

Quarterly Business Services Update

Q2 2010

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Letter from Jim:

Services M&A Activity Rebounds Significantly

As you can see in our deal volume stats this quarter, M&A activity is really heating up and the “pipeline” of activity seems even stronger. In this quarter’s article I am going to do my best to tell you what I think is actually happening.

First and foremost, business results are improving across the board. M&A deals are hard to get done when both buyer and seller are experiencing revenue softness. Not only does it take courage for the buyer to buy when he does not know where the bottom is but it also depresses prices. Today, we are seeing many companies experiencing nice growth over 2009 and recording solid run rates as we head into the second half of the year.

There are a couple of seller-related factors driving activity. As many know, capital gains tax increases coupled with increased healthcare taxes are coming in 2011, thus a seller will pay around 8% less in taxes in 2010 than they will in 2011. Also, I believe that there were a fair number of owners who would have liked to have sold in 2008 or 2009 but simply chose to wait for the market to get better. Thus, there is some “pent-up demand” effect driving M&A activity.

On the demand side, we have seen private equity firms become much more aggressive and engaged than they were in 2008 and 2009 primarily with targets in excess of \$5 million in EBITDA. Debt markets have improved for larger deals and many private equity players sat on the sidelines in 2008 and 2009 and are relatively hungry for good deals. Many private equity players believe that the time to be buying into the services sector is at the beginning of a “new cycle” which hopefully we are into. Private equity firms that have been very successful in relatively cyclical sectors such as staffing and IT/professional services have tended to buy early in the cycle and to use debt prudently.

Strategic buyers have kept very healthy balance sheets in this recession compared to the last downturn and are well positioned in general to buy companies. While they remain somewhat discriminating, we are seeing renewed interest by both domestic and international strategic buyers. In fact, we have seen a substantial spike in international buyer interest this year.

Because of the above dynamics the valuations for healthy companies, particularly those with niche leadership positions, are excellent at the moment and deals are getting done similar to what it felt like in 2007.

I hope all of you and your families are having a great summer!



CHILDS News and Events

11/4

CHILDS to host its 2nd Annual Consulting and Outsourcing Summit in Atlanta, GA

10/6 – 10/8

CHILDS is sponsoring the Techserve Alliance

9/20 – 9/22

CHILDS is sponsoring the Healthcare Staffing Conference in Chicago, IL

9/19 – 9/23

CHILDS is attending the Oracle Openworld Conference

7/28

CHILDS advised The Centre for High Performance Development (a subsidiary of Capital H Group LLC) on its sale to Kenexa Corporation

7/22

CHILDS presented at Capital Roundtable event on Investing in Government Services

5/25

Alan Bugler joins CHILDS as Vice President

For additional information, please visit www.childsadvisorypartners.com

CHILDS Advisory Partners

10 Glenlake Parkway
Suite 300, South Tower
Atlanta, GA 30328

Phone: 770.500.3611
Fax: 800.717.4912

Sector Highlight: Healthcare Information Technology

The State of the Healthcare IT Market

by Don Holbrook

IT service providers and vendors see Healthcare IT (HCIT) as one of the top industries for technology investments. Significant resources are being allocated in an attempt to capture some of the stimulus dollars in the near term, and to grab a share of one of the hottest sectors in IT for the foreseeable future.

MarketsandMarkets estimates HCIT will grow at 16%+ per year and will exceed \$23 billion by 2015. In the near term, implementations of Electronic Medical Records (EMR) will drive a majority of this growth because of the \$20 billion stimulus package from the HITECH Act. According to Global Industry Analysts, Inc (GIA), the EMR market is expected to exceed \$5.4 billion in the US by 2015. In turn, the EMR implementations will drive the need for network and infrastructure upgrades, increased security and bandwidth. Since the HITECH incentives are tied to a timeline, the demand for IT professional resources will greatly exceed the supply over the coming years creating large shortages of qualified IT resources to complete the implementations.

In the first half of 2010, 75 HCIT deals were announced, with the Allscripts \$1.3 billion acquisition of Eclipsys being one of the most notable in 2010. Eclipsys will add depth to Allscripts existing offerings and give them the ability to compete with Cerner, Meditech and Epic in the hospital. Further consolidation within the large vendor channel will likely follow in the second half of 2010.

The surge in HCIT activity will benefit both IT Services and tech firms, large and small. In our conversations and meetings at HIMMS 2010, all players are experiencing significant growth and demand. The demand for qualified HCIT resources will create a wave of consolidation within the IT/ professional services and staffing sectors in the next 24 months.

Allscripts to Acquire Eclipsys



Transaction Description:

Allscripts-Misys entered into a definitive agreement to acquire Eclipsys Corporation for \$1.3 billion in stock on June 9, 2010. Eclipsys stockholders will receive 1.2 shares of Allscripts for each share of Eclipsys which represents a 19% premium based on the June 8, 2010 closing price.

About Target:

Eclipsys operates as a healthcare IT firm in North America, the Asia Pacific, and the Middle East. It provides integrated clinical, revenue cycle and performance management software; and professional services to healthcare organizations and physicians.

Valuation:

TEV = \$1,169.8mm EV/Rev = 2.3x EV/EBITDA = 21.6x Revenue = \$517.4mm EBITDA=\$54.2mm

Source: Capital IQ.

Highlighted Transactions

Date	Seller	Buyer	Enterprise Value (\$mm)	EV/Rev	EV/EBITDA	Revenue (\$mm)	EBITDA (\$mm)	Seller Description
Q2 '10	Phase Forward Inc	Oracle Corp	\$591.1	2.7x	20.0x	\$221.6	\$29.5	provides integrated clinical research suite of enterprise-level software products, services and hosted solutions
Q2 '10	Eclipsys Corporation	Allscripts-Misys Healthcare Solutions	\$1,169.8	2.3x	21.6x	\$517.4	\$54.2	provides integrated clinical, revenue cycle, and performance management software and professional services
Q1 '10	Quadramed Corp	Francisco Partners	\$109.9	0.8x	7.7x	\$145.3	\$14.2	provides IT solutions for healthcare enterprises
Q1 '10	FutureVision Technologies	Emdeon Inc.	\$60.0	NA	NA	NA	NA	provides document imaging, digital conversion and workflow management services
Q1 '10	Chapin Revenue Cycle Management	Emdeon Inc.	\$27.0	NA	NA	NA	NA	provides hospital-based revenue cycle services

CHILDS Quarterly Update: Q2 2010

Healthcare Information Technology Public Company Comparables

Revenue and EBITDA multiples for the public healthcare IT firms stayed fairly consistent and averaged around 3.6x and 17.6x, respectively.

Company Name	Stock Information and Enterprise Value					LTM Valuation Multiples			Forward Valuation Multiples		
	Stock Price 6/30/10	52 Wk High	52 Wk Low	% of 52 Wk High	Market Cap	Ent. Value	EV/ Revenue	EV/ EBITDA	EV/ EBIT	EV/ Revenue	EV/ EBITDA
Allscripts-Misys Healthcare Solutions, Inc.	\$16.10	\$22.55	\$14.32	71.4%	\$2,358.9	\$2,258.2	3.3x	25.5x	36.2x	3.4x	4.0x
Cerner Corp.	75.89	92.95	56.45	81.6%	6,238.8	5,747.8	3.4x	13.3x	18.8x	3.4x	3.1x
Computer Programs & Systems Inc.	40.92	50.05	32.78	81.8%	449.0	430.8	3.3x	18.5x	20.1x	3.4x	3.1x
Emdeon Inc.	12.53	18.25	12.28	68.7%	1,135.5	2,006.8	2.1x	9.4x	18.9x	2.2x	2.0x
HMS Holdings Corp.	54.22	57.06	34.77	95.0%	1,472.2	1,396.8	5.7x	20.2x	25.3x	6.1x	4.8x
MedAssets, Inc.	23.08	25.08	17.22	92.0%	1,319.2	1,529.8	4.3x	15.6x	27.5x	4.5x	3.9x
Phase Forward Inc.	16.68	17.09	10.29	97.6%	730.8	601.0	2.7x	20.4x	52.9x	2.8x	2.5x
Zix Corp.	2.26	2.70	1.49	83.7%	144.6	129.1	4.1x	172.8x *	NM	4.2x	3.7x

Mean	\$1,995.9	3.6x	17.6x	28.5x	3.7x	3.3x
Median	\$1,529.8	3.3x	18.5x	25.3x	3.4x	3.1x

Company Name	LTM Results					Ratio Analysis				3 Year Growth Rate	
	Revenue	Gross Margin	EBITDA	EBIT	Net Income	Gross Margin	EBITDA	EBIT	Net Income	Revenue CAGR	EPS CAGR
Allscripts-Misys Healthcare Solutions, Inc.	\$680.5	\$378.4	\$88.5	\$62.4	\$60.5	55.6%	13.0%	9.2%	8.9%	0.0%	0.0%
Cerner Corp.	1,710.9	1,427.1	431.0	305.7	202.9	83.4%	25.2%	17.9%	11.9%	6.3%	18.8%
Computer Programs & Systems Inc.	129.1	51.9	23.3	21.5	14.1	40.2%	18.0%	16.6%	10.9%	4.7%	(1.2%)
Emdeon Inc.	935.8	363.7	214.1	106.1	10.3	38.9%	22.9%	11.3%	1.1%	0.0%	0.0%
HMS Holdings Corp.	244.2	116.0	69.0	55.1	31.9	47.5%	28.3%	22.6%	13.1%	33.0%	62.6%
MedAssets, Inc.	355.7	276.1	98.2	55.6	23.6	77.6%	27.6%	15.6%	6.6%	32.6%	NA
Phase Forward Inc.	221.6	123.4	29.5	11.4	5.9	55.7%	13.3%	5.1%	2.7%	25.1%	(29.5%)
Zix Corp.	31.8	23.4	0.7	(0.6)	(2.2)	73.6%	2.3%	(1.9%)	(6.9%)	17.0%	NA

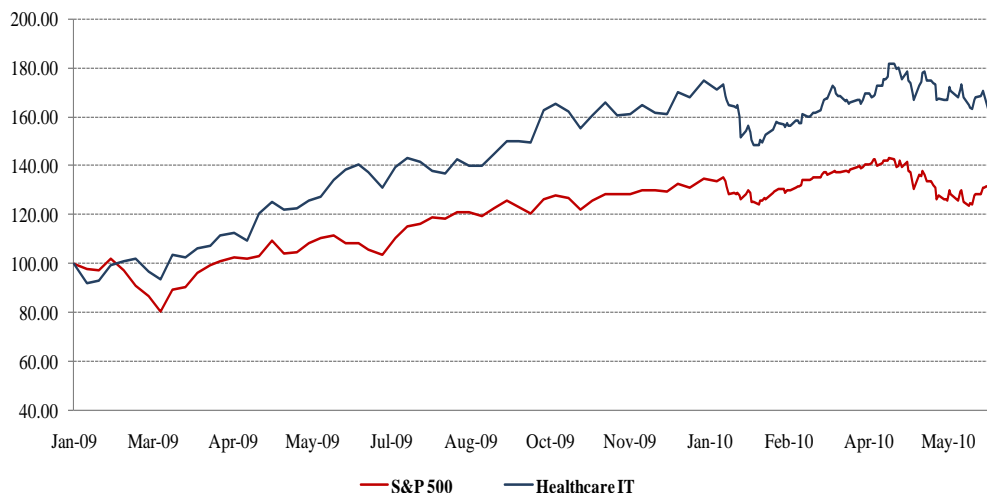
Mean	57.0%	21.2%	14.0%	7.9%	14.5%	8.4%
Median	55.6%	22.9%	15.6%	8.9%	6.3%	0.0%

Source: capital IQ.

* Excluded from Mean and Median calculations.

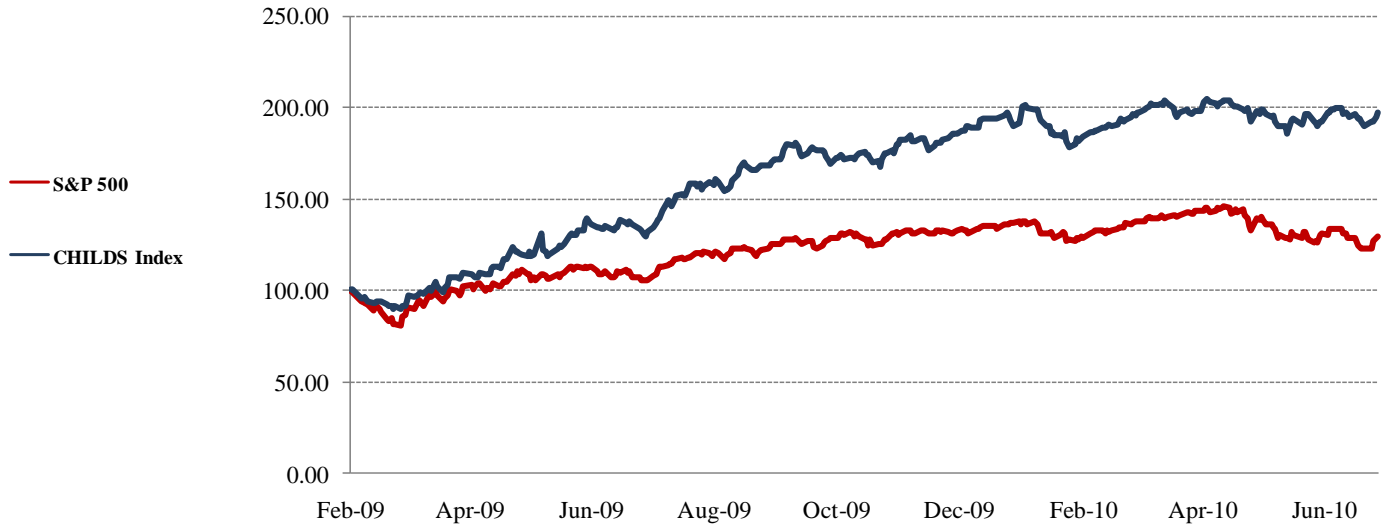
Recent Stock Performance

As of June 2010, the healthcare information technology services index is up 58.8% compared to the beginning of 2009 but relatively flat compared to the first quarter of this year. This index has consistently outperformed the S&P 500.



Business Services Market Update

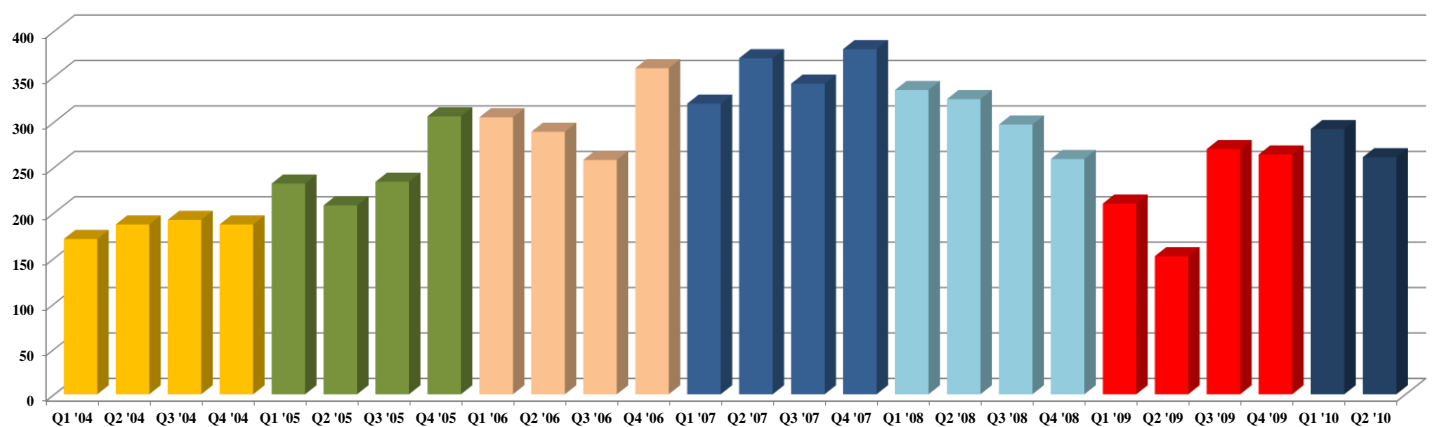
CHILDS Advisory Partners (“CHILDS”) tracks a list of publicly traded companies in the sectors we follow to gain a better understanding of each sector’s performance. In the second quarter of 2010, the CHILDS Business Services Index continued to outperform the S&P 500 Index.



Note: The CHILDS Business Services Index is made up of select public companies in the following sectors: IT Services, Professional Services, Staffing, Collections/Teleservices/Marketing Services and Industrial Services.

The Business Services M&A activity remained relatively flat in Q2 vs. Q1. However volume was up substantially year over year in this quarter, we’ve noted a total of 262 transactions compared to 152 transactions noted in the same period of the prior year.

Business Services M&A Deals by Quarter (2004 – Q2 2010)



Source: CHILDS database and Capital IQ.

Sector Update –IT Services

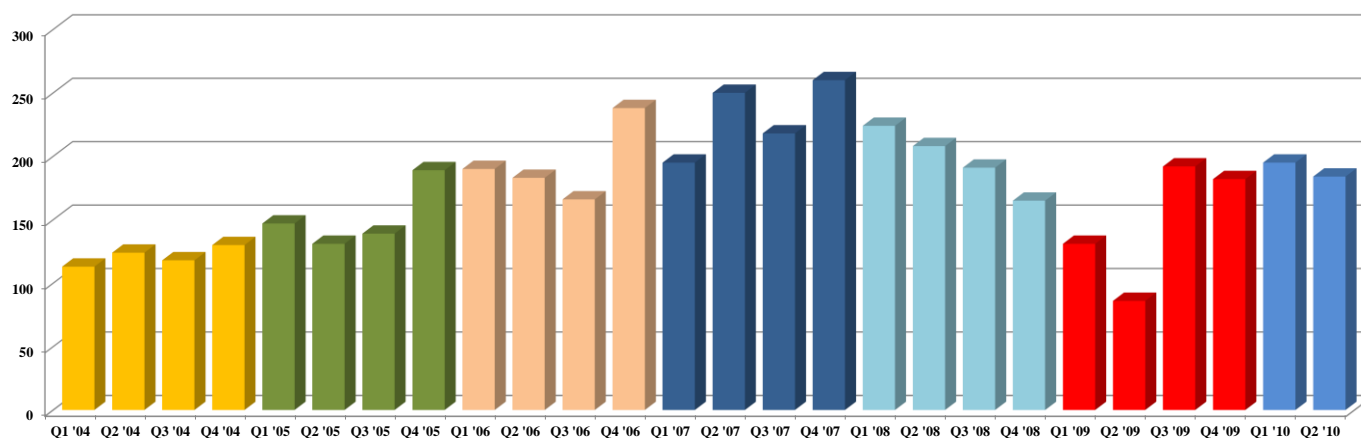
Mergers and Acquisitions:

In the second quarter of 2010, CHILDS noted a total of 184 IT Services deals, compared to 86 transactions in the same period of the prior year. While that represents a big jump year over year, deal volume is slightly down compared to the prior quarter.

Highlighted Transactions:

Date Announced	Seller	Buyer	Enterprise Value (\$mm)	Target Description/Comment
6/29/2010	SGIS (Federal)	Salient Federal Solutions	Not Disclosed	Provides solutions for the intelligence, homeland security, defense, and space communities in the US
6/28/2010	SkillStorm, Inc (Commercial)	Kavaliro	Not Disclosed	Provides solutions for the intelligence, homeland security, defense, and space communities in the US
6/14/2010	Intelligroup Inc.	NTT Data Corp.	174	Provides end to end services, implementation, testing, application management services, ERP, etc
5/13/2010	Matrikon	Honeywell International	139	Provides intelligence solutions
5/12/2010	DecisionOne Corporation	Glodyne Technoserve	104	Provides information technology support services
5/7/2010	Stanley	CGI Group	1,070	IT services to US Defense, intelligence & Federal Civilian Government Agencies
4/28/2010	Gilon Business Insight	Ness Technologies	18	Provides business intelligence services
4/15/2010	TechTeam Global (Government Solutions)	Jacobs Technology	59	Provides IT-based services in the areas of advisory and consulting, infrastructure support, managed services, etc
4/19/2010	Pyramid Communication Services	XETA Technologies	Not Disclosed	Provides communications solutions and services
4/5/2010	InfoPartners	Compushare Inc	Not Disclosed	Provides IT consulting and outsourcing services to VC's and PEG's
4/3/2010	iOne Resources	Teledata Singapore	Not Disclosed	Provides IT solutions and systems integration services

IT Services M&A Deals by Quarter (2004 – Q2 2010)

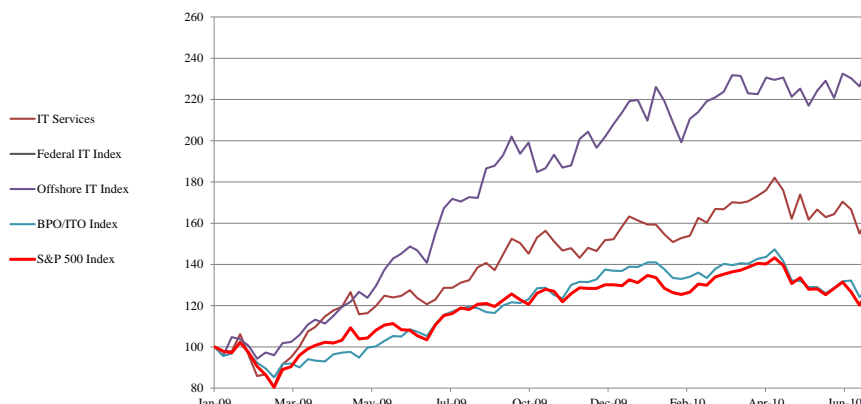


Source: CHILDS database.

Sector Update – IT Services (cont'd)

Public Company Stock Performance:

The IT Services stock indices continue to show positive performance in the second quarter of 2010. Offshore IT continues to be the best performer within the IT Services sector. Federal IT stocks are very cheap by historical standards, while commercial IT trading multiples are relatively high.



Mid-Market IT Services

EBITDA multiples continued to improve, from 9.9x in the first quarter of 2010 to 11.1x this quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
CIBER, Inc.	\$2.86	63.6%	0.2x	5.5x
Diamond Management & Technology	\$10.45	90.9%	1.1x	13.2x
Edgewater Technology Inc.	\$2.85	83.3%	0.5x	NM *
eLoyalty Corp.	\$5.75	61.6%	0.9x	NM *
Intelligroup Inc.	\$4.63	99.6%	1.3x	10.2x
Perficient Inc.	\$8.97	69.1%	1.4x	29.6x *
Sapient Corp.	\$10.86	98.7%	1.8x	19.7x
TechTeam Global Inc.	\$6.13	62.6%	0.3x	6.7x
Average		78.7%	0.9x	11.1x

Federal IT

EBITDA multiples in the federal IT services sector are around 7.5x this quarter, compared to around 8.9x in the prior quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
CACI International Inc.	\$43.41	82.0%	0.6x	7.0x
Dynamics Research Corp.	\$9.78	68.3%	0.4x	4.6x
ICF International Inc.	\$23.52	75.7%	0.8x	9.3x
ManTech International Corp.	\$42.05	76.3%	0.8x	8.0x
NCL, Inc.	\$23.54	71.4%	0.7x	8.6x
SAIC, Inc.	\$16.85	85.3%	0.6x	7.2x
SRA International Inc.	\$20.43	85.1%	0.7x	7.6x
Average		77.7%	0.7x	7.5x

Offshore IT

Offshore IT Services EBITDA multiples are around 11.8x this quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Cognizant Technology Solutions Corp.	\$53.46	97.5%	4.2x	19.2x
HCL Technologies LTD	\$361.25	80.5%	2.2x	10.9x
iGATE Corp.	\$13.39	88.1%	3.1x	14.0x
Infosys Technologies Ltd.	\$2,871.90	99.6%	6.9x	19.9x
Ness Technologies Inc.	\$4.27	51.0%	0.3x	8.4x
Patni Computer Systems Ltd.	\$505.10	80.8%	2.0x	8.8x
Syntel Inc.	\$35.68	71.4%	2.9x	9.0x
VanceInfo Technologies Inc.	\$25.68	96.9%	5.8x	28.5x *
Virtusa Corp.	\$9.49	82.9%	1.0x	8.7x
WNS (Holdings) Ltd.	\$10.24	40.0%	1.0x	7.2x
Average		78.9%	3.3x	11.8x

BPO/ITO

Valuations stayed consistent for the BPO group. EBITDA multiples remained around 6.0x-7.0x this quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Accenture Ltd.	\$39.42	88.2%	0.9x	6.3x
Automatic Data Processing, Inc.	\$40.72	89.0%	2.1x	8.3x
CGI Group, Inc.	\$15.99	95.2%	1.2x	6.4x
Computer Sciences Corporation	\$45.67	78.3%	0.5x	3.4x *
Convergys Corporation	\$10.14	73.6%	0.5x	6.8x
DST Systems Inc.	\$37.33	78.6%	1.2x	6.0x
Genpact Ltd.	\$15.52	84.8%	2.7x	13.3x *
Unisys Corporation	\$20.04	49.6%	0.3x	2.6x *
Average		79.7%	1.2x	6.8x

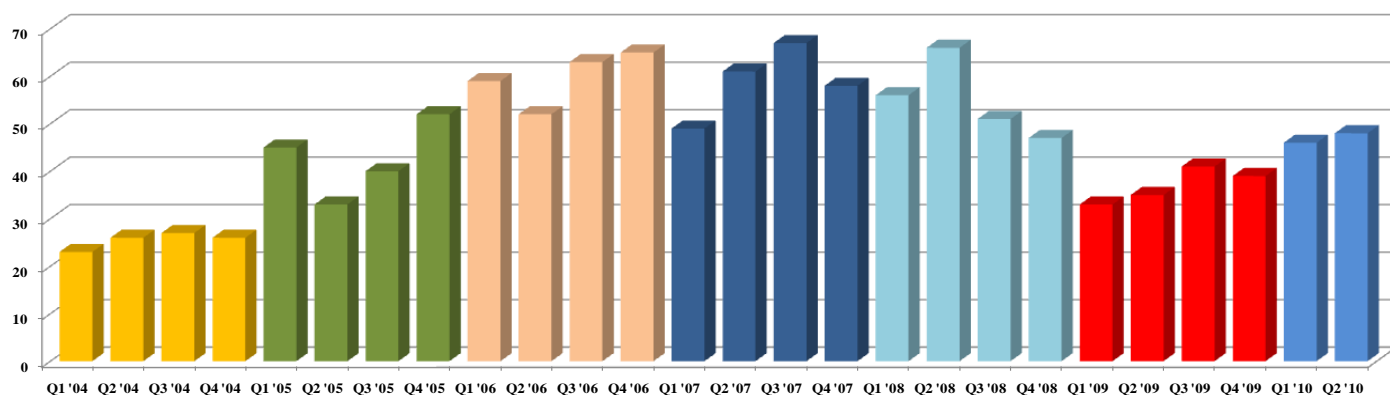
* Has not been included in Mean or Median. LTM: Latest Twelve Months. ⁽¹⁾ Data obtained from Capital IQ. ⁽²⁾ Stock price as of July 9, 2010.

Sector Update – Professional Services

Mergers and Acquisitions:

In the second quarter of 2010, CHILDS noted a total of 48 Professional Services M&A transactions compared to 35 transactions in the same period of the prior year and 46 transactions in the first quarter of 2010. M&A volume in this sector has shown steady increases since Q1 '09.

Professional Services M&A Deals by Quarter (2004 – Q2 2010)



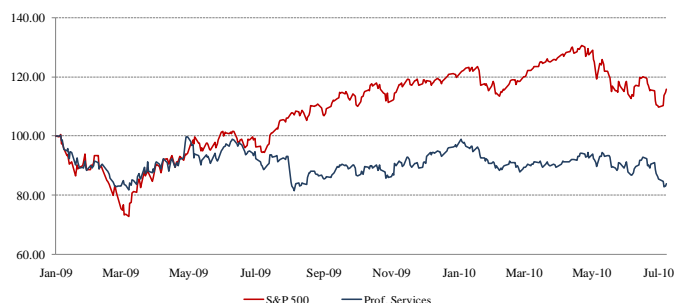
Source: Capital IQ and CHILDS database.

Highlighted Transactions:

Date Announced	Seller	Buyer	Enterprise Value (\$mm)	Target Description/Comment
7/11/2010	Hewitt	Aon	4,915	Provides human resource benefits, outsourcing and consulting
7/29/2010	CHPD (a subsidiary of Capital H Group LLC)	Kenexa	Not Disclosed	Provides leadership development consulting
5/17/2010	Navigant Consulting Inc.	Daylight Forensic & Advisory	40	Provides advisory services, regulatory consulting and investigative services

Professional Services Stock Index

The Professional Services stocks continued to underperform compared to the S&P 500 this quarter.



Professional Services Public Company Comparables

EBITDA multiples stayed relatively consistent at around 8.0x-9.0x.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Advisory Board Co.	\$42.15	95.5%	2.4x	17.1x
CRA International Inc.	\$19.53	66.0%	0.6x	7.5x
Exponent Inc.	\$32.86	96.6%	1.7x	10.1x
FTI Consulting, Inc.	\$32.86	58.3%	1.4x	6.2x
Hewitt Associates Inc.	\$35.40	80.7%	1.1x	5.0x
Huron Consulting Group Inc.	\$19.93	44.4%	1.1x	7.1x
LECG Corp.	\$2.40	56.5%	0.5x	NM *
Navigant Consulting Inc.	\$9.57	61.4%	1.0x	7.0x
Resources Connection Inc.	\$12.83	58.6%	0.9x	42.5x *
Towers Watson & Co	\$40.39	77.3%	1.2x	8.1x
Average		66.6%	1.2x	8.5x

* Has not been included in Mean or Median. LTM: Latest Twelve Months.
⁽¹⁾ Data obtained from Capital IQ. ⁽²⁾ Stock price as of July 9, 2010.

Sector Update – Staffing

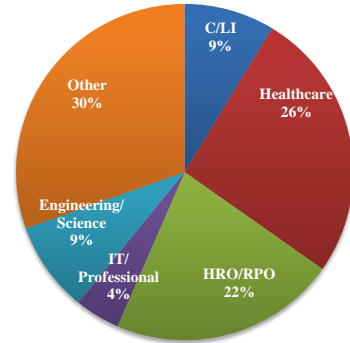
Mergers and Acquisitions:

In the second quarter of 2010, CHILDS noted a total of 23 staffing M&A deals compared to 22 transactions in the same period of the prior year and 38 transactions in the first quarter of 2010.

On the sub-segment level, Healthcare and RPO M&A activity became the leaders in staffing M&A. These two sectors together represented 48% of the staffing M&A deals in the second quarter of 2010. We see a lot of M&A activity in motion in the staffing/HCM sector, and we expect continued momentum as backlog moves into announcements.

Chart A:

Q2 2010 Staffing M&A Deal Volume by Subsector

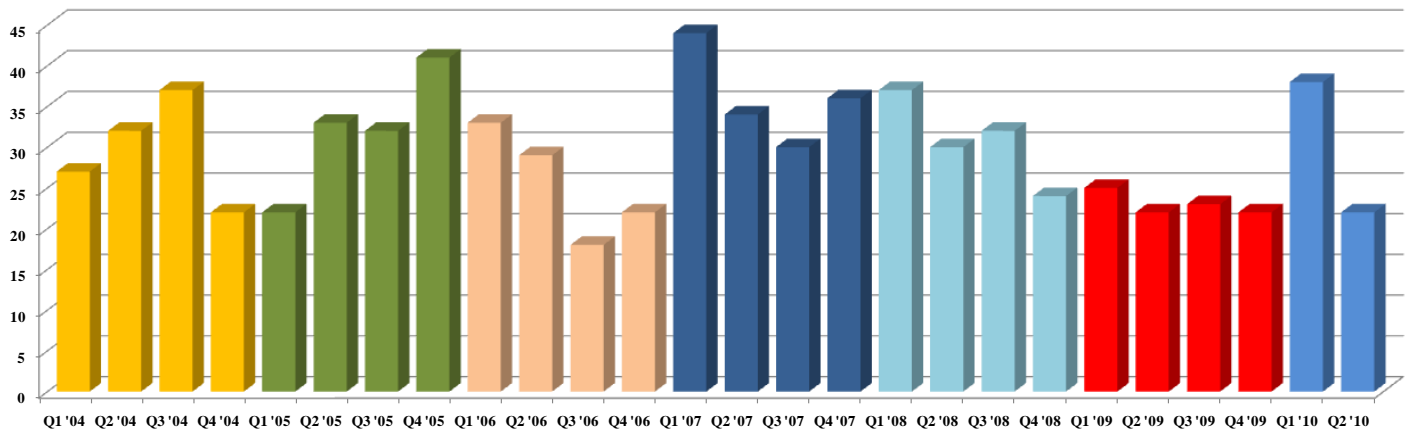


Highlighted Transactions:

Date Announced	Seller	Buyer	Enterprise Value (\$mm)	Target Description/Comment
7/15/2010	GES PEO	Madison Capital	Not Disclosed	Provides human resource management services
6/10/2010 *	Insight Global	Harvest Partners	Not Disclosed	Provides IT Staffing
6/1/2010	Premier Medical Group	Capita Group	88	Provides medical reporting and screening services
5/6/2010	inVentiv Health	Thomas H. Lee Partners	1,187	Provides clinical, sales, marketing and communications services

* Insight Global recapitalized with Harvest Partners in the largest private transaction of the year in staffing. Insight, started in 2001, has been arguably the best story in the sector having grown to over \$300 million in sales in 9 years on a completely organic basis.

Staffing M&A Deals by Quarter (2004 – Q2 2010)



Source: CHILDS database.

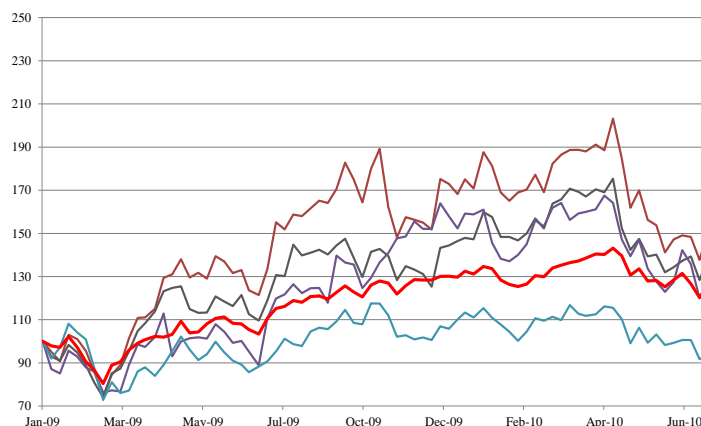
Sector Update – Staffing (cont'd)

Public Company Stock Performance:

In the second quarter of 2010, the Healthcare Staffing stock index continued to underperform compared to the S&P 500 Index. All other staffing indices have outperformed the S&P 500 this quarter.



Index Performance Jan. '09 - June '10



Commercial & Industrial Staffing

The Commercial & Industrial Staffing sub-segment continued to experience positive revenue growth compared to the prior quarter. EBITDA multiples are around 11.1x.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Kelly Services Inc.	\$14.37	75.9%	0.1x	86.0x *
Manpower Inc.	\$47.02	74.6%	0.2x	13.8x
Spherion Corp.	\$5.89	64.1%	0.2x	8.9x
TrueBlue, Inc.	\$11.15	64.7%	0.4x	10.5x
Average		69.8%	0.2x	11.1x

IT & Professional Staffing

EBITDA multiples are down slightly from 12.7x in the first quarter of 2010 to 12.1x this quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Hudson Highland Group	\$4.03	66.9%	0.2x	NM *
Robert Half International	\$25.38	78.7%	1.2x *	27.7x *
Kforce Inc.	\$11.94	73.5%	0.5x	16.7x
On Assignment Inc.	\$5.37	68.1%	0.6x	10.5x
RCM Technologies Inc.	\$4.64	88.7%	0.3x	9.1x
Inc.	\$25.38	78.7%	1.2x *	27.7x *
Average		75.8%	0.4x	12.1x

Search

The multiples in this subsector have returned to a normalized level of around 9.1x.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Heidrick & Struggles	\$22.24	69.2%	0.7x	9.1x
Korn/Ferry International	\$14.26	76.6%	0.7x	14.4x *
Average		72.9%	0.7x	9.1x

Healthcare Staffing

EBITDA multiples declined again this quarter to around 5.4x.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Allied Healthcare International Inc.	\$2.26	66.5%	0.2x	3.2x
AMN Healthcare Services Inc.	\$7.32	66.5%	0.5x	7.4x
Cross Country Healthcare Inc.	\$8.63	78.2%	0.6x	11.4x *
Sun Healthcare Group Inc.	\$7.91	76.5%	0.5x	5.6x
Average		71.9%	0.5x	5.4x

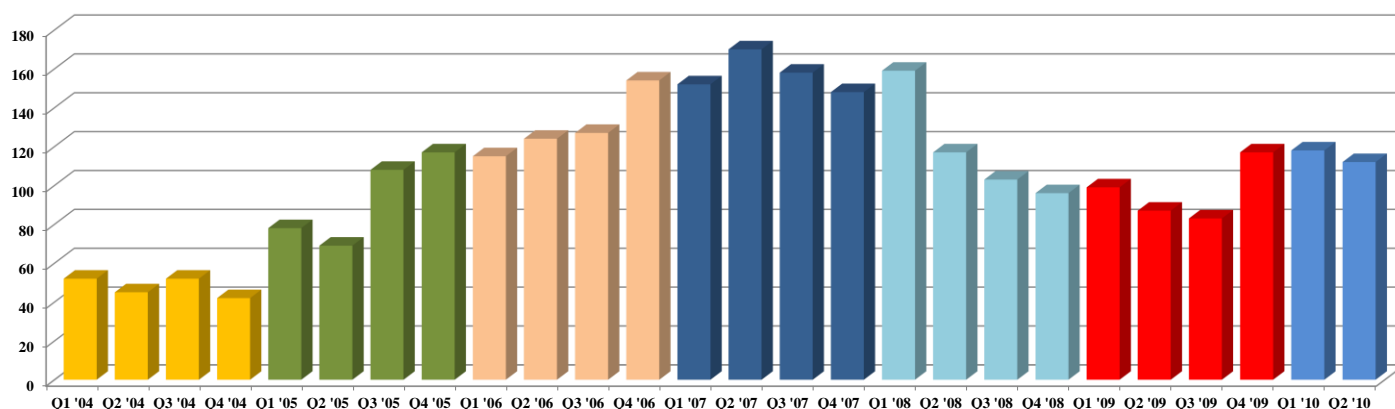
* Has not been included in Mean or Median. LTM: Latest Twelve Months. ⁽¹⁾ Data obtained from Capital IQ. ⁽²⁾ Stock price as of July 9, 2010.

Sector Update – Marketing Services

Mergers and Acquisitions:

Marketing services deal flow remained relatively flat this quarter compared to the first quarter of 2010. We noted a total of 112 transactions this quarter compared to 118 transactions noted in the prior quarter and 87 transactions noted in the same period of the prior year.

Marketing Services M&A Deals by Quarter (2004 – Q2 2010)



Source: Capital IQ.

Highlighted Transactions:

Date Announced	Seller	Buyer	Enterprise Value (\$mm)	Target Description/Comment
5/7/2010	Cahners In-Stat Group	The Linley Group	NA	Provides research, market analysis, and forecasts of communication services, infrastructure, end-user devices and semiconductors
2/3/2010	Symphony Marketing	GenPact	29	Provides technology enabled marketing services and solutions

Stock Index

The Collections and Teleservices stock index continued to outperform the S&P 500 index this quarter.



Marketing Services Public Company Comparables

EBITDA multiples stayed relatively flat at around 7.7x this quarter compared to 7.9x in the prior quarter.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
Axiom Corporation	\$14.57	97.5%	1.3x	6.0x
Harte-Hanks Inc.	\$11.07	92.3%	1.0x	7.0x
Havas	\$3.67	84.8%	1.1x	7.0x
Interpublic Group of Companies, Inc.	\$7.72	80.5%	0.8x	6.6x
MDC Partners Inc.	\$10.69	99.6%	1.0x	11.4x
Omnicom Group Inc.	\$34.61	30.1%	1.0x	7.2x
Publicis Groupe SA	\$33.01	40.0%	1.5x	8.5x
Average		75.0%	1.1x	7.7x

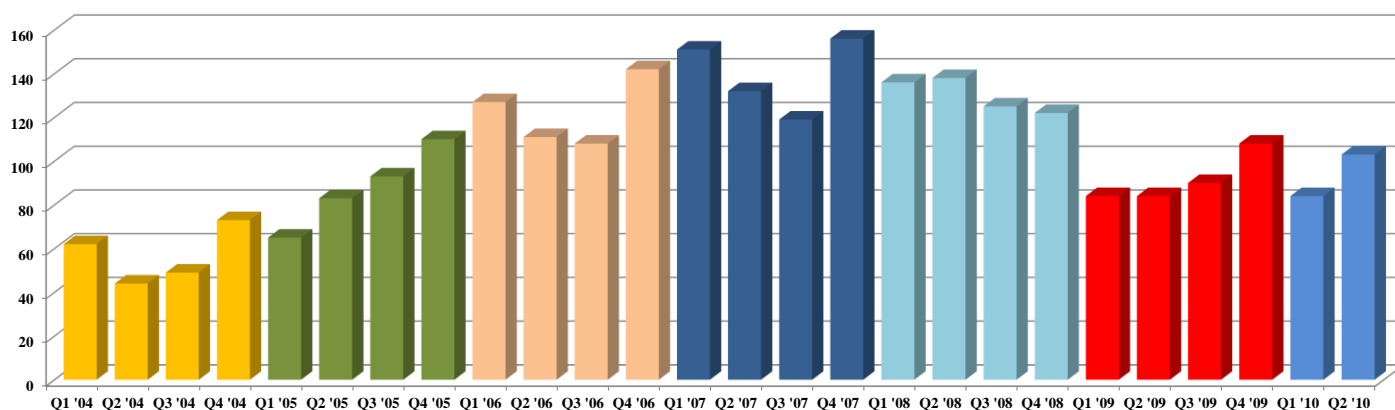
* LTM: Latest Twelve Months. ⁽¹⁾ Data obtained from Capital IQ. ⁽²⁾ Stock price as of July 9, 2010.

Sector Update – Industrial Services

Mergers and Acquisitions:

In this quarter, the Industrial Services M&A activity is up compared to the prior quarter as well as the same period of the prior year. We noted a total of 103 transactions this quarter.

Industrial Services M&A Deals by Quarter (2004 – Q2 2010)



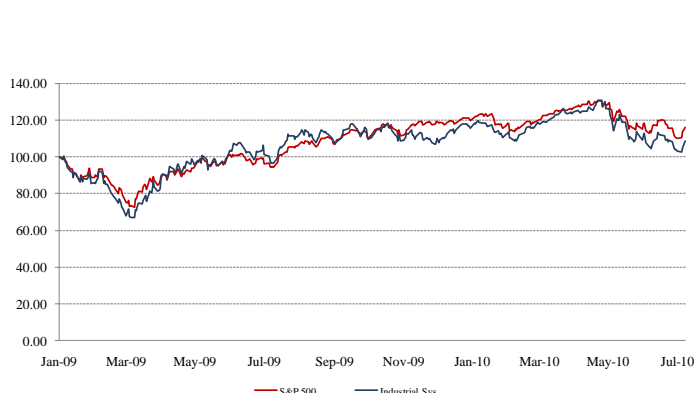
Source: capital IQ.

Highlighted Transactions:

Date Announced	Seller	Buyer	Enterprise Value (\$mm)	Target Description/Comment
6/24/2010	Reconomy Recycling	Viridor Waste Mgmt	36	Provides waste management and recycling solutions
5/12/2010	General Dynamics Ordnance and Tactical	Not Disclosed	96	Provides systems management and related services

Industrial Services Stock Index

The Industrial Services Stock Index continues to be closely correlated with the S&P 500 Index.



Industrial Services Public Company Comparables

EV/LTM EBITDA multiples remained consistent with the prior quarter at around 7.9x.

Company Name	Stock Price ⁽²⁾	% of 52 Wk High	Enterprise Value /	
			LTM Revenue ⁽¹⁾	LTM EBITDA ⁽¹⁾
ABM Industries Inc.	\$21.57	92.5%	0.4x	11.7x
Brinks Co.	\$19.43	63.4%	0.3x	3.6x
Command Security Corp.	\$2.11	60.3%	0.2x	7.3x
EMCOR Group Inc.	\$24.03	80.6%	0.2x	3.8x
Garda World Security Corp.	\$8.42	70.8%	0.8x	7.0x
Group 4 Securicor Ltd	\$2.65	92.7%	0.8x	8.7x
Johnson Controls Inc.	\$28.62	80.0%	0.7x	10.3x
Pike Electric Corporation	\$9.86	75.9%	0.8x	10.1x
Rentokil Initial plc	\$1.10	78.4%	1.2x	8.3x
Average		77.2%	0.6x	7.9x

* Has not been included in Mean or Median. LTM: Latest Twelve Months. ⁽¹⁾ Data obtained from Capital IQ. ⁽²⁾ Stock price as of July 09, 2010.

About CHILDS Advisory Partners

CHILDS Advisory Partners provides investment banking and strategic consulting services to growing services companies globally. We have assembled a team of experienced professionals that has both industry and transaction advisory experience to assist company owners in creating and realizing maximum value for their businesses. Collectively, our Partners have executed over 150 transactions in the sector totaling over \$9 billion.

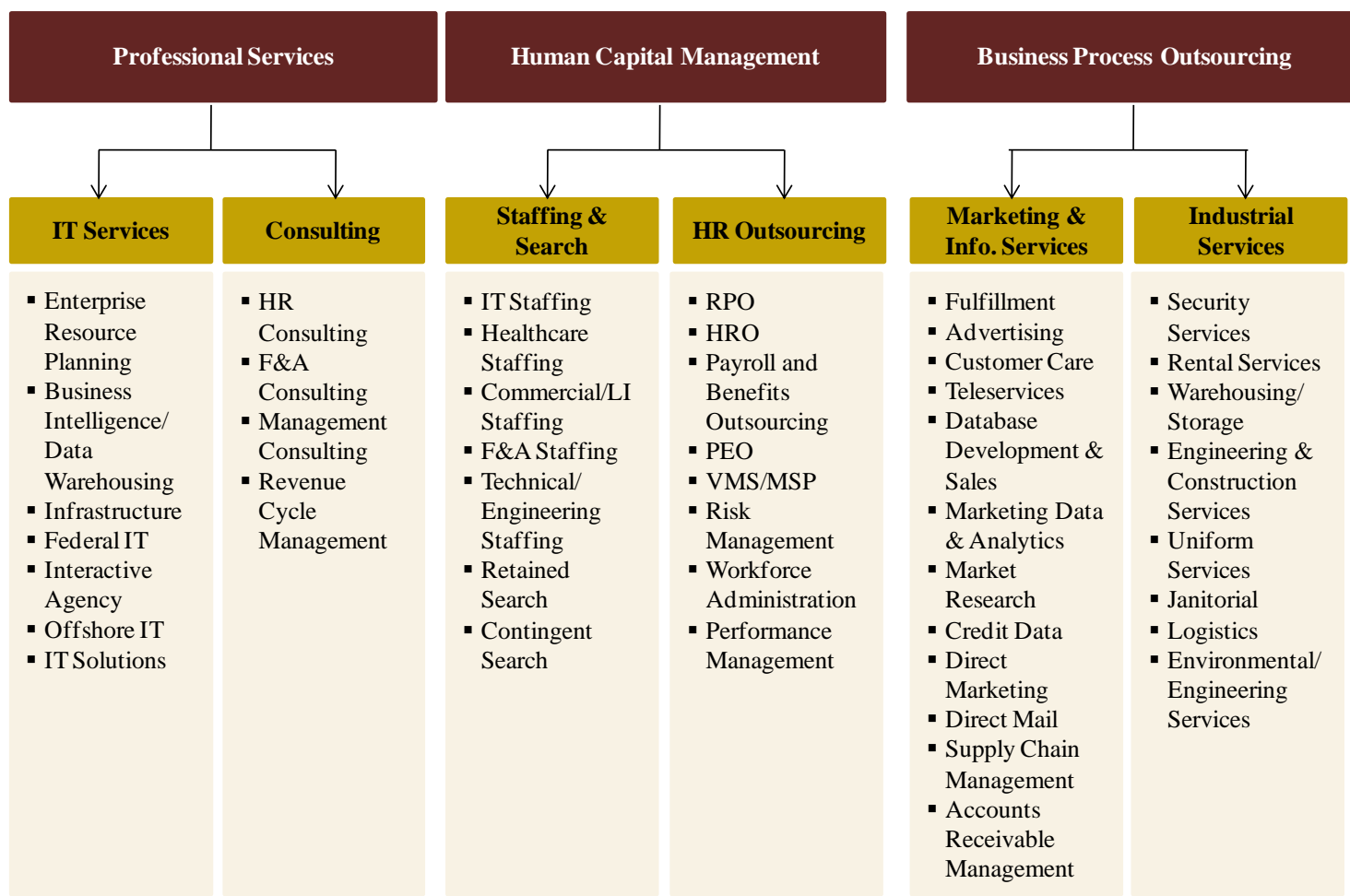
What We Do

Sell-side Advisory: When you desire to sell or merge your business we help you prepare, position and execute the process with confidentiality and speed to obtain maximum results.

Buy-side Assistance: CHILDS can help you source deals, qualify them and negotiate them. Our sourcing “engine”, market knowledge and experience in creative deal structures will ensure that you see as many deals as possible and have the ability to get them done.

Debt/Equity Financing & Restructuring: We advise companies seeking equity or debt capital for growth, recapitalization or restructuring. We can also help with buyouts of partners or other key transactions. CHILDS can help you negotiate with your existing lenders to renew or restructure debt facilities. If needed, we can tap our many banking relationships to solicit and negotiate term sheets with other potential lenders as well.

Strategic Consulting and Valuation: Our Roadmap Process brings an objective and disciplined methodology to help your team develop a winning plan for short-term performance and long-term value creation. Our Strategic Alternatives Assessment project provides insight to the options available for company owners to maximize value and liquidity. Finally, we provide valuations and fairness opinions.



Selected CHILDS Transactions


has been acquired by

October 2009


has been acquired by

September 2009


has been acquired by


September 2009


Finance & Accounting
has been acquired by

August 2009


has been acquired by

May 2009


has been recapitalized by

January 2009


has been acquired by

December 2008


has been acquired by

September 2008


has been acquired by

September 2008


has been acquired by

July 2008


has been acquired by

June 2008


has been acquired by

May 2008


has been acquired by

October 2007


has been acquired by

July 2007


has been recapitalized by

July 2007


has been acquired by

June 2007

Contact Information:

Jim Childs
 Managing Partner
 jchilds@childsadvisorypartners.com
 770.500.3611

Don Holbrook
 Partner
 dholbrook@childsadvisorypartners.com
 949.276.8715

Cooper Mills
 Partner
 cmills@childsadvisorypartners.com
 770.500.3629