactSet

Notes: Averages shown are for calendar days

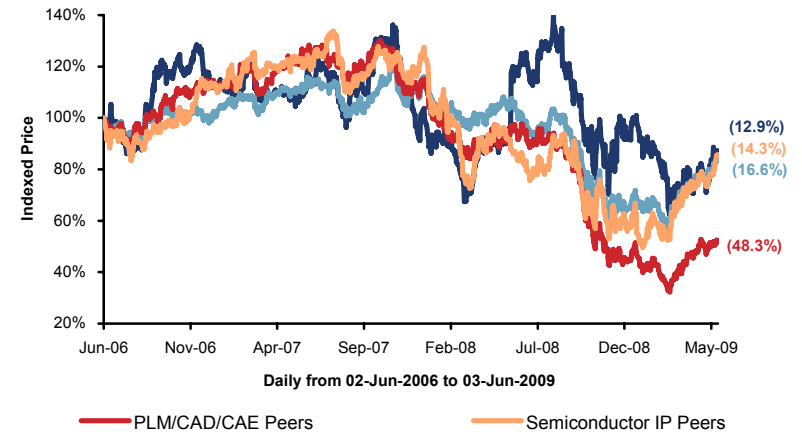
Wind River Stock Price Performance

Long-Term Stock Price Performance and Prices at Which Investors Have Been Buying WIND Stock

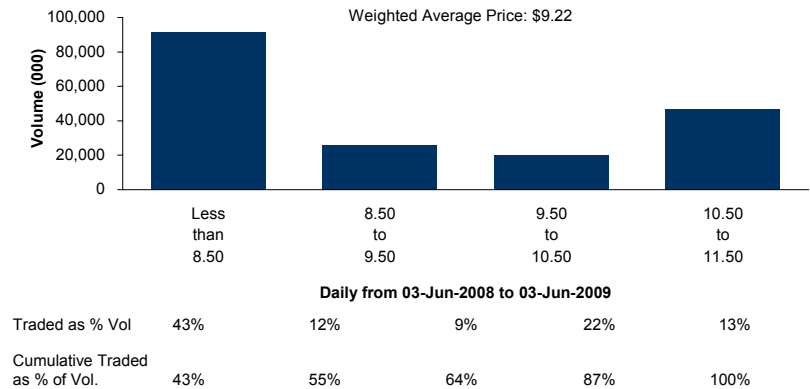
1-Year



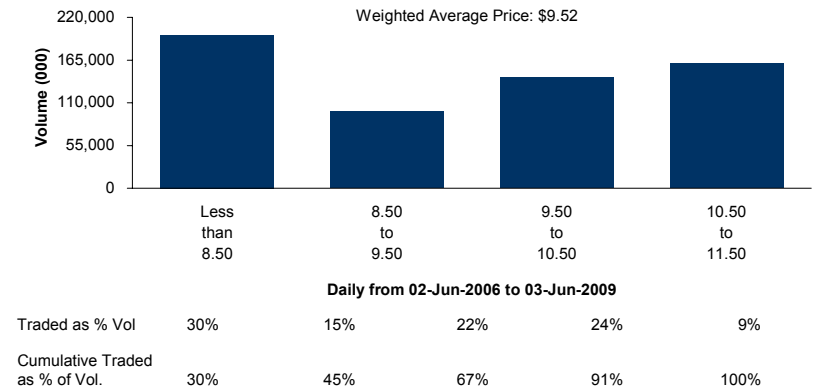
3-Years



Wind River Shares Traded at Various Prices: 1-Year



Wind River Shares Traded at Various Prices: 3-Years



Source: Bloomberg

Note: Development & Integration Platform peers include: Citrix, Microsoft, Novell, Progress, Red Hat and Tibco. PLM/CAD/CAE peers include: Autodesk, Cadence, Dassault, Mentor Graphics, MSC and Parametric Technology. Semiconductor IP peers include: ARM Holdings, Ceva, MIPS Technologies, Rambus and Tessera

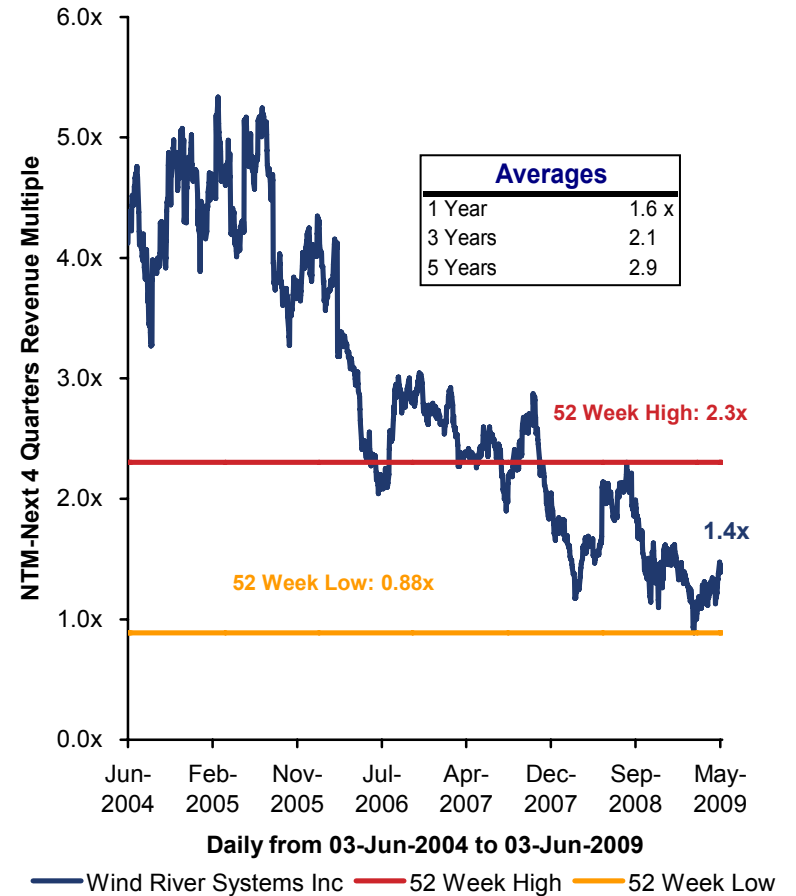
Wind River's Historical Valuation Multiples

Last 5 Years

Historical Next Twelve Months Price / Earnings



Historical Next Twelve Months Enterprise Value / Revenue



Source: Factset

Comparison of Selected Companies

(\$ in millions)

Company	Closing Price 6/3/09	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	EV/Sales (2)		EV/EBITDA (2)		Calendarized P/E Multiples (2)		5-Year EPS CAGR	2009 P/E/G	CY09-CY10 Revenue Growth (2)
					2009	2010	2009	2010	2009	2010			
Wind River	\$ 8.00	62 %	\$ 644	\$ 477	NA	1.2 x	8.1 x	7.6 x	NA	12.6 x	20 %	NA	NA
Development & Integration Platform													
Citrix	\$ 32.25	90 %	\$ 5,897	\$ 5,066	3.2 x	3.0 x	10.8 x	9.5 x	19.5 x	17.3 x	12 %	1.7 x	8 %
Microsoft	21.73	75	193,391	171,495	2.8	2.8	7.1	6.9	12.3	11.4	10	1.2	3
IBM	106.49	82	142,382	161,155	1.7	1.7	7.4	7.0	11.6	10.6	10	1.2	3
Novell	4.11	59	1,456	538	0.6	0.6	3.8	3.6	14.4	13.3	12	1.2	3
Progress	23.48	75	965	842	1.7	NA	7.3	NA	13.3	NA	NA	NA	NA
Red Hat	19.88	85	3,953	3,107	4.3	3.9	14.8	12.6	30.5	28.7	20	1.5	11
Tibco	6.53	75	1,156	922	1.5	1.4	6.0	5.8	13.5	12.1	13	1.1	8
Mean		77 %			2.3 x	2.2 x	8.2 x	7.6 x	16.4 x	15.6 x	13 %	1.3 x	6 %
Median		75			1.7	2.2	7.3	6.9	13.5	12.7	12	1.2	5
PLM / CAD / CAE													
Autodesk	\$ 22.08	53 %	\$ 5,114	\$ 4,185	2.4 x	2.3 x	13.9 x	10.6 x	27.8 x	19.9 x	10 %	2.8 x	2 %
Cadence Design Systems	5.79	50	1,526	1,389	1.6	1.5	NM	8.6	NM	NM	12	NA	11
Dassault Systemes	45.37	74	5,368	4,462	2.4	2.3	9.1	8.5	16.9	15.7	12	1.4	4
Mentor Graphics	5.30	33	499	641	0.8	0.8	5.2	4.0	13.5	10.8	15	0.9	3
MSC Software	7.38	54	337	187	0.9	0.8	NA	NA	NM	NM	10	9.7	5
Parametric Technology	12.45	58	1,460	1,245	1.3	1.3	7.4	NA	14.4	11.3	13	1.1	3
Synopsys	19.33	74	2,811	1,969	1.4	NA	4.8	NA	11.4	NA	12	0.9	NA
Mean		57 %			1.5 x	1.5 x	8.1 x	7.9 x	16.8 x	14.4 x	12 %	2.8 x	5 %
Median		54			1.4	1.4	7.4	8.6	14.4	13.5	12	1.3	4
Semiconductor IP													
ARM Holdings	\$ 1.70	85 %	\$ 2,220	\$ 2,070	4.1 x	3.7 x	14.2 x	11.5 x	19.2 x	16.1 x	12 %	1.6 x	10 %
MIPS Technologies	3.62	90	163	164	1.8	NA	7.2	NA	11.9	NA	20	0.6	NA
Ceva	8.07	77	158	72	1.9	1.6	14.8	8.8	23.1	18.8	25	0.9	14
Rambus	13.98	66	1,491	1,271	11.4	11.6	NA	NA	NM	NM	NA	NA	(2)
Tessera Technologies	27.03	100	2,655	2,293	8.4	8.9	NA	NA	25.3	25.5	25	1.0	(7)
Mean		84 %			5.5 x	6.5 x	12.1 x	10.1 x	19.8 x	20.1 x	21 %	1.0 x	4 %
Median		85			4.1	6.3	14.2	10.1	21.1	18.8	23	1.0	4
Large Cap Semiconductor													
Intel Corporation	\$ 15.94	65 %	\$ 89,033	\$ 79,517	2.6 x	2.4 x	9.2 x	7.1 x	30.1 x	18.5 x	10 %	3.0 x	9 %
QUALCOMM	43.58	77	73,372	64,121	6.1	5.4	13.7	11.6	23.8	18.3	15	1.6	13
Broadcom	30.01	98	16,203	14,241	3.4	2.9	23.4	15.2	30.9	22.2	15	1.5	17
NVIDIA	16.05	97	9,173	7,943	2.5	2.3	25.6	14.3	73.5	26.0	10	2.6	12
Advanced Micro Devices	5.72	99	4,017	8,084	1.6	1.5	20.4	14.2	NM	NM	15	NA	7
Mean		87 %			3.3 x	2.9 x	18.5 x	12.5 x	39.6 x	21.3 x	13 %	2.2 x	11 %
Median		97			2.6	2.4	20.4	14.2	30.5	20.4	15	2.1	12

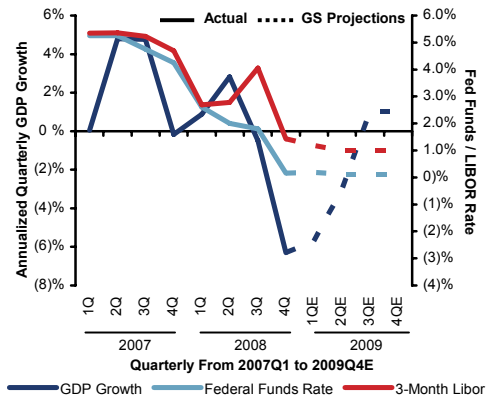
Source: Based on latest publicly available financial statements. Equity Market Cap based on fully diluted shares outstanding.

Key Themes in the U.S. Markets

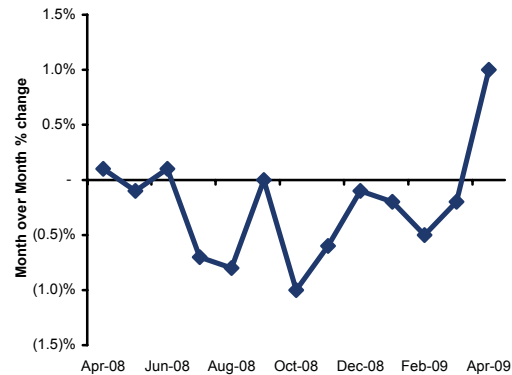
Economy Should Recover in 2H 2009

Factor	Influence	Comment
Fed Activity / Impact on Financial Sector	↑	■ Banks raise capital to repay TARP; 10 banks approved for repayment
Equity Flows	↑	■ Mutual Funds posting large inflows after multiple weeks of <\$1bn
Consumer Confidence	↑	■ Larger than expected increase driven by improved future expectations
Unemployment	—	■ Unemployment hit a new 25-yr high of 9.4%, yet job losses slowing - lowest rate since Jan-09
Dollar	—	■ Fluctuating dollar cuts both ways
Housing	—	■ YoY home price declines begin to moderate but new home sales remain weak
Retail Sales	↓	■ May headline increase masks below consensus core number
Commodities	↓	■ Oil trading up meaningfully in recent weeks to \$70, but still off 2008 highs of \$147

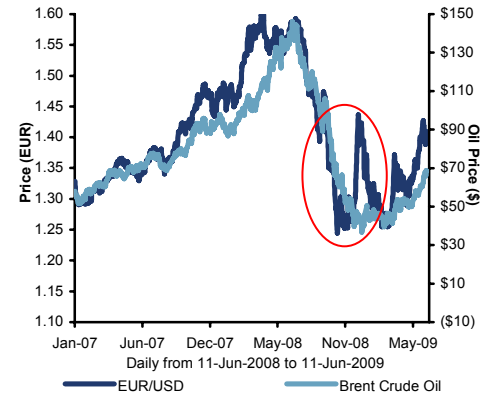
Real GDP Growth Bottomed in Q1 '09



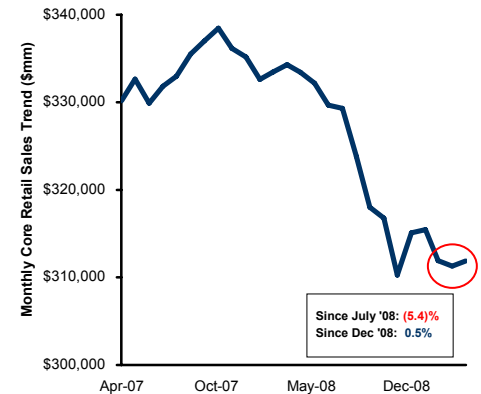
Uptick in U.S. Leading Indicators Implies Broad Stabilization¹



Correlation of Oil / USD Disrupted by Credit Crisis is Now Normalizing



Core Retail Sales Below Expectations



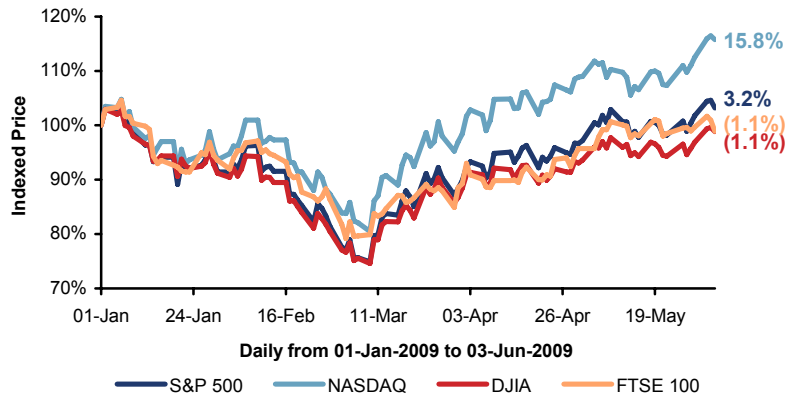
Source: Bloomberg, Factset, Thomson Reuters, Dealogic

¹ Index of 10 U.S. Leading Indicators: 1) average manufacturing weekly hours 2) average weekly initial jobless claims, 3) manufacturers' new orders on consumer goods, 4) vendor performance, 5) manufacturers' nondefense capital goods orders 6) building permits, new private housing units, 7) S&P 500 stock price appreciation, 8) inflation-adjusted money supply 9) interest rate spread, 10) consumer expectations

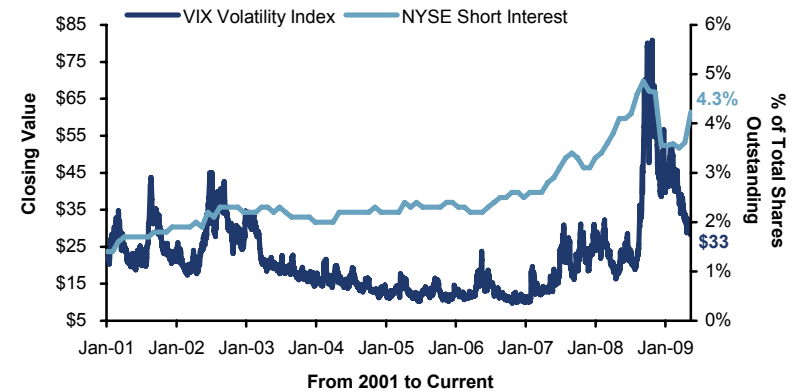
What Has Been Happening In the Equity Markets?

The Setup Continues to Improve for the New Issue Markets

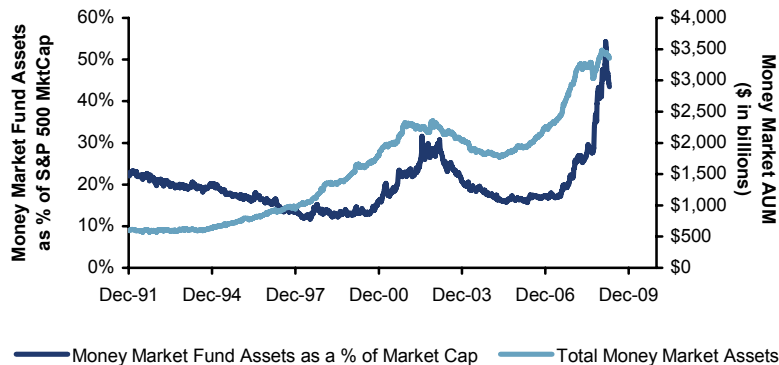
Stock Prices Have Rallied Significantly YTD as all Indices Nearly in Positive Territory



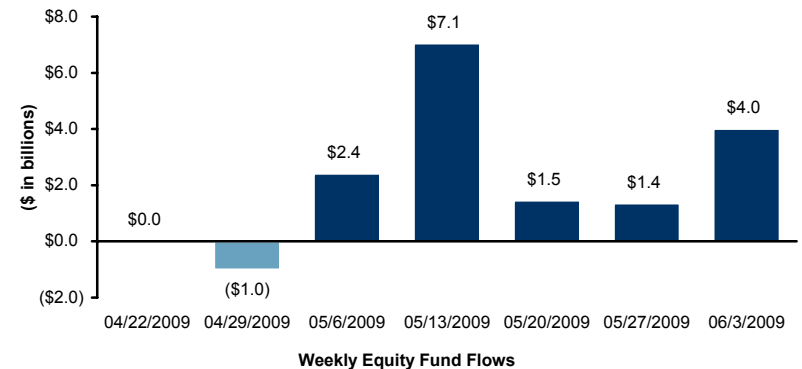
Volatility Has Eased Nearly to Pre-Lehman Levels



Balances Are Still Near Record Levels, But Investors are Beginning to Rotate Out of Money Markets

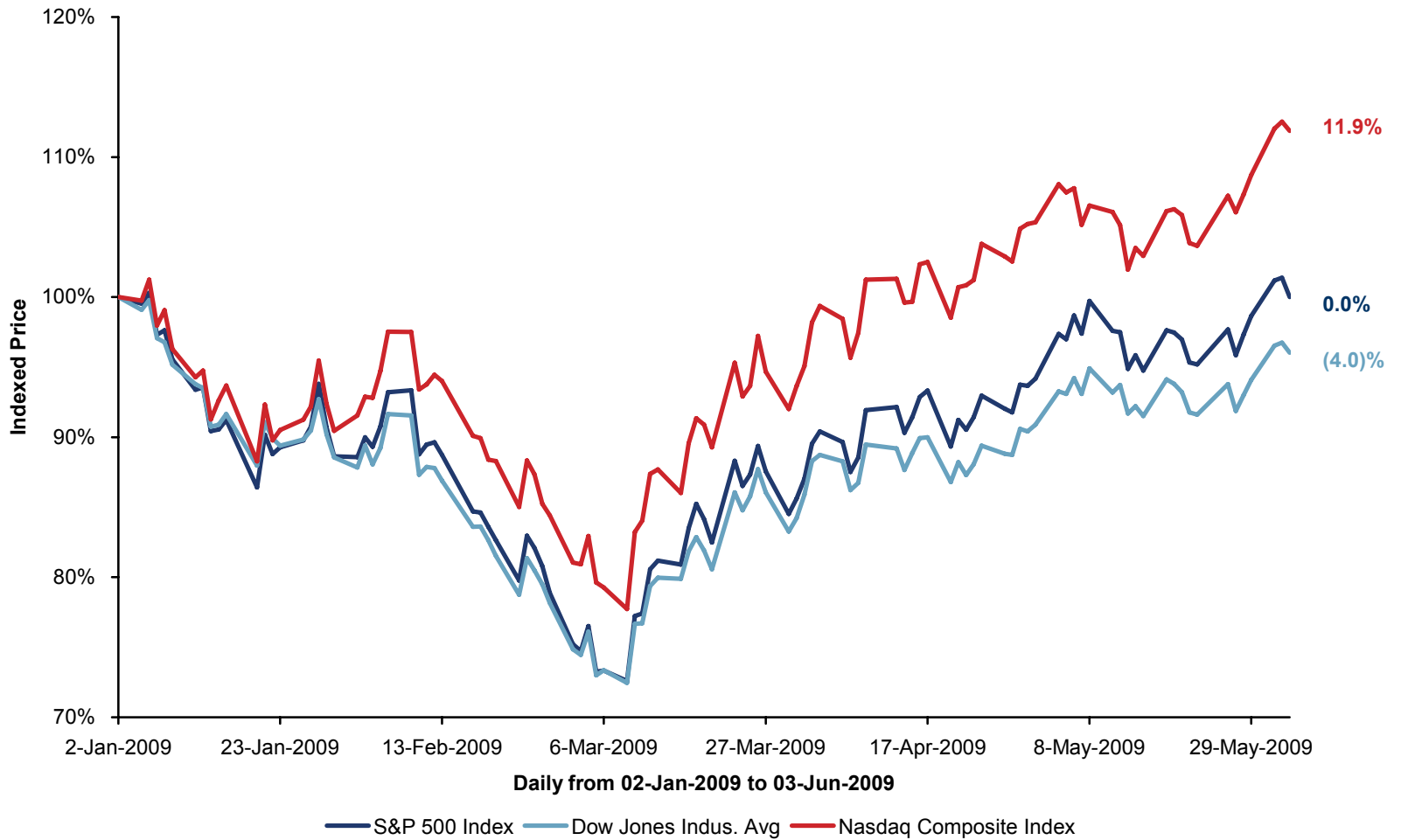


Investors Are Increasing Exposure to Equities



Source: Bloomberg, GS Research, AMG Data

Recent Market Performance



Source: Market data as of 03-Jun-2009

Selected Precedent Public Company Transactions

(\$ in millions)

Announce Date	Acquirer	Target	Consideration	Equity Consideration	Aggregate Consideration	Premium Over 1-Day Prior	Premium Over 52-Wk High	Target CY+1 P/E Multiple	S&P Info Tech CY+1 P/E Multiple at Time of Ann. vs 3-Jun-09
3/31/2008	Ansys	Ansoft	Cash/Stock	\$ 858	\$ 828	39.3 %	(7.2)%	29.1 x	94.5 %
3/20/2008	Synopsys Inc	Synplicity Inc	Cash	226	180	52.1 %	11.7 %	50.6	95.1 %
1/16/2008	Oracle	BEA Systems	Cash	8,314	7,071	24.4 %	2.3 %	24.8	116.6 %
6/11/2007	IBM	Telelogic AB	Cash	742	725	(2.3)%	(3.7)%	25.6	124.5 %
2/28/2007	Temasek Holdings	STATS ChipPAC	Cash	2,294	2,843	13.2 %	7.2 %	17.4	111.5 %
8/31/2006	Investor Group	Intergraph	Cash	1,331	1,083	18.0 %	(15.0)%	25.0	119.4 %
11/10/2005	Silver Lake	SERENA	Cash	1,026	1,087	2.7 %	(1.7)%	13.9	125.7 %
3/14/2005	IBM	Ascential	Cash	1,121	641	17.8 %	(22.9)%	46.4	120.6 %
High						52.1 %	11.7 %	50.6 x	125.7 %
Mean						20.7 %	(3.7)%	29.1 x	113.5 %
Median						17.9 %	(2.7)%	25.3	118.0 %
Low						(2.3)%	(22.9)%	13.9	94.5 %

Source: Press releases, company filings and Thomson SDC. Historical share prices per Capital IQ and DataStream. Historical forward target net income estimates per IBES median estimates. S&P Info Tech forward net income multiples per Bloomberg

Note: S&P Info Tech companies include: Adobe Systems, Advanced Micro Devices, Affiliated Computer Services, Agilent Technologies, Akamai Technologies Inc, Altera Corp., Analog Devices, Apple Inc., Applied Materials, Autodesk Inc., Automatic Data Processing Inc., BMC Software, Broadcom Corporation, CA, Inc., Ciena Corp., Cisco Systems, Citrix Systems, Cognizant Technology Solutions, Computer Sciences Corp., Compuware Corp., Convergys Corp., Corning Inc., Dell Inc., eBay Inc., Electronic Arts, EMC Corp., Fidelity National Information Services, Fiserv Inc., FLIR Systems, Google Inc., Harris Corporation, Hewlett-Packard, Intel Corp., International Bus. Machines, Intuit Inc., Jabil Circuit, JDS Uniphase Corp., Juniper Networks, KLA-Tencor Corp., Lexmark Int'l Inc, Linear Technology Corp., LSI Corporation, Mastercard Inc., McAfee, MEMC Electronic Materials, Microchip Technology, Micron Technology, Microsoft Corp., Molex Inc., Motorola Inc., National Semiconductor, NetApp, Novell Inc., Novellus Systems, Nvidia Corporation, Oracle Corp., Paychex Inc., QLogic Corp., QUALCOMM Inc., Salesforce.com, SanDisk Corporation, Sun Microsystems, Symantec Corp., Tellabs Inc., Teradata Corp., Teradyne Inc., Texas Instruments, Total System Services, Unisys Corp., Verisign Inc., Western Union Co, Xerox Corp., Xilinx Inc, Yahoo Inc.

Additional Information

Formulas and Assumptions

■ Multiples Analysis

- Revenue Multiple = Enterprise Value (also known Levered Market Cap) / Forward Revenue Estimate
 - Enterprise Value = Equity Market Cap + Net Debt
 - Net Debt = Debt - Cash
- P/E Multiple = Stock Price / Forward Earnings Estimates Per Share
- PEG Ratio = (PE Multiple/5 year growth rate)
- These metrics should be calculated based on forward estimates

■ Discounted Cash Flow Analysis

- Free Cash Flow = Operating Profit (1-tax) + Depreciation & Amortization – Capital Expenditures – Increase in Working Capital
- Terminal Value maybe be calculated by one of the two methods
 - Perpetuity Growth Method: $(\text{Final Year Free Cash Flow} * (1+g) / (\text{WACC}-g)) / (1+\text{WACC})^{(\text{year of final cash flow})}$
Assume FCF will grow between 2-3%
- WACC = $(\text{Debt}/(\text{Debt} + \text{Equity})) * (1 - \text{Tax Rate}) * \text{Cost of Debt} + (\text{Equity}/(\text{Debt} + \text{Equity})) * \text{Cost of Equity}$
- CAPM = $R_f + B (R_m - R_f) + \text{Size risk premium}$
- Both Free Cash Flows and the Terminal Value need to be discounted using WACC to arrive at present value of future cash flows
 - NPV of Future Free Cash Flow = $\text{Future Free Cash Flow} / (1+\text{WACC})^{(\text{year of future FCF})}$ i.e.1,2,3, etc.

Additional Information

Formulas and Assumptions

■ WACC Assumptions

- Risk free rate (UST 30 Yr): 3.91%
- Equity risk premium: 5.07%
- Wind River historical equity beta: 0.971
- Suggested size risk premium:

Size Category	Market Cap (\$mm) ¹	Adjustments ²
1	\$2 - 219	5.81 %
2	\$219 - 453	2.71 %
3	\$453 - 753	2.35 %
4	\$753 - 1,197	1.62 %
5	\$1,197 - 1,849	1.63 %
6	\$1,849 - 2,786	1.54 %
7	\$2,786 - 4,225	0.97 %
8	\$4,225 - 7,360	0.74 %
9	\$7,360 - 18,503	0.62 %
10	\$18,503 - 465,652	(0.36)%

¹ Market capitalization of S&P 500 constituents

² Ibbotson Associates; calculated via the arithmetic mean over 1926-2008