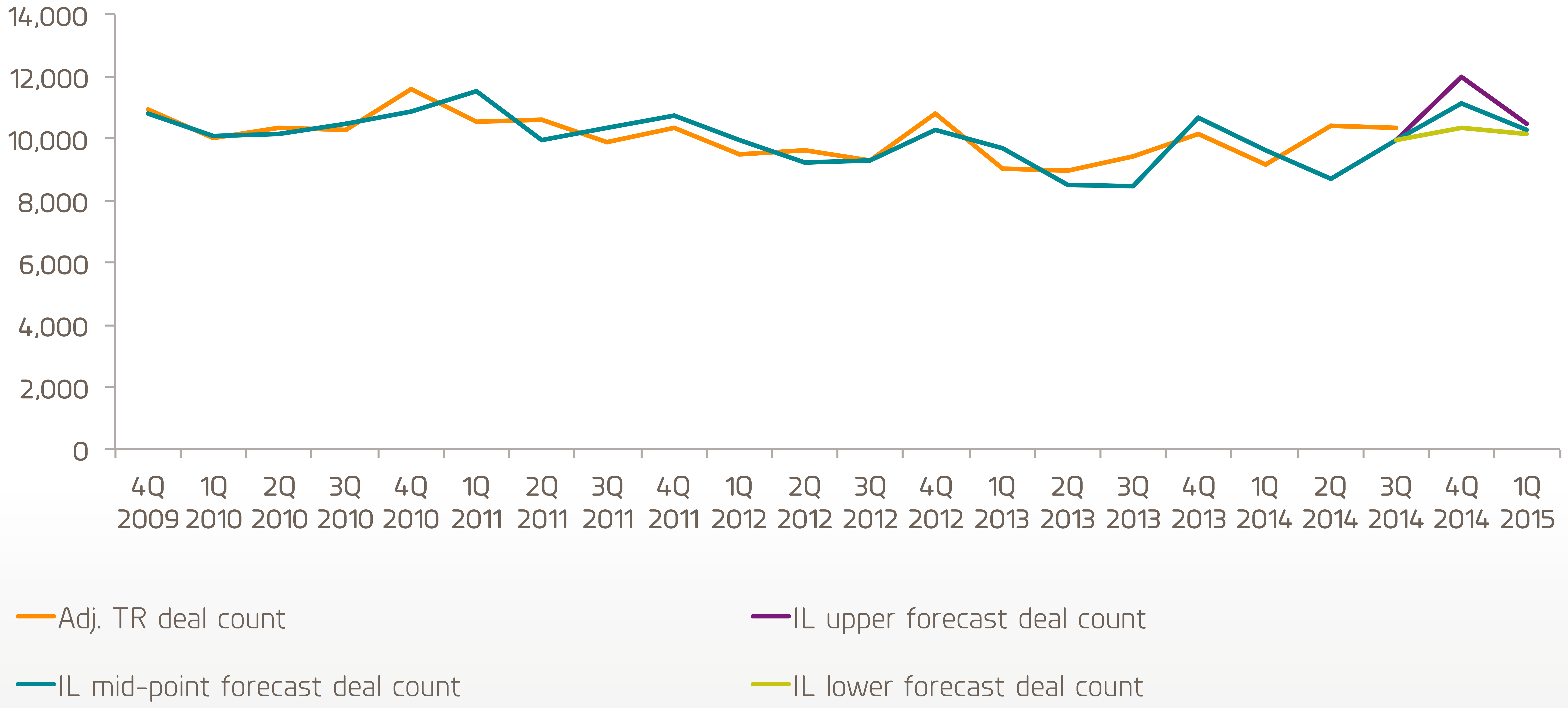
Intralinks® Deal Flow Predictor

Our quarterly prediction of future trends in the global M&A market for Q1 2015

Intralinks Deal Flow Predictor: forecasting global M&A activity through Q1 2015

Welcome to the latest edition of the Intralinks Deal Flow Predictor (DFP) report. The Intralinks DFP tracks early-stage M&A deals (sell-side M&A transactions that are in the preparation stage or that have reached the due diligence stage) across the world, on average six months prior to their public announcement. Intralinks has been the leading global provider of virtual data rooms for over 16 years, and our involvement in the early stages of a significant percentage of the world's M&A deals allows us to keep a finger on the pulse of today's rapidly changing M&A market. The Intralinks DFP has been independently verified as an accurate predictor of future changes in the number of announced global M&A transactions, with quarter-on-quarter (QoQ) percentage changes in the Intralinks DFP typically being reflected six months later in announced deal volumes, as reported by Thomson Reuters.

Intralinks forecast versus Thomson Reuters announced deals



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Introduction

With an 18.7 percent growth rate in early-stage M&A activity over the last four quarters, North America is exhibiting the strongest sustained growth in M&A activity so far this year, followed by the Europe, Middle East and Africa (EMEA) region (up 16.2 percent) and Asia Pacific (up 7.1 percent). Latin America is lagging, with a 9.7 percent decline in early-stage M&A activity over the last four quarters, which is due to the continuing weakness of Brazil, the region's largest economy.

Our key predictions for 2014 and through Q1 2015:

1. Global announced M&A volumes in Q1 2015 will be significantly above those reported in Q1 2014, by between 10 and 14 percent.

2. We reiterate our previous prediction that global announced M&A volumes for 2014 will show an annual increase, which we expect to be between 7 and 11 percent, compared to 2013. This will represent the first year-over-year (YoY) increase in the number of announced M&A deals since 2010.

3. North America will continue to lead the M&A recovery through early 2015, underpinned by strong U.S. economic growth, and the U.S. monetary policy environment which, even when interest rates eventually begin to rise from their current levels, will likely result in "new normal" long term rates at levels significantly below historical average. This will mean continued availability of financing for acquisitions, and increased pressure on corporations to generate growth.

4. Within EMEA, Germany will continue to be a major driver of M&A activity through early 2015. We expect it to continue to benefit from foreign acquirers' interest in its high quality export-oriented businesses, particularly in the Mittelstand, where a combination of succession issues at family-owned businesses (as founders retire) and market leading positions in global industries can combine to create attractive acquisition opportunities. At the same time, we are currently seeing a strong uptick in early-stage M&A activity in France, Spain and Italy, as their economic recoveries gather pace. We expect this to translate into a significant increase in deal announcements in these countries through Q1 2015.

Overview: continued recovery and positive momentum into 2015

The global environment for M&A remains positive, although some potential risk factors exist

An M&A recovery is underway, underpinned by increasing confidence in the global economic recovery, exceptionally accommodative monetary policy, low interest rates and strong corporate profit growth and cash generation. Globally, announced M&A for the first nine months of this year is up 9 percent by volume and 53 percent by value, according to data from Thomson Reuters. Based on the results of the current DFP, we expect this positive momentum to continue through early 2015. However, there are also several factors tempering our optimism. One is the possibility of a shock to the global economy from increasing geopolitical instability (in regions such as the Middle East and Eastern Europe), which has the potential to lead to higher energy prices if oil markets become disrupted. (However, oil prices have been falling lately due to increased supply and weak demand.) The expected increase in global interest rates, if not undertaken cautiously, could also pose a risk to consumers and businesses, choking off the recovery. Despite the current low interest rate environment, the continued weakness of many banks in key economies (particularly the eurozone) also poses a risk to the recovery, as lending activity, which will lead to higher economic growth, continues to be constrained by inadequate capital buffers and profitability at some banks. The ultra-low interest rate environment has also led investors to increase financial risk-taking in the search for returns, which could pose financial stability risks and cause regulators and central banks to react by intervening in asset markets.

The most active sectors, globally

On an industry level, globally we are seeing the strongest increases in early-stage M&A activity in the TMT (Telecoms, Media and Technology), Industrials and Consumer sectors.

Overview: continued recovery and positive momentum into 2015

North America leads the way

North America's leading performance in early-stage M&A activity is underpinned by the continuing strength of the U.S. economy. The International Monetary Fund's (IMF) forecast for U.S. economic output for 2014 was recently upgraded to 2.2 percent from 1.7 percent, and the IMF is forecasting that U.S. economic growth for 2015 will, at 3.1 percent, be among the highest growth rates of the advanced economies. The U.S. is also enjoying a revival in its domestic energy production, as technology innovations have led to increased production of energy from unconventional sources (such as shale gas), as well as increased extraction from existing conventional sources such as oil. This has led to a reduction in energy costs for industry, and increased competitiveness, as well as a reduction of U.S. reliance on potentially volatile sources of imported energy.

Latin America still showing weakness

The Q3 DFP shows a 9.7 percent YoY decline in early-stage M&A activity in Latin America, and an even larger 22 percent QoQ decline, which was also the region's fourth consecutive QoQ decline. A key reason for this is that Brazil's economy, the region's largest, is stagnating, as weakening demand and investment have coincided with a decline in the commodity price cycle for key exports such as iron ore, which fuelled Chinese industrialization and helped Brazil to achieve historical growth rates of 4-6 percent per annum. Economic output in Latin America this year is forecast at only 1.3 percent, and consumer activity indicators such as retail sales are flagging.

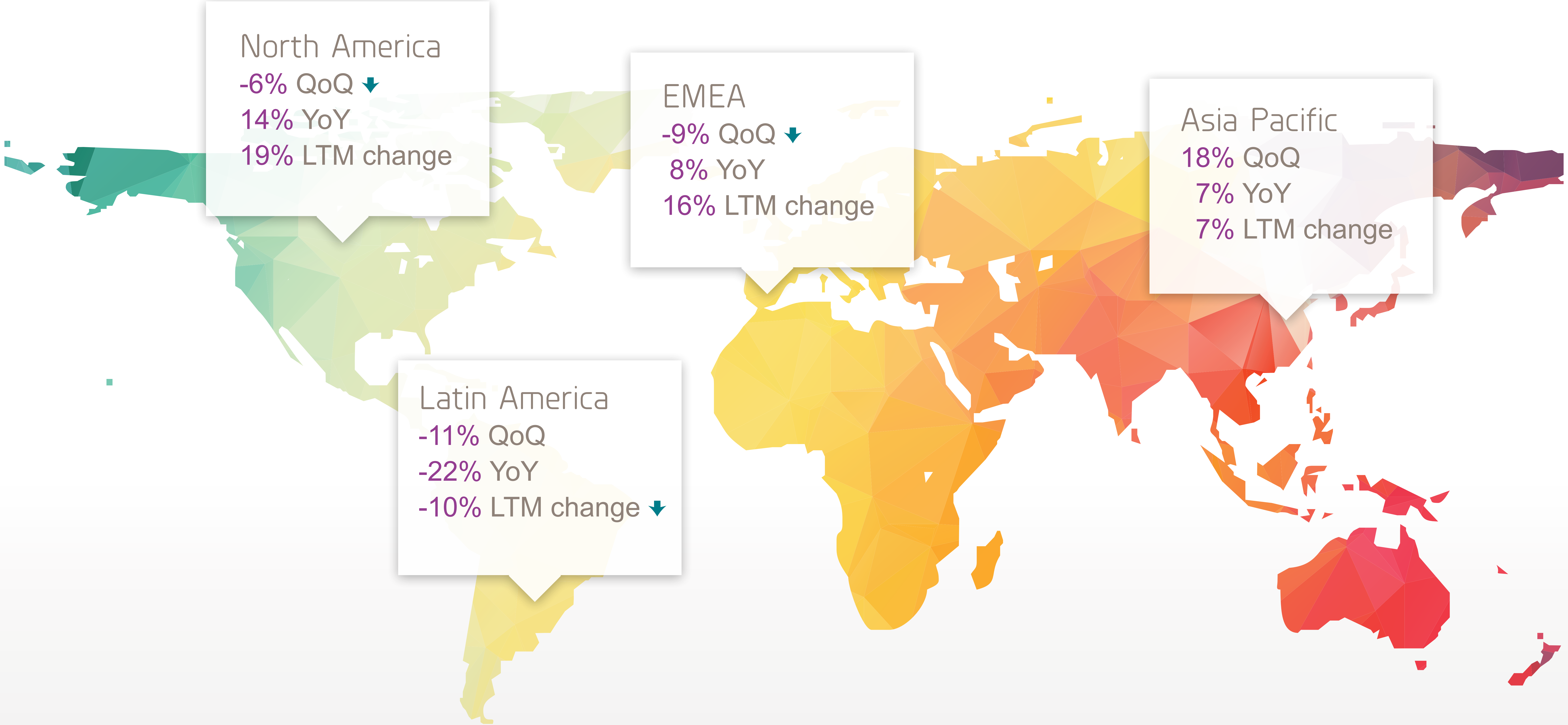
Asia Pacific rebounds in Q3

The Asia Pacific region was the only one that showed both QoQ and YoY gains in early-stage M&A activity in Q3, posting 17.8 percent and 6.5 percent increases, respectively. The jump in QoQ activity was seen across almost the entire APAC region, with the exception of Australia and Hong Kong. Leading the pick-up in activity were South Korea, Singapore, India and Japan. The largest increases in activity in APAC were seen in the Technology, Manufacturing/Industrials and Consumer sectors.

Dealmakers still remain positive about M&A markets, although less so than in the previous quarter

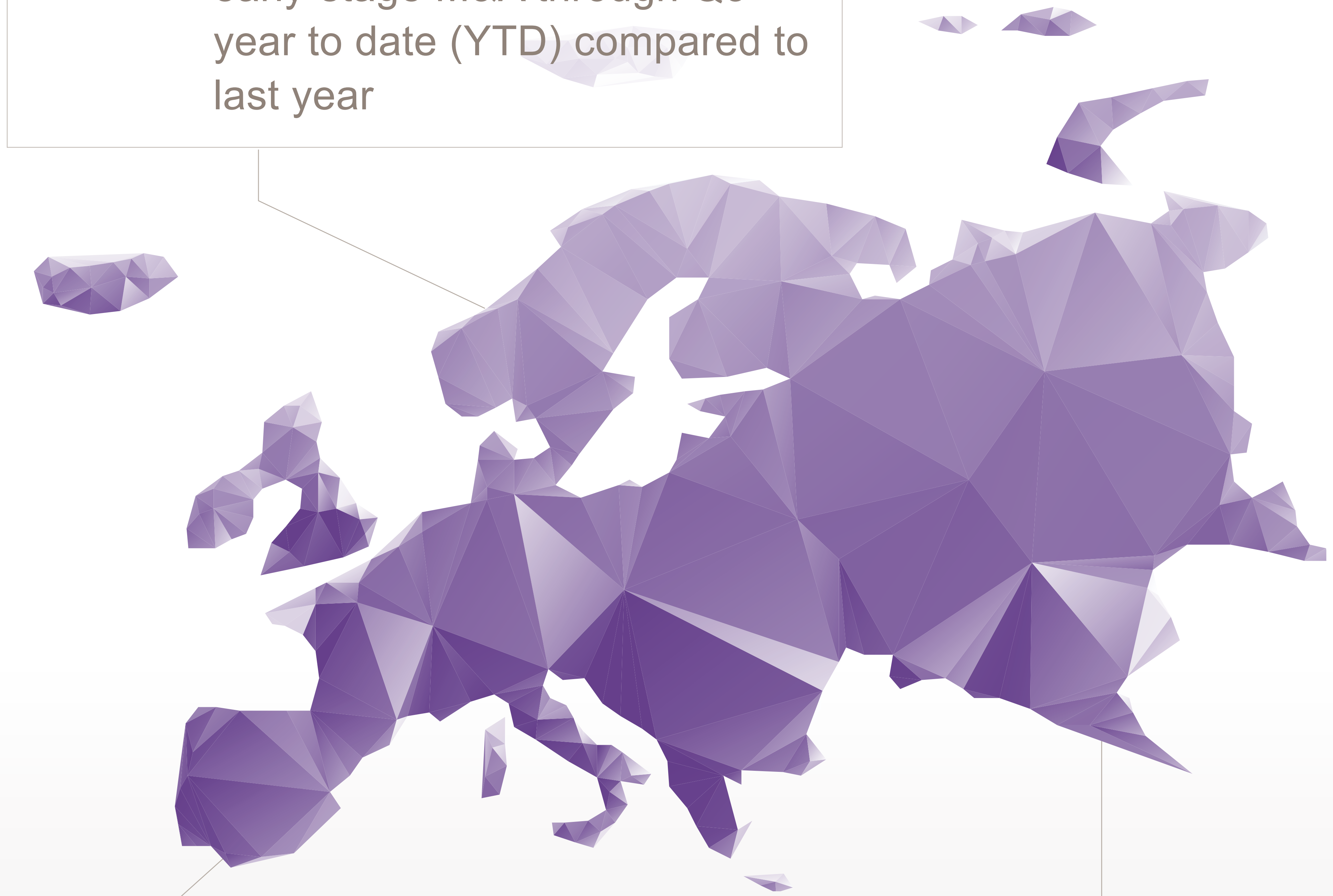
The Intralinks global sentiment survey of M&A dealmakers in Q3 reveals a decline in optimism, compared to the previous quarter. Sixty percent of the global M&A professionals we surveyed during Q3 are optimistic about the current deal environment, compared to 66 percent in Q2. Sixty-nine percent expect M&A deal activity to be higher in six months time, compared to 77 percent in Q2.

Regional snapshot: early stage activity across the world



Spotlight: signs of a European recovery

20% percent increase in European early-stage M&A through Q3 year to date (YTD) compared to last year



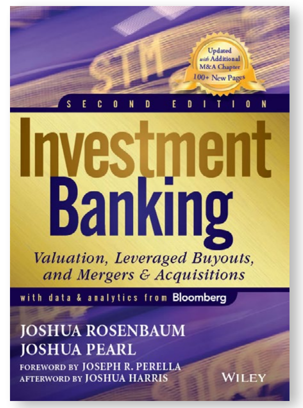
43% percent increase in early-stage M&A through Q3 YTD in France, Italy and Spain

24% percent increase in announced European High Technology sector deals through Q3 YTD

Signs that Europe is poised for an M&A recovery

- Despite relatively sluggish economic growth, Europe has shown the highest increase in early-stage M&A activity through Q3 YTD, underlining its pool of high-quality attractive targets and recovery potential.
- Within Europe, France, Italy and Spain are among the countries showing the strongest increases in early-stage M&A activity through Q3 YTD as their economic recoveries gather pace.
- European sectors showing the strongest growth in announced deal volume through Q3 YTD include High Technology, Healthcare and Media and Entertainment.

Guest Commentary: the U.S. M&A market



Joshua Rosenbaum, co-author of "Investment Banking: Valuation, Leveraged Buyouts and Mergers & Acquisitions" and Managing Director at RBC Capital Markets, discusses the favorable environment for M&A in the United States

Overview of U.S. M&A Landscape

Objectively, this is the best U.S. mergers and acquisitions environment since 2006-2007. We are seeing bullish activity across most market sectors, and the U.S. is on track to hit pre-recession levels of dealmaking in 2015.

The reasons? The U.S. entered and then emerged from recession before other countries. Economic growth may be tepid in the U.S., but by comparison the U.S. is not facing the long-term structural problems that are besetting other regions, such as Japan or Europe. In the U.S., confidence is rising that the economy is basically sound. Interest rates are low and money is cheap; unemployment is slowly falling. Many companies have strong cash positions and, with ready access to attractive financing, they are feeling pressure to find ways to grow inorganically. Investors are supporting acquisitions in a desire to drive growth. And, finally, in the first half of 2014, we have even seen examples of corporate buyers going hostile.

So far this year the energy, technology and media sectors have been especially active. We're seeing the return of the strategic acquirer, with a lot of blue-chip buyers and a healthy amount of cross-border deals, notably from Germany. A good example is the $8.6 billion buyout of U.S.-based Dresser-Rand by Siemens AG. Siemens is looking to increase its exposure to the U.S. and its dynamic oil and gas sector.

The Underlying Market Conditions

The U.S. economy is gathering strength while credit and equity markets remain vibrant, with the cost of debt at historic lows and equity indices recently at record highs. Corporate balance sheets are very healthy. The optimism expressed by respondents to the Intralinks sentiment survey is reflected in increasing competition among buyers and a growing sense that corporates need to be actively looking for strategic opportunities. Buyers are highly motivated to deliver growth in a mixed macroeconomic and geopolitical environment, and armed with cheap debt and cash on hand. Many potential transactions are accretive from a corporate finance point of view. Furthermore, equity capital markets are overwhelmingly rewarding transactions in terms of acquiror stock price appreciation.

Sellers are also motivated. A couple of years ago, they may have been more inclined to hold out in the hopes of reaping the benefits of

Guest Commentary: the U.S. M&A market

significant growth ahead. Now, however, it is later in the recovery cycle and sellers are being more realistic and willing to consider deals that look fair or attractive. They can also gain comfort from the fact that major stock market indices are at all-time highs. It should also be noted that while valuations are robust by historical standards, this does not appear to be a repeat of the late '90s.

The Six-Month Outlook

The six-month outlook for the U.S. M&A market is good. The factors that are driving current growth have been in place for a couple of years already. The markets have already weathered political instability in Eastern Europe and the Middle East through this year, and I do not think the U.S. elections will have a great impact either way. The current debate about tax inversions and the associated rules changes may play a role in specific situations, but shouldn't fundamentally alter the M&A landscape, even on cross-border deals.

Heading into 2015, the U.S M&A market, broadly, will continue to be healthy in the sectors we have seen perform well in 2014, including in all likelihood energy, healthcare and technology. Activity levels will also be up across all market cap segments. Private equity activity also promises to continue to be strong as many firms have a great deal of dry powder, including from recent fundraisings.

On the bear side of the argument, dramatic deterioration in Eastern Europe and the Middle East or changes in interest rate policies could slow M&A activity. But the fundamental driver for M&A – i.e., the need for buyers and sellers to deliver shareholder value – promises to remain in place.

Dealmakers Sentiment Survey: still optimistic

Dealmakers remain positive about the M&A market, although their level of optimism is lower than it was in the previous quarter. They expect the Energy and Technology sectors to be the two most active sectors over the next six months. A majority still think that valuations in the Technology sector reflect a bubble, and over 60 percent think tax inversions are an accelerating motivational force in M&A deals.

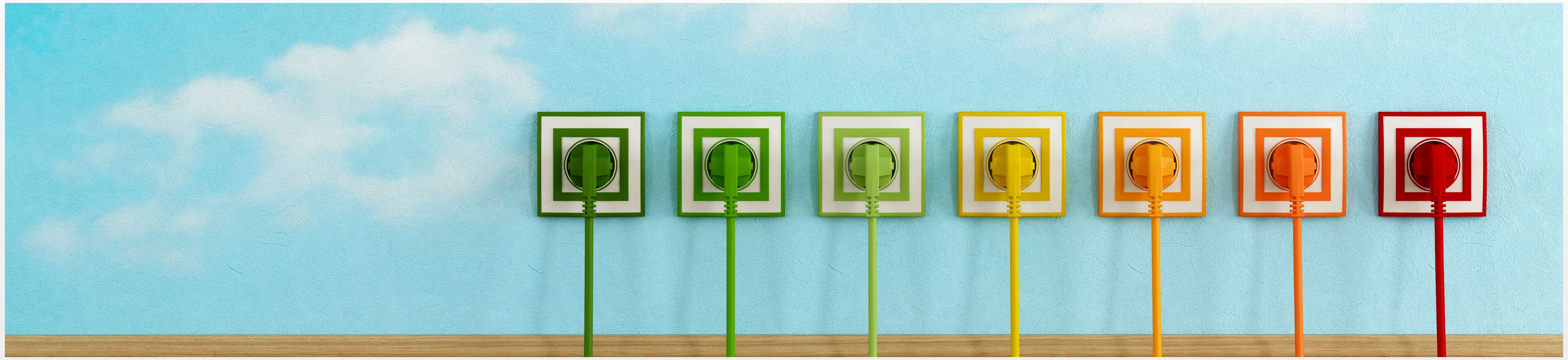
60% Express optimism about the deal environment in the next six months, compared to 66 percent for the previous quarter.

69% Expect deal volumes to increase during the coming six months, compared to 77 percent for the previous quarter.

54% Say that recent Technology deals and Technology valuation levels are signs of a bubble.

62% Believe that tax inversions (where companies buy foreign firms to lower overall corporate tax rates) are partially driving M&A activity.

60% Believe that international government action to retain tax revenues will make cross-border M&A transactions harder to close.



About: The Intralinks Deal Flow Predictor

The Intralinks Deal Flow Predictor provides Intralinks perspective on the level of early-stage M&A activity taking place during any given period of time.

The statistics contained in this report reflect the volume of virtual data rooms opened, or proposed to be opened, through Intralinks or other providers for the purpose of conducting due diligence on proposed transactions including asset sales, divestitures, private placements, financings, capital raises, joint ventures, and partnerships. These statistics are not adjusted for changes in Intralinks' share of the virtual data room market or changes in market demand for virtual data room services. These statistics may not correlate to the volume of completed transactions reported by market data providers and should not be construed to represent the volume of transactions ultimately consummated during any period of time. Indications of future completed deal activity derived from the DFP are based on assumed rates of deals going from diligence stage to completion. In addition, the statistics provided by such market data providers may be compiled with a different set of transaction types.

To verify the predictive nature of the DFP, we compared the Intralinks DFP data with subsequent announced deal volume reported by Thomson Reuters. We engaged an independent statistical analysis firm to perform a linear regression analysis of the data for the period Q3 2011 to Q2 2013. This analysis showed a very high level of statistical significance, with a more than 99% probability that the Intralinks DFP is a statistically significant six month predictive indicator of announced deal data, as reported by Thomson Reuters. These statistics put the Intralinks DFP on par with US government forecast data for inflation, unemployment and GDP in terms of predictive value. We plan to periodically update the independent statistical analysis to confirm the DFP's validity as a predictor of future M&A activity.

About Intralinks

Intralinks Holdings Inc. (NYSE: IL) is a leading global technology provider of inter-enterprise content management and collaboration solutions. For more information, visit www.Intralinks.com.

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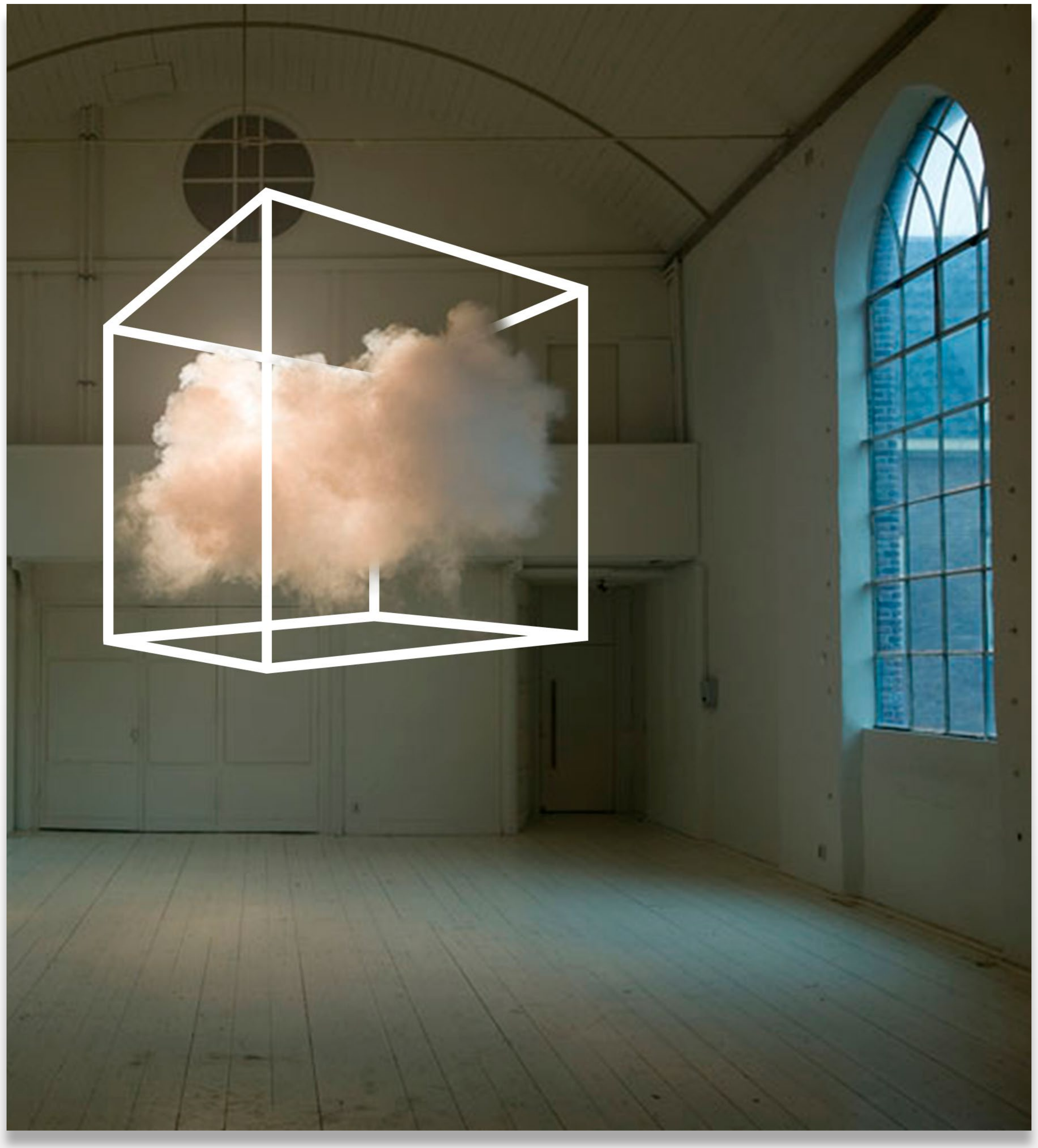

Thanks to Thomson Reuters for permission to use their M&A deal reports and related data in the DFP report.

The Intralinks Dealmakers Sentiment survey polls a global sample of active M&A professionals taken from the Intralinks database. The survey was conducted in September 2014 and received 700 responses.