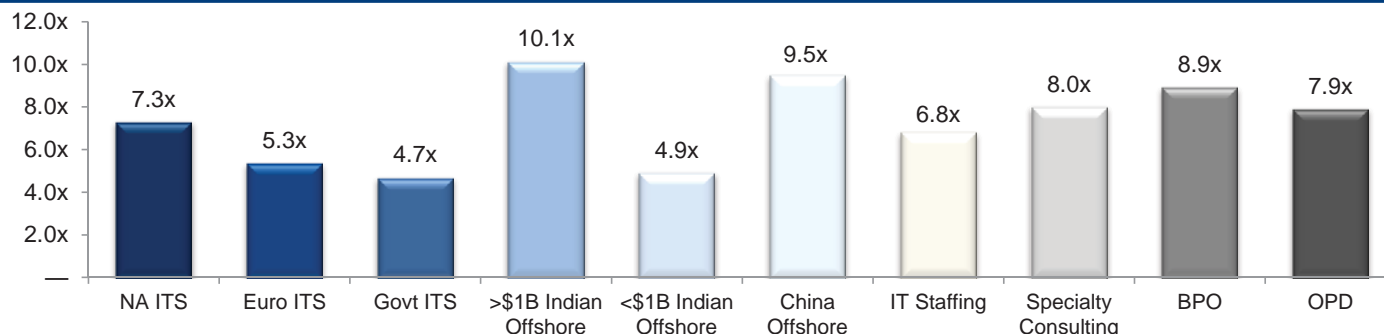




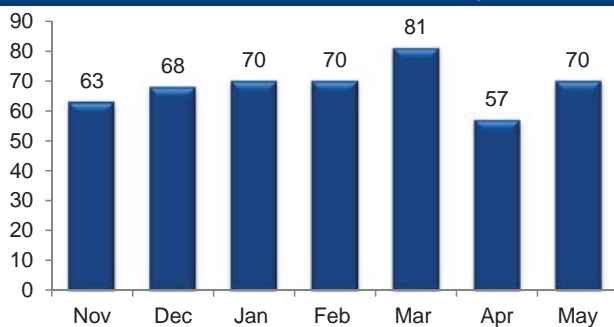
IT Services Commentary

M&A activity in the industry bounced back in May after a slow April, warding off a number of swirling macroeconomic headwinds that impacted trading valuations. Despite this choppy public market performance, transaction volume increased 23% in the period (70 reported transactions) buoyed by deal making of all sizes and profiles from both strategic and financial acquirers. Most notable during the month was CGI's blockbuster purchase of UK-based Logica PLC for more than \$3.2 billion in cash and assumed liabilities (0.5x LTM Revenue, 7.6x LTM EBITDA). The cross-border acquisition thrusts CGI firmly into the mix as one of the world's largest systems integrators, pushing pro forma annual revenue north of \$10 billion and adding significant global delivery resources and European and Asian capabilities. Elsewhere in the industry, outsourced product development, SAP services and business intelligence were hot M&A categories.

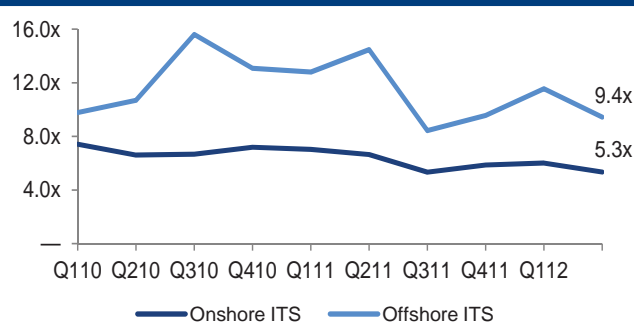
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

CGI Group, a North American government and commercial SI, acquired **Logica PLC**, one of Europe's largest IT services platforms

EPAM Systems, a publicly traded OPD player, acquired **ThoughtCorp Systems**, a Canadian software development firm focused on the retail, telecom and financial services industries

RJT Compuquest, an SAP services player, acquired **Caarma Corporation**, a niche SAP specialist with a focus on business intelligence, cloud and mobility capabilities

Optimal Networks, an infrastructure services player, acquired **Peak Hosted Solutions**, a hosted desktop and Microsoft Exchange specialist

ManpowerGroup, a large diversified staffing firm, acquired **DAMILO Consulting**, a French application development services specialist

NEC Corporation acquired **CSG Limited's** Technology Solutions business unit. CSG is one of Australia's largest diversified IT and Communication services platforms

Allgeier IT Services AG, a large German IT Services provider, acquired **b+m Informatik AG**, a consulting and solutions firm focused on the banking and insurance verticals

Clarity Solutions Group, a leading BI services specialist, acquired **NxGen Consulting**, a data visualization and analytics services provider

IT Services Rumor Mill

Logicalis, a network and infrastructure oriented VAR, is seeking acquisitions in the data center and cloud services arenas


Tata Consulting Services is seeking niche acquisitions in Europe and Japan

EPAM Systems is seeking acquisition targets that will expand its geographic footprint and global delivery capabilities in the OPD segment in the US and Eastern Europe


IT Services News

NEC Corporation is in exclusive discussions to acquire a controlling stake in **Hexaware Technologies**, the large, Indian offshore platform

Providing Tech M&A Advisory Services on a Global Scale



has been acquired by




has been acquired by






has been acquired by






has been acquired by





has divested its IT staffing business to

has acquired

has acquired




has acquired




has acquired





has obtained a majority investment from






has been acquired by

has acquired



About TM Capital

TM Capital Corp. is an independent investment banking firm based in New York, Boston and Atlanta, which has completed 250 mergers, acquisitions and financings with a combined value of \$13 billion. Since 1989, TM Capital has advised clients navigating a wide range of complex mergers, acquisitions, financings, restructurings, and other critical strategic and financial transactions. We have built deep industry expertise in key sectors and our team regularly publishes research highlighting current and emerging trends in targeted industries and markets. TM Capital is a member firm of M&A International Inc., the world's leading alliance of mid-market investment banks with over 600 professionals operating in every major financial center. Member firms have closed over 1,400 transactions worth more than \$85 billion in the past five years. For more information, visit www.tmcapital.com.

TM Capital's IT Services Practice

Jarrad S. Zalkin	617.259.2207	jzalkin@tmcapital.com
Bradford A. Adams	617.259.2203	badams@tmcapital.com
Kevin M. Atchue	617.259.2209	katchue@tmcapital.com



New York

641 Lexington Avenue
30th Floor
New York, NY 10022
Tel: (212) 809-1360

Boston

200 Clarendon Street
25th Floor
Boston, MA 02116
Tel: (617) 259-2200

Atlanta

15 Piedmont Center NE
Suite 1010
Atlanta, GA 30305
Tel: (404) 995-6230