



DATAPOINT:

IBM's acquisition of Kenexa (NYSE:KNXA)



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IBM'S ACQUISITION OF KENEXA CORP (NYSE:KNXA)

International Business Machines Corporation (NYSE:IBM) entered into a definitive agreement to acquire Kenexa Corp. (NYSE:KNXA) for \$1.26 billion in cash on August 27, 2012. IBM is offering \$46 for each share of Kenexa, a 42% premium to the company's Friday closing price of \$32. The announcement sent Kenexa's stock to the highest point since it began trading in mid-2005. The transaction is subject to Kenexa shareholder and regulatory approvals and the satisfaction of other customary closing conditions and is expected to complete in the fourth quarter of 2012. See below for transaction details.

Transaction Rationale:

The acquisition bolsters IBM's leadership in helping clients embrace social business capabilities while gaining actionable insights from the enormous streams of information generated from social networks every day. Kenexa, a leading provider of recruiting and talent management solutions, brings a unique combination of Cloud-based technology and consulting services that integrates both people and processes, providing solutions to engage a smarter, more effective workforce across their most critical business functions. Kenexa complements IBM's strategy of bringing relevant data and expertise into the hands of business leaders within every functional department, from sales and marketing to product development and human resources. As a result of this synergy, clients will be able to attract and develop the right skills to build the right teams, for the right projects, the first time. The adoption of social business technology is supporting the growth of big data and the need for analytics in the enterprise. The acquisition helps make IBM more competitive with database maker Oracle Corp. and German business software maker SAP AG.

"Every company, across every business operation, is looking to tap into the power of social networking to transform the way they work, collaborate and out innovate their competitors," said Alistair Rennie, general manager, social business, IBM. "IBM is uniquely positioned to help clients generate real returns from their social business investments, while helping them gain intelligence into the data being generated in these networks to be more competitive in their markets."

"The customer is the big winner in all this because the combination of our two organizations will deliver more business outcomes than ever before," said Rudy Karsan, chief executive officer, Kenexa. "Together, Kenexa and IBM will be unmatched in the industry, offering solutions that extend from strategy to the technology platform to the delivery of services for clients."

Transaction Details:

Equity & Enterprise Value

Equity Value (\$m): 1,261.10

Enterprise Value (\$m): 1,204.50

Kenexa Valuation Metrics Based on the Enterprise Value of the Pending Transaction

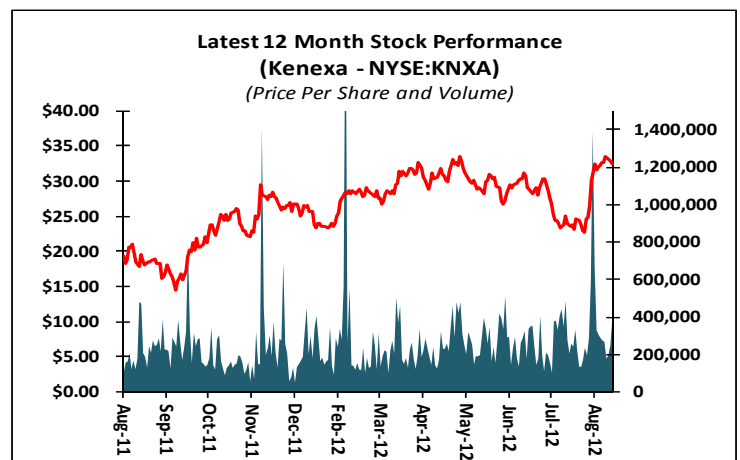
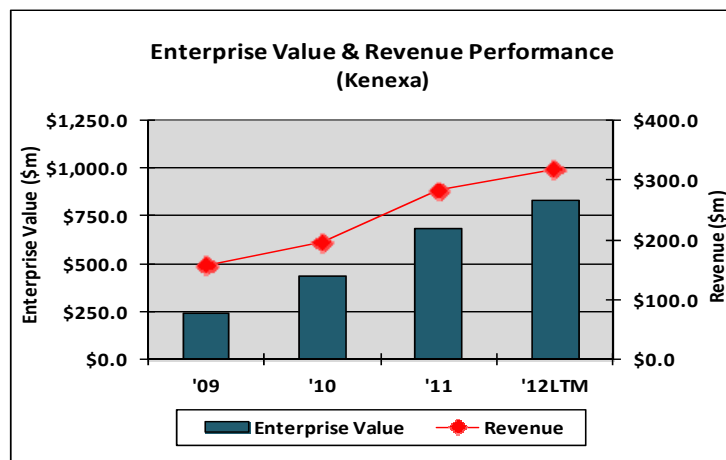
Latest Twelve Months

Revenue	EBITDA
3.8x	45.2x

Next Twelve Months

Revenue	EBITDA
3.0	17.2

Historical Performance of Kenexa:



The information contained herein was obtained from public sources and should not be relied upon without independent verification.