

Stratus: Summary Transaction Overview at Entry

Overview		Transaction Structure	
Business Description	<ul style="list-style-type: none"> Global leader in Fault Tolerant and High Availability technology solutions 	<pre> graph TD Lenders((Lenders)) -.-> Acquisition Debt HoldingCompany[Holding Company] HoldingCompany -- 100.0% --> PlatformBusiness[Platform Business ("Bond")] PlatformBusiness -- 100.0% --> SoftwareBusiness[Software Business ("Call Option")] SoftwareBusiness --- Cash["(\$15mm of cash on balance sheet to fund losses)"] </pre>	
Closing Date	<ul style="list-style-type: none"> Acquisition: April 28, 2014 		
Capital Structure at Entry	<ul style="list-style-type: none"> Total Equity & Debt: \$401 mm <ul style="list-style-type: none"> Total Equity: \$176 mm Total Debt: \$225 mm 		
Co-Investors	<ul style="list-style-type: none"> LPs co-invested \$75 mm (43% of equity) 		
Executive Partners	<ul style="list-style-type: none"> Dan Moloney, Merle Gilmore, Rod Randall, Al Zollar 		

Entry Valuation & Liquidity/Leverage		Entry Summary Financials (FY February 2014A)			
Valuation	<ul style="list-style-type: none"> TEV⁽¹⁾ / PF2014 Bond EBITDA: 5.3x 				
Liquidity/Leverage	<ul style="list-style-type: none"> \$10 mm of minimum cash on balance sheet \$14 mm to fund potential Call Option losses Net Debt⁽²⁾ / PF2014 Bond EBITDA: 3.3x 				
		<i>\$ in millions</i>	Platform (Bond)	Software (Call Option)	Total
		Revenue	\$189	\$9	\$198
		PF EBITDA ⁽³⁾	\$66	(\$13)	\$53
		% Margin	34.9%	NM	26.7%

Note: Please see Appendix--Footnotes" and "Siris Disclaimer" and "Case Studies" for important information, additional considerations and definitions.

(1) The Call Option division reported negative EBITDA at the time of acquisition. Cash left on the balance sheet to fund the Call Option division losses is included in the Total Enterprise Valuation ("TEV") calculation. TEV is then divided by the legacy Bond division EBITDA to arrive at the purchase multiple. TEV = \$176.2mm total equity + \$225.0mm total debt - \$41.5mm of transaction expenses - \$10 mm of minimum cash = \$349.7 mm / \$66.0 mm PF2014A Bond EBITDA = 5.3x.

(2) Net Debt = \$225.0 mm total debt - \$10.0 mm minimum cash = \$215.0 mm net debt / \$66.0 mm PF2014A Bond EBITDA = 3.3x.

(3) Pro forma EBITDA for Bond only consideration in purchase multiple whereby Call Option reported negative EBITDA.

