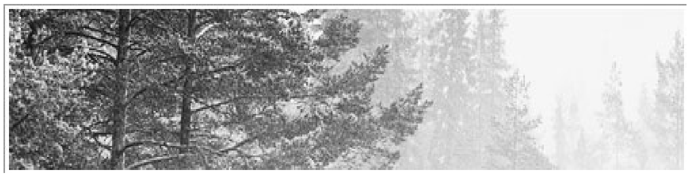

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M&A The Right Way.

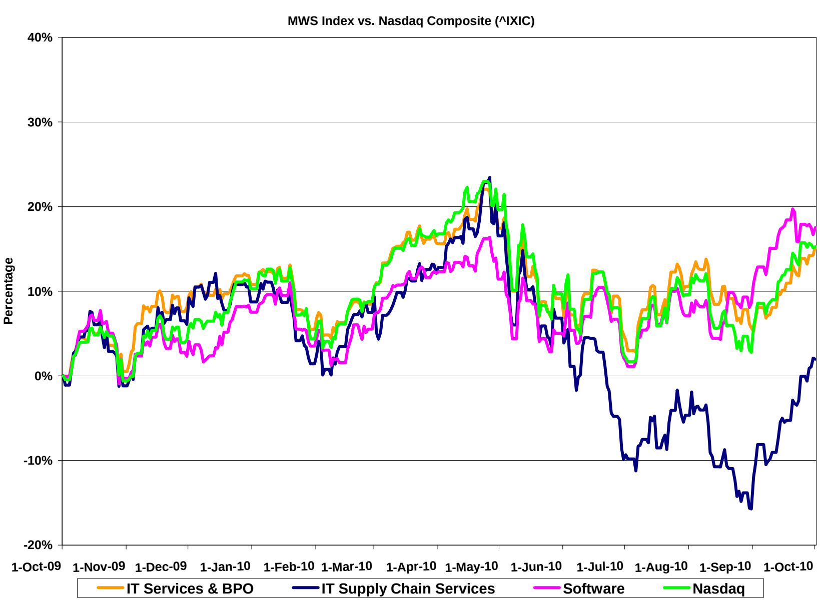
Valuation & Deal Insights®

Third Quarter 2010

Industry Coverage — IT Services, BPO and IT Supply Chain Services

Inside this Issue

MWS Index® vs. NASDAQ Composite Index



Transaction Highlights

IT Services

9/16/2010 CherryRoad Technologies, Inc. signed a definitive purchase agreement to acquire Oracle PeopleSoft ERP business from MAXIMUS, Inc. (NYSE: MMS) for an undisclosed amount.

8/30/2010 Global Analytics Inc has been sold to Ernst & Young LLP for an undisclosed amount. **Martin Wolf Securities advised the seller in the transaction.**

8/23/2010 PricewaterhouseCoopers LLP signed a definitive agreement to acquire Diamond Management & Technology Consultants, Inc. (NasdaqGS: DTPI) for $315 million in enterprise value (1.39x LTM Aug 10 Rev, 14.5x LTM Aug 10 EBITDA).

8/5/2010 Vangent, Inc. entered into a definitive agreement to acquire Buccaneer Computer Systems and Service, Inc. for $60 million. Buccaneer provides IT solutions to government and corporate clients in the United States and internationally.

7/15/2010 Nippon Telegraph & Telephone Corp. (TSE: 9432) made an offer to acquire Dimension Data Holdings plc (JSE: DDT) for an EV of £1.9 billion ($3.3 billion, 0.69x LTM May 10 rev, 10.4x LTM May 10 EBITDA).

7/12/2010 Atlantic Investors, LLC made an offer to acquire remaining 63.3% stake in NaviSite Inc. (NasdaqCM: NAVI) for $72.8 million in cash (1.32 LTM Jun 10 rev, 6.4x LTM Jun 10 EBITDA).

Supply Chain

9/19/2010 Arrow Electronics, Inc. (NYSE: ARW) signed a definitive agreement to acquire Nu Horizons Electronics Corp. (NasdaqGS: NUHC) for approximately $176 million in enterprise value (0.24x LTM Jul Rev, 14.7x LTM Jul EBITDA).

8/5/2010 Arrow Electronics, Inc. (NYSE: ARW) agreed to acquire Shared Technologies Inc. for an undisclosed amount. Shared Technologies supplies converged and Internet protocol telephony technology solutions to the enterprise business community in North America.

Viewpoint

Marty Wolf — President

Two things. Would you be happy with a service company valuation of 7-10x TTM revenue vs. TTM EBITDA? Well, if you were a somewhat traditional services company, and headquartered in China, the market would reward you accordingly. You would also be growing exponentially faster, more than 50%, faster than the large U.S. IT conglomerates (low single digits) and large Indian IT outsourcers (high single digits). As long as the growth can be sustained, the valuation will hold. In the case of the big three Indian outsourcers, they maintained 5-8x revenue multiples for years when their growth averaged 30% and still trade around 5x TTM revenue. The equivalent U.S. and European companies trade at less than 1x, sans outliers.

It's with this in mind, I travel to Shanghai and Beijing this week to speak at an IT outsourcing conference with the leading Chinese service and outsourcing firms, and then hold private meeting with senior company leadership. Think India 1990 redux. The consequences of this anticipated growth has substantial ramifications for many companies we track in the space, but does provide a roadmap on how to respond and profit. It is not a new play, just new players.

Secondly, the IPO market continues to be moribund, but the M&A marketplace in the quarter was on fire, with many headline deals. In the services space, PWC acquiring Diamond Management is a marquis deal. At 14.5x TTM EBITDA, it provides lots of cost take outs as it collapses its infrastructure into their own and is a high water valuation benchmark in the services space. Dimension Data, a huge Cisco VAR with other pieces and parts, sold to NTT, the Japanese telecommunications giant, at 10x TTM EBITDA. This is a huge price for this asset and many, many marketing synergies will need to be found to justify the price. To round it off in technology, the IBM purchase of Netezza at 7x revenues, and the HP rebid, rebid, rebid purchase of 3Par, besting Dell at 11x TTM revenue, suggests extreme growth opportunities in the cloud for slower growing conglomerates with mature sales forces and plentiful, existing customer relationships. Don't forget HP's acquisition of Arcsight announced immediately after 3Par for just over 7x TTM revenue. Only time will tell if they can make these work. My personal high valuation favorite was IBM's acquisition of Tivoli, years back, and the 7x revenue purchase price was made up year one with a 10x growth in revenue. Pretty cheap in retrospect. However, this is the exception, not the rule.

The takeaway? Growth has a premium, technology is the enabler, and in the service and supply chain space, it comes in quantity outside U.S. borders. It also suggests, there continues to be too much capacity, and top line laggers create work, not wealth.

Lastly, while we have been publishing the VDI for over 5 years and have a small, but important circulation, we have primarily focused on informing and providing opinion in the IT M&A space, and have not addressed our readership as if we were publishers. We once partnered with CMP, publishers of CRN, VAR Business, Infoweek and others, before they were acquired for nearly $1B by UBM, a publicly traded British company. I can tell you, they view the world and business differently than we do. Moreover, their margins were always astronomical.

Having said this, two incidents in the last few weeks are noteworthy. First, I just had a meeting with the CEO of a $30M+ plus staffing company who when we met, claimed to have read our announcements for 10 years, and our VDI regularly since we started writing it. When we met, he cited in detail his valuation based upon what he read in our reports, and he was spot on.

Unfortunately, he was not an "accredited student" when he turned down an all cash deal, unheard of in the mid-market space, for 5x the current value of the firm, and was so offended, he claimed that he did not even respond to the offer. He now is a very astute owner, and understands value creation and destruction.

Secondly, I got a call from a prospect, someone I did not know, and it concluded with his closing comments on a sidebar comment I had made on my late mentor, Jerry York in the Q2, 2010 VDI. He said it touched him, and the way he explained it, affected me as well.

To close, we will continue trying to inform and provide opinion in our domain, and if we can help in any way, please contact us. Happy selling.

Should You Sign A "Blind" NDA?

Interaction between a potential Buyer and Seller of a business typically begins with the signing of an NDA, or Non-Disclosure Agreement (also frequently described as a "Confidentiality Agreement").

There will be occasions when you, as a prospective Buyer or Seller, will be contacted by an investment banker, broker or other third party intermediary and asked to sign a "blind" NDA. (Most typically a blind NDA will be presented to you by an intermediary on behalf of an unidentified Seller, but there are occasions when Buyers prefer to remain unidentified as well. For the purposes of this article, we assume the former situation – where the Seller is unidentified - but most of the same considerations would apply in either case.)

The NDA will not describe itself or otherwise be identified as a "blind" NDA, but it will typically either have a blank where the other party's name is to be inserted later, or will specifically identify the prospective Seller as an entity to be identified by the intermediary subsequent to its signing. We describe the NDA as "blind" because you will be asked to sign without knowing the identity of the other party.

Is signing such a blind NDA reasonable? It certainly may be. Keep in mind that it is typical for an NDA used in the context of an M&A transaction to require the prospective Buyer to keep the fact that the other party is interested in selling confidential. Obviously, if the prospective Seller was identified at the time the NDA was proposed – in other words, prior to its being signed – then the prospective Buyer would know the prospective Seller's identity without needing to sign the NDA.

So, clearly the fact that a company is preparing to be sold is confidential information worthy of protection, and it therefore follows that the signing of a blind NDA may be reasonable. In fact it may be the first necessary step in acquiring that competitor you have had your eyes on for years.

Keep in mind, however, that because it is a blind NDA, there are certain fairly typical NDA provisions that should either be excluded or at least carefully scrutinized:

- NON-SOLICITATIONS. The promise not to solicit employees (or of key employees), clients and suppliers, which may frequently finds its way into NDA's. In certain cases, any listed may be appropriate and agreed upon. You should not, however, agree to any such form of "non-solicit" prior to knowing the identity of the other party. It simply does not make sense, and you may be in violation of the agreement at the time of its signing, if, for example, your HR department is in discussions with one of the unidentified party's employees. If the intermediary insists that non-solicitation must be a part of the NDA, then the parties involved may consider amending the NDA (or revising for a new NDA) after you learned of the other party's identity.

- EXCLUSIVITY. While it is not typical, the NDA may also include an exclusivity, or "no-shop" provision. Those provisions typically provide that the seller cannot solicit bids from any other parties for a set period of time, thereby protecting the Buyer from incurring unnecessary time and expense. While people may differ as to whether an exclusivity provision should be included in a typical NDA, it should always be objected to in a blind NDA. It is simply premature to agree to any exclusive arrangement with a party that is not yet identified. If it remains an issue for the unidentified buyer, you should advise the intermediary that you would consider it in connection with the signing of a Letter of Intent.

- CHOICE OF LAW, CHOICE OF FORUM. Most NDA's include provisions as to which state law applies, as well as additional provisions indicating which "forum" or court will apply. These provisions reflect that agreement of the parties as to which "rules" will apply (the choice of law), as well as where any dispute must be brought (the choice of forum). These provisions are often confusing and frequently thought of as a single issue – which they are not. While there is a relationship between the issues – for example – resolution of a dispute in Florida applying California law might require the testimony of an expert on California law – they are separate issues that should be considered and resolved independently. The inclusion of both or either of these provisions in a blind NDA requires several additional comments:

- First, in most instances the choice of law is not pivotal. There may be situations in which the definition or interpretation of what is confidential information varies from state to state, but those situations are exceptional. It is rare that the choice of law determines the outcome of a disagreement over the confidentiality provisions of an NDA.

- Second, the choice of forum can be critical, as the costs of litigation in a far away court can overwhelm the actual underlying dispute. Consider, for example, the costs of engaging and educating new counsel in Massachusetts if you are a California based company, simply because you agreed to a choice of forum clause for Massachusetts in an NDA with a then unidentified Seller. If you do agree to a choice of forum, make sure that it is a forum convenient to you.

- Third, the choice of forum can, in some instances, be very specific – some parties, for example, will insist on the specific county within a state where the dispute must be resolved – and that information, combined with the "teaser" that the intermediary has provided, may allow you to identify the seller without signing the agreement.

- Fourth - and this fact is frequently lost in the negotiations - neither a choice of law nor a choice of forum clause is legally required. Obviously, parties and their counsel prefer to eliminate as much ambiguity as possible, and it is helpful if they both agree on which laws will apply and where any disputes will be resolved, but it is OK to exclude one, if not both, clause from the NDA. As a general matter, it is appropriate and acceptable to exclude the choice of forum clause rather than the choice of law. The choice of law results in the parties agreeing on which rules apply. The choice of forum is usually determined by whichever party gets to the courthouse first, which will generally determine where the dispute will be litigated and resolved.

In summary, blind NDA's are both useful and appropriate to the M&A process. Like any important legal agreement, their specific provisions must be considered and evaluated in light of the specific circumstances, and an unidentified Seller (or Buyer) means that certain otherwise customary provisions should not be included.

US-India cross border transactions

India based IT services and BPO companies have aggressive mandates to acquire similar US based businesses. Why is that, what are they looking for?

Over the last decade, IT services and BPO business between US and India has skyrocketed. Thanks to the fiber optic cable infrastructure that was laid out in the late 90's, the cost of an international call to India today is less than a long distance domestic call ten years ago. With the proliferation of collaborative applications on the Internet, working with an office in India is no different than working with a remote office in a different US time zone.

While the earlier part of the decade, from 2002 – 2006, saw a boom in the business of outsourcing IT services and BPO to India based companies, the financial meltdown and rising unemployment rates in the US market saw the growth scaling back between 2007-2009.

More recently, as the financial markets have stabilized, the valuations of the cash rich IT outsourcing companies are back up and have reached new highs as shown in the next page. This indicates that the financial markets expect these companies to continue to grow at the same rates as before. However, now that the industry has matured, inorganic growth through acquisitions is a strategic priority for many of these companies.

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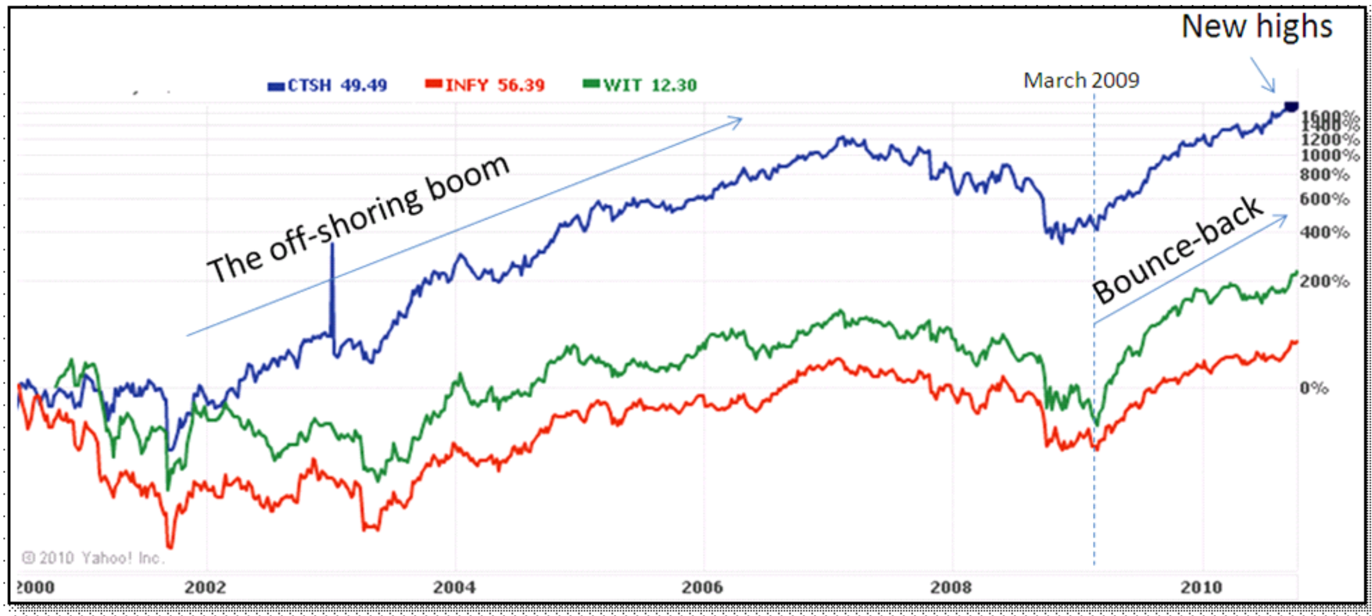


10 year stock price chart of 3 leading India based IT services and BPO companies

To leverage these trends, we recently entered into an exclusive strategic alliance with the investment banking division of ICICI bank, the largest private sector bank in India. Under this arrangement, ICICI bank will work exclusively with Martin Wolf Securities in the mid-market IT services, BPO and Supply Chain in North America. This is important because ICICI bank has a long term banking relationships with many top tier IT services and BPO companies headquartered in India. Further, with its roots in commercial banking, ICICI can help finance transactions of any size. It enables us to provide our clients access to a very valuable cross-border network and unique market and valuation insights.

The IT services and BPO leaders we talk to are looking at cross-border acquisition targets from the following perspectives:

Unique IP or expertise: Does the target have a unique offering that can help them wedge new accounts? With the maturing of the industry, the typical IT services and BPO sales cycles have gotten longer and more competitive. To acquire new sizable accounts, the companies need to have a unique value offering beyond the "lift and shift" cost arbitrage proposition of earlier years.

Size matters: Does the target have a minimum size that justifies the effort and investment for an acquisition transaction? With cross border transactions, the effort required can be greater given the legal, cultural, geographic and time zone differences. Of course, size is relative where it also depends upon the size of the acquiring company as well.

Adding Logos: Does the target have top tier companies as customers? Most India based outsourcers and IT service providers shy away from small to mid-sized businesses and concentrate in government revenue sources.

Recurring revenues: Does the target have project based revenues or long term recurring service contracts? There is a strong preference for long term services contracts.

IT Product and Service and Channel Overview

The IT products and service reseller channel has evolved over the past years as both slowing growth and increasing complexity blurred the channel lines of the IT computer resellers. The current IT products and services channel can be classified as follows: Direct Marketers, Corporate Resellers, Solution Providers, Value Added Resellers (VARS), & IT Service Providers

Direct Marketers:

- **Hardware 90%**
- **Service 10%**
- **GM 11-14%**
- **EBITDA 3-5%**

Direct marketers are national and international companies (primarily publicly traded) that initially sold computer hardware and software to the corporate, SMB, government and consumer marketplace. Their value was price, product selection and delivery. Their sales channel was both telesales (inbound and outbound) and mail order catalogue. Their large sales volume allowed them to buy products direct from manufacturers, rather than through distributors, hence the Direct Marketer name. As computer products increased in complexity the direct marketers added hardware related services, such as custom configurations, asset tagging, and on-site delivery. Their initial services were built around product procurement and delivery rather than functional use of the hardware or software. The sales force was reactive to the customer rather than proactive in providing solutions to customers IT requirements.

As desktop and server computers became increasingly important to business, the direct marketers acquired or developed new service capabilities to meet the expanding needs of its customer base. These needs focused around IT infrastructure capabilities, such as networking, storage and security. These complex solutions required additional sales and technical personnel that could consult, install and implement complex IT solutions. In many cases the Direct Marketers added these new capabilities through strategic acquisitions, such as CDW's acquisition of Berbee, and PC Connection's acquisition of More Direct.

To meet the different customer segments that it serves, Direct Marketers have organized into different divisions. PC Connection's organization is an example of how Direct Marketers evolved from a mail order computer reseller to a multi-faceted IT product conglomerate. PC Connection now has four sales divisions, Gov Connection, More Direct, PC Connection Express and PC Connection Sales. Each division addresses a different segment of the marketplace, with a unique sales channel and solution set.
The direct marketers now offer everything from price and delivery to complex, leading edge technology products and related support services. These companies are the department stores of the IT channel, where you can buy everything under one roof, from a simple ink jet cartridge to complex IT storage design and implementation.

Direct Marketers: CDW, Insight, PC Connection, PC Mall, Softchoice and Zones

Corporate Resellers:

- **Hardware 90%**
- **Service 10%**
- **GM 7-12%**
- **EBITDA 2-4%**

Corporate Resellers are primarily IT hardware and software fulfillment organizations serving the needs of the Fortune 1000, government and medium business customer base. Their primary value add is understanding the hardware procurement needs of large and medium corporations and providing custom procurement options, such as deployments, specialized configurations, leasing, storing and other product related services. The Corporate Reseller generally represents only a few product manufacturers and can be seen as an extension of the manufacturer sales personnel. Corporate Resellers fill the gaps in manufacturers' delivery, configuration and flexibility for their customer base. Sales per employee ratios are among the highest in the IT channel segment, and the top 20 customers generate over 70% of the Corporate Resellers total sales. Most of the Corporate Resellers are privately held with sales ranging from $100 million to $500 million.

Corporate Resellers: Prosys, World Wide Marketing, ACS, GTSI and Fusion Storm

Solution Providers:

- **Hardware 60%**
- **Service 40%**
- **GM 18-23%**
- **EBITDA 7-12%**

Solution Providers sell complex technology solutions which address corporate IT infrastructure needs such as networking, storage and security. The solution sale is more complex and has longer lead times. The Solution Provider organizations have higher cost sales models, then the Corporate Reseller and Direct Marketers. . The technology sales model includes seasoned sales representatives, pre-sales engineers and post sales engineers. Solution Providers specialize in a few technologies and manufacturers aligning closely with their vendors. Since the vendors play a crucial role in the sales cycle it is difficult for a Solution Provider to represent competitive vendor solutions. Solution providers can be found in all sizes, mostly private companies and serve multiple customer bases. Solution Providers range from large multi-national companies, regional entities serving a metropolitan areas and small firms that service the SMB marketplace.

Solution Providers: Presidio, Mainline, Champion, Fishnet. Sirius, Berbee (acquired by CDW) and Calence (acquired by Insight)

Value Added Resellers (VAR):

- **Hardware 30%**
- **Service 70%**
- **GM 25-40%**
- **EBITDA 10-15%**

The VAR has been the backbone of the IT product channel since the advent of the mid sized computers back in the late 1960's and early 1970's. The VAR provides a software solution to address a business functional area, such as accounting, distribution, CRM, health care, banking, etc. The VAR can be either a reseller of a software manufacturers' solution or they may be the manufacturer and sell their solution direct. The VAR channel is comprised of thousands of companies both large and small serving all customer segments. The majority of the VAR revenue will come from the software license sales and the implementation services connected with installing and maintaining the solution. Smaller VARs typically market only a few software solutions, as they need to be both functional and IT experts in their area. VARs will have higher gross margins and operating margins than the other IT channels, due to the services component of their revenue.

As cloud computing increases in scope, VARs are moving their software solution to the cloud and providing software as a service. Salesforce.com, is a prime example of the SAAS solutions that will continue to make in roads and change the IT industry marketplace.

VARS: Cerner, Zanett, Rolta, Agilysis, Micros Systems, JDA Software Systems

IT Service Providers:

- **Hardware >5%**
- **Service 95%**
- **GM 22-40%**
- **EBITDA 10-20%**

The IT Service Providers are pure play service and consulting companies that provide IT solutions for the commercial and government IT departments. Services range from lower value add IT support services on up to high end IT strategic consulting. Managed services which can combine both on-site and remote support services are in high demand by potential acquirers due to the potential leverage available with the managed service business model.

IT Service Providers: Decision Data, Sykes, Cognizant, Accenture, Cap Gemini, EDS, Perot Systems

Many companies in the IT industry cross one or more of the categories. For example many corporate resellers provide some solutions, but for the most part the bulk of revenue will come from product fulfillment. In the mid and small business arena it is more common to find companies that cross over and provide some functions in each of the categories.

Beginning of a new era—ITO and M&A in China

Traditionally, global companies turn to India as the hub for outsourcing. Quietly, China has emerged as a new center of IT and other services as a result of government investment and large demographic pool of talent. In 2006, the government launched the 1000-100-10 project with the hope to develop 10 internationally competitive outsourcing hubs, encourage 100 multinational companies to outsource to China, and create 1,000 Chinese outsourcing service vendors that can serve the global market. As a result, there is a recent flurry of outbound and inbound investments in this higher value-added sector, signaling the beginning of a powerful M&A wave.

The global financial crisis has led to a significant discount in foreign assets, particularly in the U.S. Meanwhile, Chinese currency (RMB) has gradually appreciated against the dollar -- 6% since the beginning of 2008. Flooded with cash, Chinese ITO firms are now interested in pursuing intangible assets (R&D, brand value and market insights) to create and own the Intellectual Properties.

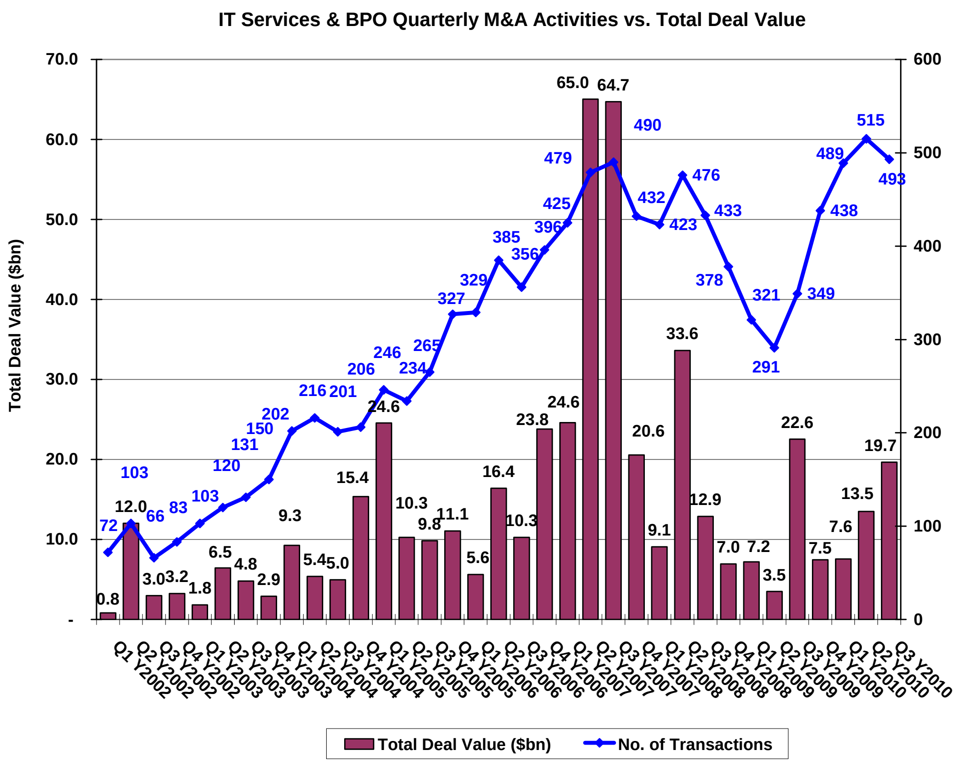
According to the Ministry of Industry and Information Technology, exports of electronics and information products accounted for more than a third of China's total exports last year. IT services currently account for only 13.8% of China's total IT market, compared with a 30.3% share for the Asia-Pacific region in general, according to research firm IDC. The Chinese ITO sector is highly fragmented with more than 3,000 providers. A surge in Merger activities is inevitable as larger firms seek to expand clients, product offerings and market share by acquiring smaller and more specialized competitors.

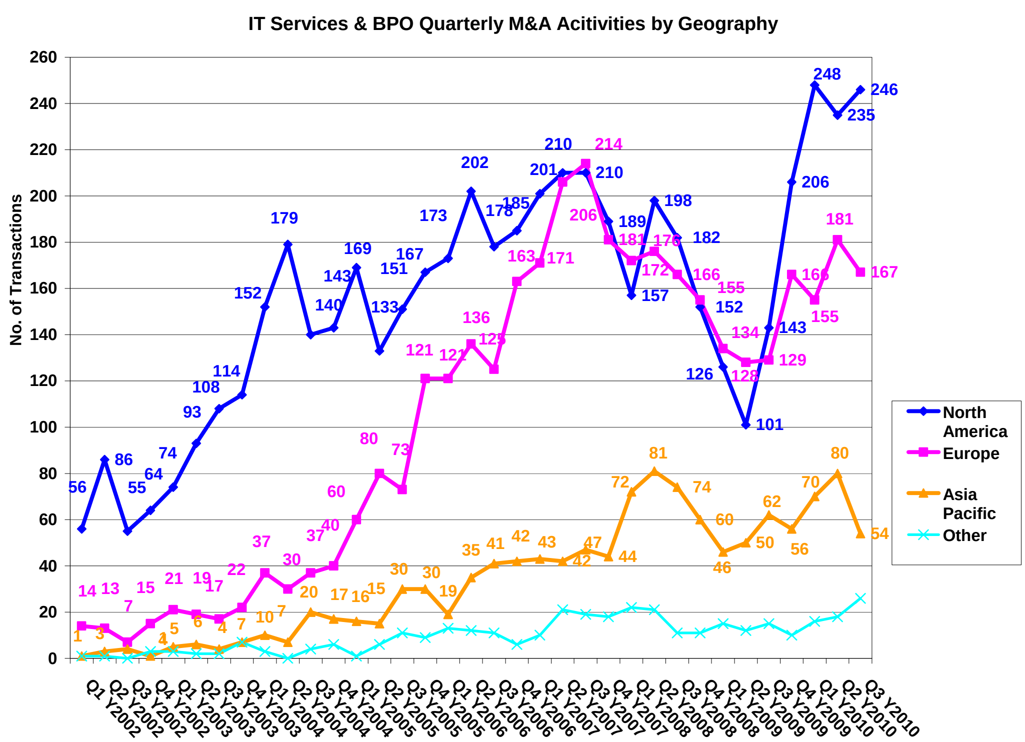
So far the Chinese ITO buyers are taking baby steps. For example, China's second largest IT services company, VanceInfo, made only 2 sub-$10 million transactions since 2009. The third largest Chinese offshore IT vendor, HiSoft, only did one sub-$5 million transaction in 2010. However, china's rising importance in global outsourcing is unmistakable. As for their Indian competitors, future M&A transactions will reflect the status of the Chinese ITO industry. Below is a list of selected ITO M&A transactions in China during the last 12 months.

Date	Target	Buyer	Implied EV ($M)	EV / REV
27-Sep	Blovestorm.com	UC Mobile Ltd.	-	-
24-Sep	Tianjin Yi Chen Electronic Tech	Gold Asia Technology Limited	5.80	-
23-Aug	Comsenz Inc.	Tencent Holdings Ltd. (SEHK:700)	60.00	-
2-Jul	Nanjing SilverStone Computer System Co., Ltd.	Beijing Shiji Information Technology, Co., Ltd. (SZSE:002153)	-	-
24-Jun	Beijing Founder Order Computer System	Founder International Co., Ltd.	6.11	-
23-Jun	Hangzhou Thunderbird Software Co. Ltd.	Ningbo Ligong Online Monitoring Technology Co., Ltd. (SZSE:002322)	-	-
21-Jun	Beijing Ourpalm Co. Ltd.	Huayi Brothers Media Group (SZSE:300027)	99.29	11.13
10-Jun	Shenzhen FirstSoft Tech Development	Kingdee Software Group (SEHK:268)	1.46	-
31-May	National Fundamental Software	UFIDA Software (SHSE:600588)	8.37	-
20-May	AnyBizSoft Software Co., Ltd.	Wondershare Software Co., Ltd.	-	-
14-May	Beijing ITLamp Technology Co., Ltd.	Pansoft (NasdaqCM:PSOF)	3.07	3.10
13-May	3DiJoy Corporation	China Digital TV Holding Co., Ltd. (NYSE:STV)	25.00	-
30-Apr	Chengdu Ye Net Science & Tech Development Co. Ltd.	Beijing Perfect World Network Technology Co., Ltd.	-	-
20-Apr	Dalian Hi-Think Computer Tech Corp.	Beijing Ultrapower (SZSE:300002)	135.00	1.32
19-Apr	Shenzhen Domain Computer Network	Shenzhen Tencent	46.30	-
15-Apr	Echo Lane, Inc.	hiSoft (NasdaqGM:HSFT)	3.09	-
13-Apr	MDCL-Frontline (China) Ltd	Teamsun (SHSE:600410)	9.89	-
12-Apr	Han Consulting (China) Limited	Beijing Chinasoft	4.69	-
6-Apr	Suntek Technology Co., Ltd. (SHSE:600728)	Guangzhou Jiadu Information Consulting Co., Ltd	-	-
5-Apr	Hangzhou Zhongbo Software Tech	Asiainfo Technologies (Chengdu)	8.75	-
31-Mar	Beijing Mobitech Software Co. Ltd.	VanceInfo (NYSE:VIT)	0.28	-
2-Mar	Guangzhou ProWay Technology Co.	Kingdee Software (SEHK:268)	3.08	-
19-Jan	Shenzhen Jiama Info. System	Kingdee Software (SEHK:268)	2.34	-
13-Jan	Letang Game, Limited	Linktone Ltd. (NasdaqGM:LTON)	11.71	-
10-Jan	ECCOM Network System Co., Ltd.	Shanghai East-China Computer	384.55	-
24-Dec	Shanghai UFIDA Technology Consulting	Beijing UFIDA	281.11	-
22-Dec	Beijing Space Time Science & Tech	UFIDA Software (SHSE:600588)	6.29	5.52
14-Dec	Aeromatex Inc.	China Spacesat Co., Ltd. (SHSE:600118)	3.15	-
4-Dec	Linkage Technologies	AsiaInfo-Linkage (NasdaqGS:ASIA)	731.89	-
29-Oct	Wuhan Dameng Data Co. Ltd.	China National Software & Service	10.65	-
			Median	**4.31**
			Avg	5.27
			High	11.13
			Low	1.32

Transaction Statistics

As we forecasted in the Q1 2010 VDI, both deal volume and size has bounced back sharply, especially in the North American market. The increase in deal volume and size in the IT services and BPO sector is expected to accelerate further since growth will be influenced by economic recovery, cloud computing, and spending from the government and healthcare sectors. Additionally, large transactions ($100M or above) have retuned since the down turn (96% increase from the first 9 months of 2010 vs. the first 9 months of 2009), which reflects the racing to secure good deals from cash rich buyers.





MWS Scoreboard

	Revenue Growth%	GM%	EBITDA%	Debt/Asset %	P/S	P/E	EV/Revenue	EV/EBITDA
IT Conglomerates	3.4%	60.7%	26.4%	18.1%	2.16	15.9	1.98	7.1
IT & IT-ENABLED OUTSOURCED SERVICES								
Offshore Outsourcing > $500 MM	10.3%	40.3%	22.8%	1.1%	3.24	21.6	3.14	15.3
Financial IT Services	5.7%	48.9%	25.3%	12.9%	1.81	16.3	1.90	8.3
IT Outsourcing	11.5%	45.5%	21.3%	23.6%	1.97	62.4	1.90	12.9
Offshore Outsourcing < $500 MM	0.0%	34.5%	17.0%	5.7%	1.14	10.3	0.92	6.9
Governmental IT Professional Services	8.2%	24.4%	9.2%	10.6%	0.62	14.0	0.61	6.9
Commercial IT Professional Services	-2.5%	27.5%	4.0%	0.0%	0.53	17.0	0.59	8.7
European IT & Business Services	0.5%	23.1%	8.5%	12.7%	0.58	16.3	0.62	7.2
IT Staff Augmentation	-3.0%	19.6%	2.1%	8.4%	0.20	28.2	0.21	10.7
IT SUPPLY CHAIN SERVICES								
IT Retailers	-2.1%	26.9%	4.7%	17.7%	0.23	17.4	0.32	6.8
Asian IT Supply Chain	14.5%	9.8%	2.6%	17.0%	0.25	15.4	0.30	9.6
IT Resellers	-6.0%	22.8%	0.5%	27.6%	0.20	15.5	0.27	7.5
IT Products Distributors	6.0%	11.1%	3.3%	14.4%	0.15	10.5	0.19	5.8
European IT Supply Chain	1.0%	20.9%	1.6%	2.9%	0.21	16.7	0.13	6.1
IT Direct Marketers	3.8%	13.6%	3.0%	4.4%	0.13	11.6	0.11	4.7
BUSINESS PROCESS OUTSOURCING								
Business Process Outsourcing - Non-voice	2.5%	48.6%	21.8%	16.6%	1.46	19.6	1.74	8.7
Offshore Business Process Outsourcing	7.1%	39.7%	15.8%	2.3%	0.87	9.6	1.13	7.4
European Business Process Outsourcing	6.8%	28.2%	12.4%	26.5%	0.64	20.9	0.59	4.9
Business Process Outsourcing - Voice	-2.2%	29.3%	10.8%	6.3%	0.66	13.1	0.50	4.7

Key Definitions:

1. Data Source: Capital IQ
2. The defined industry categories are based on Martin Wolf Securities' in-house research
3. The MWS Index® is market-value-weighted. It starts on January 1, 2005 with a value of 1000. It includes 69 IT and IT-Enabled Outsourced Services, 25 IT Supply Chain Services, and 38 Software companies listed in US stock market. It is based on the closing price as of October 1, 2010.
4. Enterprise value = Market Cap + Minority Interests + Preferred Stock + Outstanding Debt - Cash and Cash equivalents
5. LTM means Last Twelve Months based on last reported period
6. MWS Scoreboard is based on the closing price as of October 1, 2010.
7. Revenue Growth is growth in LTM revenue compared with previous period
8. Gross Margin = LTM Gross Profit * 100 / Revenue
9. EBITDA % = LTM EBITDA * 100 / Revenue
10. Net Income % = LTM Net Income *100 / Revenue
11. Debt/Asset = LTM Total Debt / Total Assets
12. P/S = Market Cap / LTM Revenue
13. P/E = Market Cap /LTM Net Income
14. EV/Revenue = Enterprise Value / LTM Revenue
15. EV/EBITDA = Enterprise Value / LTM EBITDA

If you have any questions, or want to subscribe to our periodic intelligence information, or be removed from the distribution list, please contact Hao He at (925) 215 2739 or email her at hhe@martinwolf.com

Martin Wolf Securities—Selected Transactions

GA Global Analytics

has been acquired by

Ernst & Young
Quality In Everything We Do

August 2010

Innovative Process Administration, LLC

has been acquired by

MERCER
MMC MARSH MERCER KROLL GUY CARPENTER OLIVER WYMAN

June 2010

TZP GROUP

has invested in

DLT SOLUTIONS

October 2009

Platinum Equity

has acquired

CANVAS SYSTEMS

April 2009

valtech

has accepted a tender offer from

SiegCo

December 2009

ROLTA

has acquired

TUSC The Oracle Experts

$45 million

January 2008

softchoice

has acquired

OPTIMUS SOLUTIONS
A Softchoice Company

$47.1 million

January 2008

DIRECT ALLIANCE

has been acquired by

TeleTech.
The Science of Customer Management

$107.5 million

June 2006

Insight.

has acquired

Software Spectrum

$320.3 million

September 2006

Martin Wolf Securities is a leading middle market Investment Bank exclusively focused on M&A in the IT Services, BPO & IT Supply Chain Services segments.