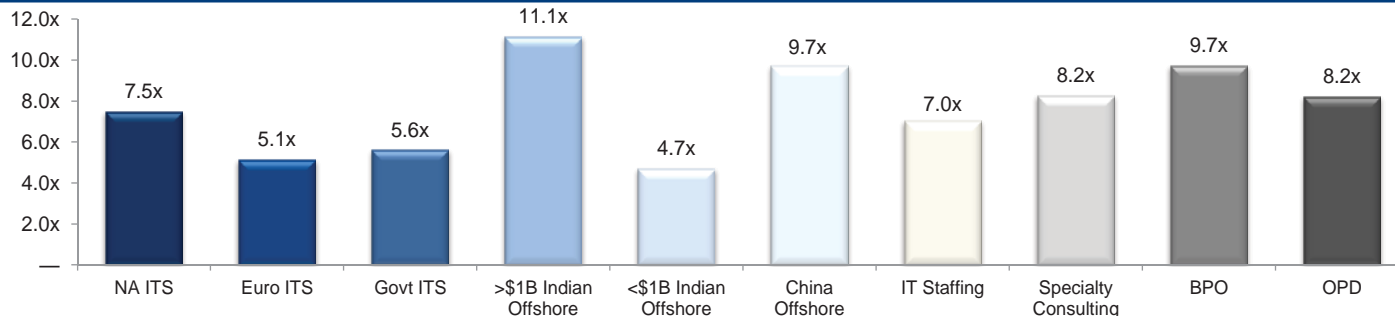




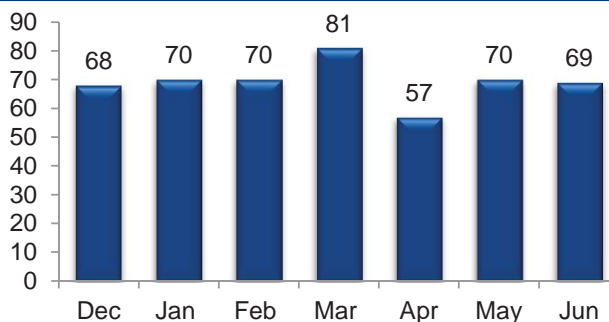
IT Services Commentary

Deal activity in the sector remained flat in June, closing out the second quarter quietly. In total we observed 69 transactions in the space, on par with May volumes and in line with the averages we have witnessed here in 2012. M&A headlines were driven by strategics and were heavily middle market focused. Overall, the most active category in the industry during the month was managed services. This arena has been actively consolidating over the past year given the momentum behind infrastructure outsourcing and the transparent, recurring revenue model these companies enjoy. Nearly 20% of the total transactions in June were cross-border with aggressive activity coming out of South America, Western Europe and Asia. We feel that the cross-border heavy look and feel of our current deal tracking sheets is a very positive sign for the industry. Looking forward we expect the pace of activity to remain strong through the next few months despite facing the inevitable "summer slowdown," particularly if the market sees positive earnings news from the publicly traded industry bellwethers.

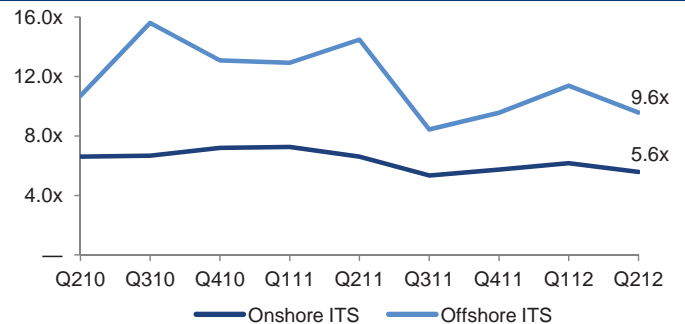
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

IsoftStone, a China-based IT services and outsourcing platform, acquired **Abovenet International**, a Canadian data integration, master data management and data warehousing services specialist

BlueStar Infotech, an Indian outsourcing provider, acquired **Infostack Solutions**, a financial services and insurance technology specialist based in Singapore

CACI International, the large government systems integrator, acquired **Delta Solutions and Technologies**, an SAP, Oracle and PeopleSoft application specialist focused on the federal government

mindSHIFT Technologies, a managed IT services provider owned by **Best Buy**, acquired **White Glove Technologies**, an SMB-focused remote managed services business based in Texas

Technology Integration Group, a west coast VAR and IT services player, acquired **Obsidian Technologies**, a network and security oriented solutions specialist

TDS Hosted & Managed Services, a co-location, hosting and cloud services provider, acquired **Vital Support Systems**, a server, desktop and network management services player

IT Services Rumor Mill

Accenture is rumored to be looking at acquisition targets in Russia, focusing on all of the country's leading systems integrators

Satyam, the Indian offshore platform, is looking to acquire mid-market businesses in South America, Central America and Eastern Europe

Logicalis, the UK VAR, announced it is seeking acquisitions in underserved geographies like South America and Latin America


IT Services News

GFI Informatique, the large French IT solutions platform, is close to completing the acquisition of the IT division of Thales SA


HiSoft Technologies, **Edgewater Technology**, **NTT Data** and **Unisys** all announced intentions to file Shelf Registrations, a favorable indicator of long-term industry trends

TM Capital has ongoing relationships with the companies mentioned above. If your company fits the acquisition criteria, or to learn more about additional sell-side and buy-side opportunities, contact Jarrad Zalkin at 617.259.2207 or jzalkin@tmcapital.com.

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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