

CHILDS

ADVISORY PARTNERS

Quarterly Update

2Q 2013

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CHILDS News and Events

9/9/13 - 9/11/13

CHILDS attends the NAPEO annual conference in San Antonio, TX

8/18/13 - 8/22/13

CHILDS attends the ILTA legal technology annual conference in Las Vegas, NV

7/31/13

CHILDS advises M Squared Consulting on its sale to SolomonEdwardsGroup

5/2/13

CHILDS IT & Professional Services Summit in Chicago, IL

5/1/13

CHILDS advises Locum Leaders on its sale to Onward Health

3/15/13

CHILDS advises HighPoint Solutions on its recapitalization by LLR Partners

3/14/13

CHILDS advises Update Legal on its merger with a subsidiary of Conversion Capital

3/3/13 - 3/7/13

CHILDS attends the HIMSS Conference in New Orleans, LA

2/25/12 - 2/28/12

CHILDS sponsors the Staffing Industry Executive Forum in Orlando, FL

2/15/13

CHILDS advises SOS Employment Group on its sale to Elwood Staffing

2/12/13

CHILDS attends the ACG Capital Connection in Atlanta, GA

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Letter from Jim

How Does Working Capital "Work" in M&A

Working capital is a seemingly simple concept that causes a lot of confusion and consternation with sellers of companies. The definition of net working capital, in accounting terms, is current assets minus current liabilities. From a practical perspective, working capital is the operating liquidity of a business.

In an M&A context, a buyer will typically expect that the purchase of a company includes net working capital necessary to support the business. In other words, when a business sells for 6x EBITDA, this price includes the requisite amount of net working capital. It is a common misconception that the price of the business is 6x plus the net working capital.

In most transactions, a working capital "hurdle," or peg, is agreed upon between the buyer and seller. At closing, the difference between the actual net working capital delivered and the hurdle results in a "working capital adjustment." This hurdle protects the buyer from the seller stripping the company prior to close and compensates the seller if the actual working capital at close exceeds the hurdle. Theoretically, the exercise creates a "wash" for both parties. However, setting the hurdle can create a lot of angst and is truly a dollar-for-dollar allocation of value between the buyer and seller. In addition, the working capital hurdle is often agreed to somewhat late in the transaction process, further exacerbating the stress.


So, the key questions for a seller are:

- How do I set the hurdle?
- When can we agree to it?

The hurdle is usually set through an analysis of historical monthly averages and balance sheet projections. Most of the time, the hurdle calculation excludes cash and third-party debt as these items remain with the seller. Other items such as receivables from shareholders, payables in connection with the transaction and the like are also excluded if they will be resolved at close. It is highly preferable for a seller, and hence their advisor, to develop the hurdle calculation and discuss it with potential buyers well before a Letter of Intent with the goal of reaching a conceptual agreement. It is also vital that an attorney with M&A experience draft the purchase agreement to properly allow for the review of this calculation post-close.

While we recommend sellers share the hurdle calculation with buyers pre-LOI, most buyers will insist that their CPAs develop their own hurdle calculation during the post-LOI diligence process. Therefore, this issue is often not resolved until fairly late in the transaction process, along with purchase documents. Unfortunately, this is precisely the time when many people on both sides of the deal begin suffering from "fatigue," so the issue can become somewhat emotional. In certain cases, if either party has sensitivity to the upside or downside swings in working capital, a "collar" can be agreed to insulate either party for variations within a certain band.

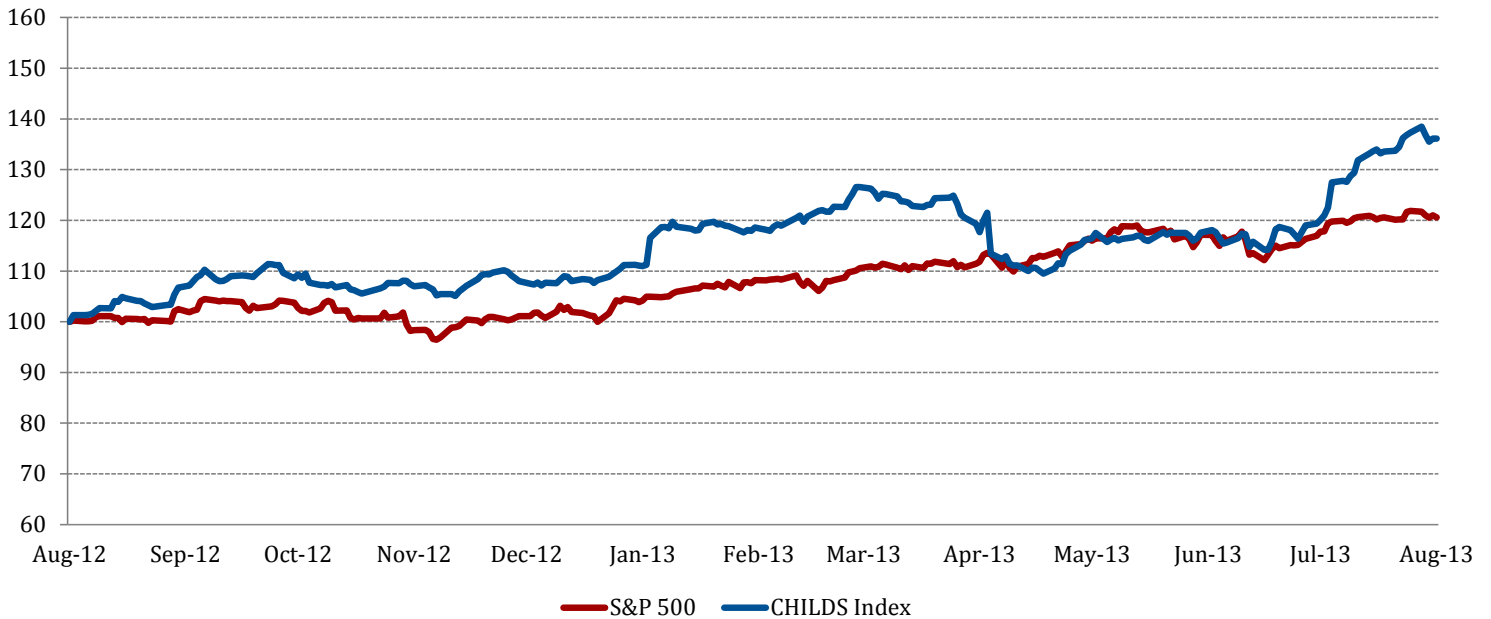
Like many parts of doing transactions, the devil is in the details when it comes to establishing the net working capital hurdle. Because hundreds of thousands or millions of dollars can trade hands, it is vital that a seller and their advisor address this issue early and precisely to prevent a possible disagreement late in the game of a deal. As always, being prepared and being transparent pay off in the long-run for anyone selling their business.



Jim Childs

Business Services & Technology Market Update

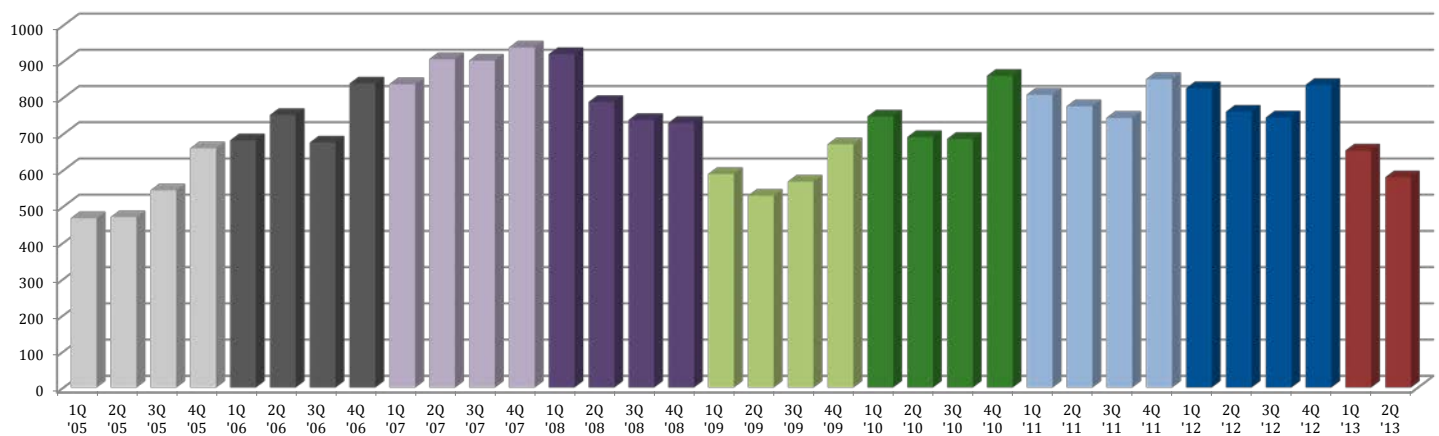
CHILDS Advisory Partners (“CHILDS”) tracks a list of publicly traded companies in our core sectors. The CHILDS Business Services & Technology Index has closely tracked the S&P 500 Index over the past year.



Note: The CHILDS Business Services & Technology Index is made up of select public companies in the following sectors: IT/Professional Services and Business Process Outsourcing (BPO), Human Capital Management (HCM), Marketing & Information Services and Facilities Services. Index data as of August 9, 2013.

Business Services & Technology M&A Transactions by Quarter (2005 – 2Q 2013)

Business Services & Technology M&A volume was down in 2Q 2013 vs. 1Q 2013 and down year-over-year. We’ve noted a total of 580 transactions in 2Q 2013 compared to 654 transactions noted in 1Q 2013 and 761 in 2Q 2012. The M&A market for Business Services & Technology has experienced a slow first half of the year largely due to the abundance of 4Q 2012 activity. We expect the volume for M&A to improve as company owners return to the market showing solid results.



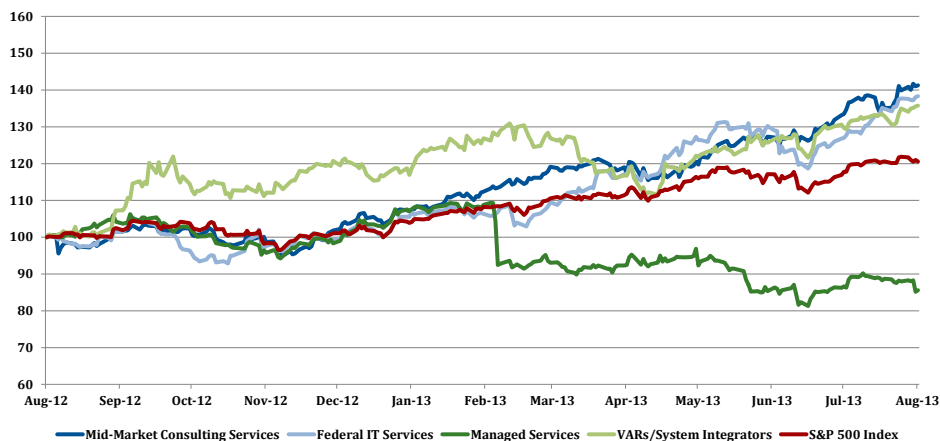
Source: CHILDS database and Capital IQ

Sector Update: IT/Professional Services

IT/Professional Services Comparable Public Company Analysis

Public Company Stock Performance

Over the last year, the Mid-Market Consulting, Federal IT Services and VARs/System Integrators indices outperformed the S&P. The Managed Services index underperformed the S&P by approximately 30% and has experienced a negative return over the past 12 months.



Mid-Market Consulting

The average LTM EBITDA multiple is 10.2x, which is higher than last quarter's multiple of 8.1x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
The Advisory Board Company	\$57.78	95.6%	4.3x	36.2x *
Ciber, Inc.	\$3.59	71.9%	0.3x	9.5x
CRA International Inc.	\$17.89	77.4%	0.7x	7.6x
Edgewater Technology Inc.	\$5.73	77.0%	0.5x	14.4x
Exponent Inc.	\$67.21	98.5%	2.8x	12.3x
FTI Consulting, Inc.	\$33.01	84.3%	1.2x	7.6x
Huron Consulting Group Inc.	\$51.29	86.4%	1.9x	8.7x
Mattersight Corporation	\$3.75	58.9%	2.1x	NM
Navigant Consulting Inc.	\$13.88	99.1%	1.1x	6.7x
Perficient Inc.	\$16.62	94.6%	1.7x	14.2x
Resources Connection Inc.	\$13.74	99.5%	0.8x	9.3x
Sapient Corp.	\$15.74	98.7%	1.6x	12.7x
The Hackett Group, Inc.	\$6.46	98.2%	1.0x	10.8x
Towers Watson & Co.	\$86.51	98.3%	1.7x	8.8x
Average		88.5%	1.3x	10.2x

Federal IT Services

The average LTM EBITDA multiple is 8.7x this quarter, higher than last quarter's multiple of 5.2x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CACI International Inc.	\$67.72	99.7%	0.6x	6.5x
Dynamics Research Corporation	\$6.30	86.3%	0.5x	5.1x
ICF International Inc.	\$33.63	96.1%	0.8x	8.2x
ManTech International Corporation	\$28.60	94.7%	0.4x	5.7x
NCI, Inc.	\$4.97	62.1%	0.2x	4.0x
SAIC, Inc.	\$15.82	99.8%	0.6x	7.1x
Official Payments Holdings, Inc.	\$7.86	97.6%	0.6x	24.5x
Tyler Technologies, Inc.	\$75.27	95.3%	6.2x	31.1x *
Average		91.4%	0.5x	8.7x

Managed Services

The average LTM EBITDA multiple has decreased to 11.3x from 11.8x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CenturyLink, Inc.	\$33.89	78.7%	2.2x	5.4x
Equinix, Inc.	\$181.18	78.2%	5.9x	14.0x
Internap Network Services Corp.	\$7.90	82.3%	2.0x	11.2x
Limelight Networks, Inc.	\$2.10	73.0%	0.5x	NM
Rackspace Hosting, Inc.	\$47.85	58.8%	4.5x	14.4x
Average		74.2%	3.0x	11.3x

VARs/System Integrators

The average LTM EBITDA multiple is 6.8x, an increase from last quarter's multiple of 5.6x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Atos S.A.	\$78.68	99.6%	0.5x	5.0x
Black Box Corp.	\$28.30	98.7%	0.6x	7.2x
Cap Gemini S.A.	\$57.21	98.6%	0.7x	6.7x
Datalink Corporation	\$11.70	86.7%	0.4x	8.0x
ePlus inc.	\$58.86	87.9%	0.6x	7.4x
Average		94.3%	0.5x	6.8x

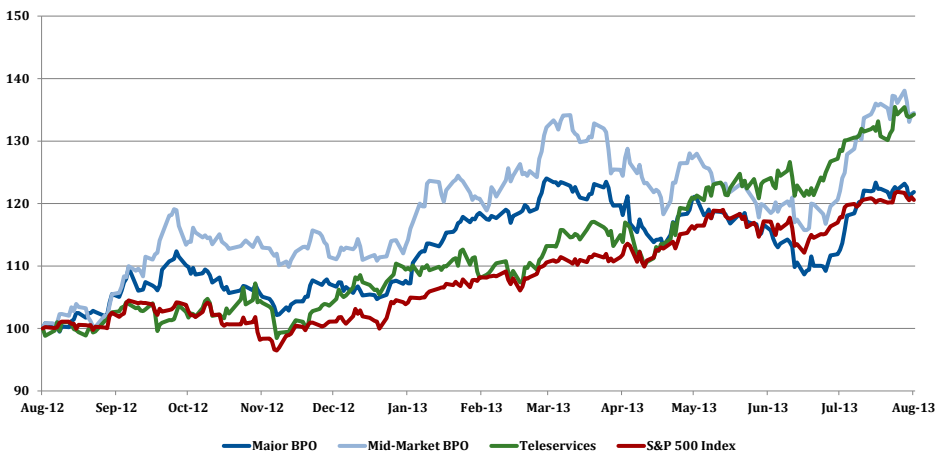
*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of August 9, 2013 in US\$.

Sector Update: BPO

BPO Comparable Public Company Analysis

Public Company Stock Performance

In the last year, the Major BPO, Mid-Market BPO and Teleservices segment have outperformed the S&P 500 by approximately 1%, 13% and 13%, respectively.



Major BPO

The average LTM EBITDA multiple is 9.7x this quarter, up from last quarter's multiple of 8.9x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Accenture plc	\$73.53	87.3%	1.5x	9.6x
CGI Group, Inc.	\$34.09	96.5%	1.5x	11.1x
Cognizant Technology Solutions Co.	\$73.16	90.2%	2.4x	11.4x
Computer Sciences Corporation	\$52.08	95.0%	0.6x	4.0x
Convergys Corporation	\$19.42	97.5%	0.7x	6.4x
EPIQ Systems, Inc.	\$12.62	87.6%	1.9x	9.8x
Genpact Ltd.	\$19.44	91.3%	2.3x	12.5x
Infosys Ltd.	\$48.80	97.9%	3.2x	11.6x
Iron Mountain Inc.	\$28.20	71.0%	3.0x	10.7x
ITC Limited	\$5.36	85.6%	7.8x	22.1x *
Pitney Bowes Inc.	\$17.31	96.0%	1.4x	7.3x
Tata Consultancy Services Limited	\$30.42	97.7%	5.4x	18.7x
Unisys Corporation	\$25.27	89.5%	0.3x	3.8x
Wipro Ltd.	\$7.36	96.4%	2.6x	12.4x
Xerox Corporation	\$10.03	99.1%	0.9x	6.3x
Average		91.9%	2.0x	9.7x

Mid-Market BPO

The average LTM EBITDA multiple is 8.3x this quarter, a significant increase from last quarter's multiple of 6.9x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Aditya Birla Nuvo Limited	\$18.58	92.7%	1.0x	7.0x
HCL Technologies Ltd.	\$14.91	94.2%	2.3x	10.7x
Hexaware Technologies Limited	\$1.95	83.4%	1.5x	7.1x
iGATE Corporation	\$23.61	96.4%	2.1x	9.1x
Mphasis Limited	\$6.66	78.8%	1.3x	6.8x
Satyam Computer Services Limited	\$1.90	87.9%	1.4x	6.7x
Syntel, Inc.	\$72.41	96.6%	3.4x	10.8x
Tech Mahindra Limited	\$20.51	97.5%	4.3x	15.7x *
Average		90.9%	2.2x	8.3x

Teleservices

The average LTM EBITDA multiple has increased to 8.6x from 8.0x in the first quarter of 2013.

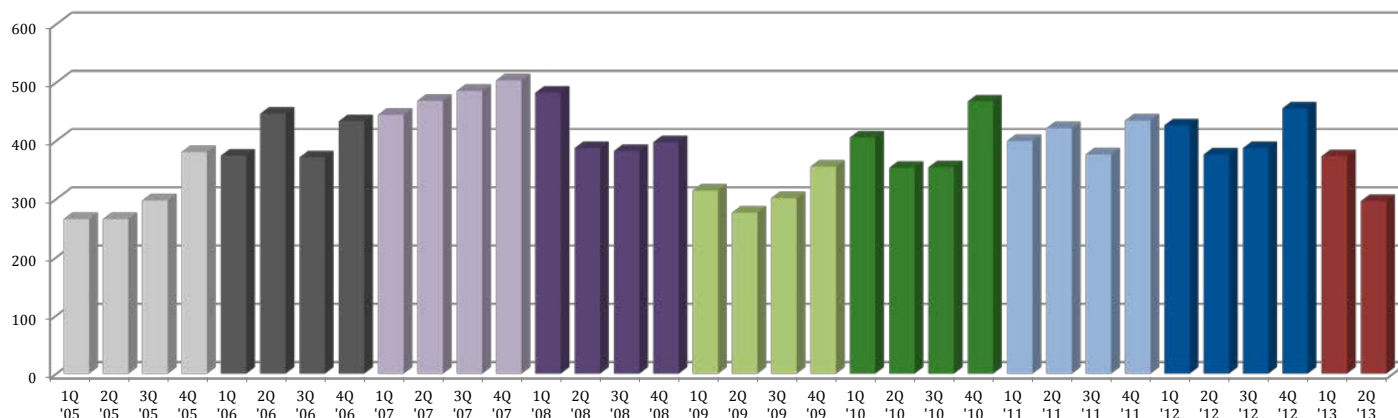
Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Convergys Corporation	\$19.42	97.5%	0.7x	6.4x
StarTek, Inc.	\$5.48	75.7%	0.4x	12.7x
Sykes Enterprises, Incorporated	\$17.78	98.9%	0.6x	6.9x
TeleTech Holdings Inc.	\$25.31	98.3%	1.1x	8.5x
Average		92.6%	0.7x	8.6x

*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of August 9, 2013 in US\$.

CHILDS Quarterly Update: 2Q 2013

IT/Professional Services and BPO M&A Transactions by Quarter (2005 – 2Q 2013)

M&A activity in the IT/Professional Services and BPO sector continued to slow in the second quarter, with 296 transactions, compared to 373 in 1Q 2012 and 455 in 4Q 2012. Volume is also down year-over-year when compared to 2Q of 2012 (376 transactions).



Source: CHILDS database and Capital IQ

Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
7/1/2013	Parallon Business Solutions	The Outsource Group	ND	ND	ND	Revenue cycle management for hospitals and healthcare facilities
6/18/2013	Birch Hill Equity Partners	Softchoice Corporation	331.9	0.3x	6.1x	IT infrastructure solutions to enterprises, governments and small businesses
5/31/2013	CGI Group	Logica PLC	3,379.2	0.6x	18.7x	Business and technology consulting and services
5/20/2013 (announced)	The Blackstone Group	Pactera Technology International	500.6	1.1x	13.7x	IT consulting and technology services provider (formerly HiSoft Technology)
5/17/2013	Perficient	ClearTask	11.6	1.4x	ND	Salesforce implementation and customized solutions
5/13/2013	Thomas H. Lee Partners	CompuCom	1,100.0	0.8x	7.6x	IT consulting, integration and outsourcing services
5/3/2013	Petra Capital Partners	HighStreet IT Solutions	25.0	0.5x	NA	Oracle/SAP consulting and change management
4/19/2013	Econocom Group	Osiatis SA	203.0	0.5x	6.3x	Provides IT infrastructure services and outsourcing

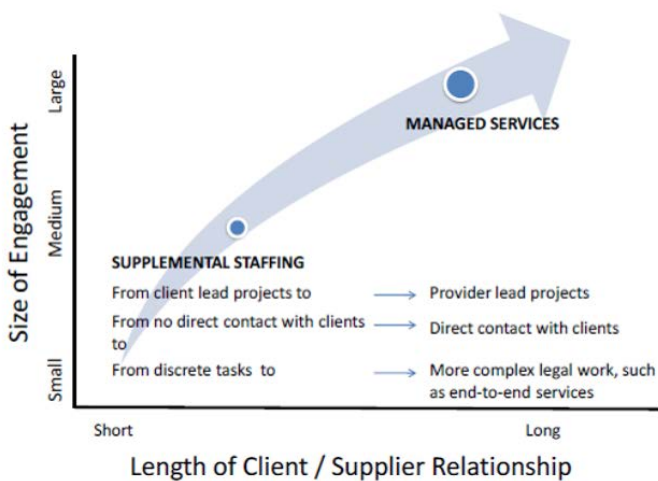
Sector Spotlight: Legal Process Outsourcing Update

Legal Process Outsourcing (LPO) continues to emerge as a sector with continued growth and investment. The industry, broadly defined, is estimated to have reached approximately \$9.0 billion globally and is experiencing moderate growth, with certain subsectors achieving 25%+. LPO has matured significantly over the last 10 years, however, many believe that this is just the beginning. The continuous development of new technology, which has fueled much of the industry's recent growth, is anticipated to bring additional "disruption" to many of the current mechanisms in place.

Certain stakeholders will continue to challenge this movement to LPO and push for a greater emphasis on increasing law firm captive operations, however, LPO vendors have proven their ability to drive efficiencies that law firms have simply failed to effectively capture themselves. Simple economic principals therefore tell us that this growth in the industry is likely to continue; we believe that the two primary value drivers for the growth in LPO vendors can be boiled down to 1) greater efficiency at lower costs and 2) access to the latest technology and individuals with the skills to harness it.

LPO PROVIDERS MOVING UP THE VALUE CHAIN

Similar to what was witnessed in the early 2000s with BPO vendors, we expect to see continued movement of LPO providers up the value chain. As the relationships between LPO providers and traditional users of these services (both corporate and law firms) mature, clients naturally become more comfortable increasing the scale of the outsourced engagement and the role played by the LPO provider.



Roles taken on by legal staffing, managed review, and e-discovery providers have been at the forefront of this shift up the value chain. The initial driver of both of these services was lower costs through labor arbitrage, both in reduced rates from those charged by law firms for their in-house associates and the leverage afforded by e-discovery technology to reduce the man hours required to complete a document review. Over time, staffing vendors earned a reputation for providing qualified individuals and were given the responsibility to manage reviews as well as place reviewers. Similarly, the Electronic Data Discovery ("EDD") market has been growing at 30%+ consistently due to providers taking an active approach to covering more and more services across the Electronic Discovery Reference Model (EDRM) spectrum. We expect to see other subsectors within LPO have similar success moving up the value chain.

TRENDS IN MERGERS & ACQUISITIONS

Both strategic and financial buyers continue to express significant interest in acquisitions across the LPO universe. Interestingly, the investment thesis for financial sponsors is similar to the strategics that have been active. From our discussions with numerous industry participants and analysis of recent transactions, we believe following drivers are responsible for the recent activity: 1) expand scope and breath of service offerings; 2) acquire new technology; and 3) allow for more creative and transparent pricing structures. The first and third drivers often overlap but we do not view them as mutually exclusive. M&A on the sole basis of industry consolidation does not appear to be a driving factor, but clearly some level of consolidation is a by-product of #1, #2, and #3 above.

Recent examples have been Conversion Capital's acquisition of Update Legal to partner with their existing assets which include TrialGraphix and Driven; Document Technologies' acquisitions of both Fios and Providus; and Epiq Systems' acquisition of De Novo Legal, to highlight a few. The investment theses for each of these acquisitions were all influenced by the drivers listed above and holistically served to aid these firms ability to provide "one-stop" service capabilities to clients. As you think about the evolving needs of your business to stay competitive in this environment, we would welcome the opportunity to discuss industry trends, provide our view on M&A and assist in your strategic planning process.

CHILDS Quarterly Update: 2Q 2013

Sector Update: Human Capital Management (HCM)

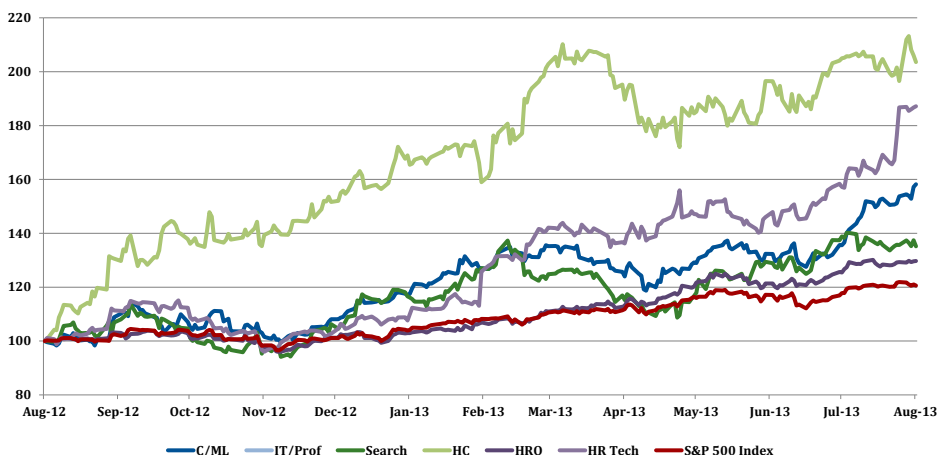
HCM Comparable Public Company Analysis

Public Company Stock Performance

Of the HCM segments we track, Search has consistently performed the weakest.

Healthcare has made significant gains against the market since August while HR Tech has outperformed the S&P 500 for most of 2013.

Over the past twelve months, the Commercial/Multi-line, IT/Professional and HRO segments have traded in line with the S&P.



Commercial & Multi-Line Staffing

The average LTM EBITDA multiple for 2Q 2013 has increased to 11.8x from 8.9x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Adecco S.A.	\$68.99	98.4%	0.6x	12.6x
Kelly Services, Inc.	\$19.21	96.3%	0.1x	8.6x
ManpowerGroup Inc.	\$67.80	97.0%	0.3x	9.5x
Randstad Holding NV	\$49.34	96.1%	0.5x	14.6x
TrueBlue, Inc.	\$26.95	97.1%	0.6x	13.8x
Average		97.0%	0.4x	11.8x

IT & Professional Staffing

The average LTM EBITDA multiple has increased to 10.2x this quarter from 9.9x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Analysts International Corp.	\$3.94	92.3%	0.1x	11.7x
CDI Corp.	\$15.33	85.2%	0.3x	7.4x
Computer Task Group Inc.	\$18.66	71.5%	0.7x	11.9x
Kforce Inc.	\$16.58	96.2%	0.6x	10.6x
Mastech Holdings, Inc.	\$10.73	98.3%	0.4x	8.5x
On Assignment Inc.	\$31.25	94.9%	1.2x	12.2x
RCM Technologies Inc.	\$5.49	81.7%	0.4x	7.5x
Robert Half International Inc.	\$38.55	99.0%	1.2x	11.9x
Average		89.9%	0.6x	10.2x

Executive Search

The average LTM EBITDA multiple increased to 7.6x this quarter from 4.6x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CTPartners Executive Search Inc.	\$4.54	87.8%	0.3x	28.3x *
Heidrick & Struggles International Inc.	\$15.86	87.1%	0.5x	7.2x
Korn/Ferry International	\$19.36	93.7%	0.9x	8.0x
Average		89.5%	0.6x	7.6x

Healthcare Staffing

The average LTM EBITDA multiple has decreased to 20.2x from 32.7x in the first quarter.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
AMN Healthcare Services Inc.	\$15.48	95.6%	0.9x	12.0x
Cross Country Healthcare, Inc.	\$5.30	85.1%	0.3x	28.5x
Average		90.3%	0.6x	20.2x

HR Outsourcing

The average LTM EBITDA multiple is 11.9x for the second quarter, up from 10.7x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Automatic Data Processing, Inc.	\$72.46	98.1%	3.0x	14.3x
Barrett Business Services Inc.	\$70.08	95.4%	1.1x	21.0x
Capita plc	\$15.77	95.9%	2.3x	14.8x
Insperty, Inc.	\$33.36	97.5%	0.3x	7.0x
Paychex, Inc.	\$40.40	98.9%	6.1x	14.2x
Towers Watson & Co.	\$86.51	98.3%	1.7x	8.8x
Xchanging PLC	\$2.02	86.1%	0.4x	3.3x *
Average		95.8%	2.4x	13.4x

HR Technology

The average LTM EBITDA multiple is 14.1x for 2Q 2013, up from 11.9x last quarter.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
51job Inc.	\$68.15	97.1%	6.3x	18.6x
Asure Software, Inc.	\$5.65	70.6%	2.4x	30.6x
Bond International Software plc	\$1.09	96.6%	0.9x	9.5x
Callidus Software Inc.	\$7.23	93.8%	3.1x	NM
Concur Technologies, Inc.	\$100.24	96.3%	10.5x	121.8x *
Cornerstone OnDemand, Inc.	\$52.72	99.6%	17.7x	NM
Dice Holdings, Inc.	\$8.66	83.0%	2.4x	7.5x
LinkedIn Corporation	\$232.81	97.8%	20.3x	158.9x *
Monster Worldwide, Inc.	\$4.63	51.2%	0.7x	4.4x
The Ultimate Software Group, Inc.	\$145.99	99.0%	10.8x	75.1x *
Workday, Inc.	\$74.37	99.3%	39.2x	NM
Average		89.5%	6.1x	14.1x

*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of August 9, 2013 in US\$.

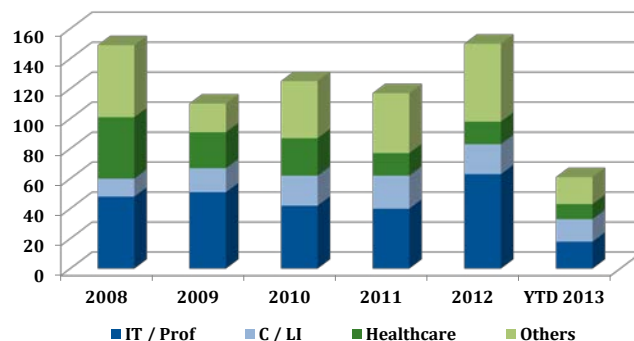
CHILDS Quarterly Update: 2Q 2013

HCM M&A Transactions by Segment

CHILDS has noted 57 HCM transactions so far in 2013, slightly fewer than the number of recorded transactions through 2Q 2012 (63 transactions). The Commercial/Light Industrial and IT/Professional Services segments were the most active in 2Q 2013 with 64% of the total activity (18 transactions).

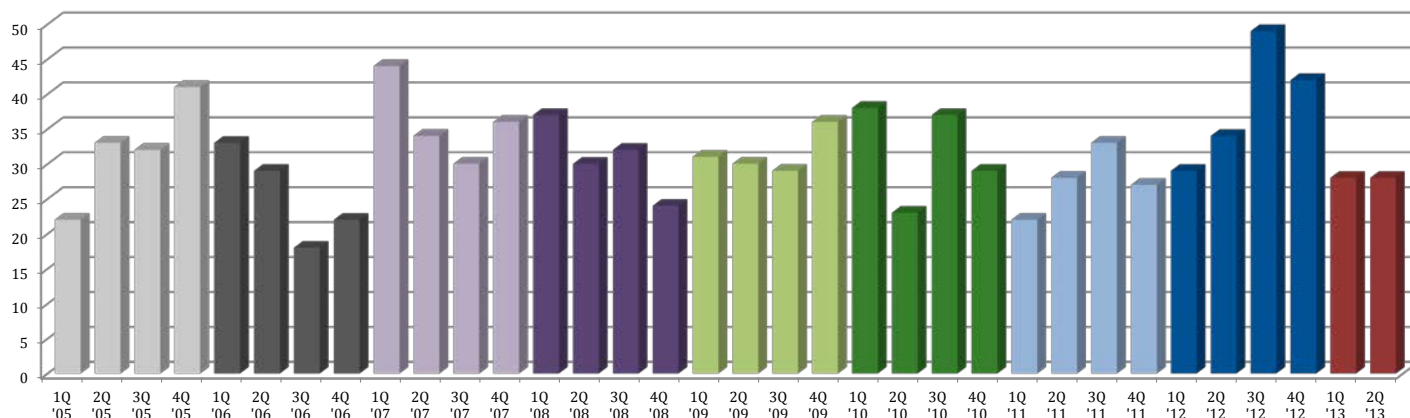
The Healthcare segment had a slow quarter in terms of M&A, with only 4 transactions.

Staffing M&A Transaction Volume by Segment



HCM M&A Transactions by Quarter (2005 - 2Q 2013)

M&A activity remained flat with 28 transactions in 2Q 2013, compared to the 28 recorded transactions in 1Q 2013. International companies were active in the M&A market this quarter with eight (or 28%) of the M&A deals involving international targets and 21% involving international buyers.



Source: CHILDS database and Capital IQ

Notable Transactions

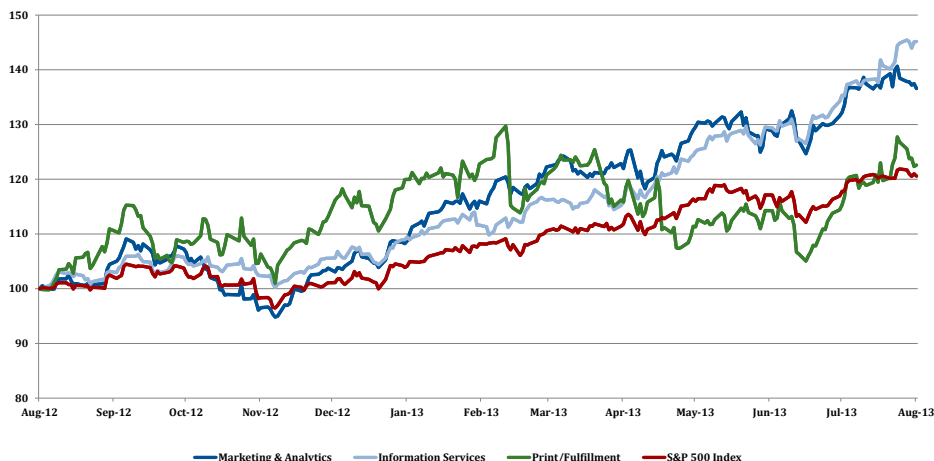
Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/ Revenue	EV/ EBITDA	Target Description/Comment
6/28/2013	Nesco Resource	ETS Staffing	ND	ND	ND	C/LI staffing and employee management solutions
6/18/2013	Zycron	Computer Professionals	ND	ND	ND	IT staffing and consulting solutions
6/12/2013	Paychex	HR Services	ND	ND	ND	HR technology software and solutions
6/4/2013	BG Staffing	InStaff	ND	ND	ND	C/LI staffing and solutions
5/24/2013	CorTech	Stafflogix	ND	ND	ND	Provider of multi-line staffing services
5/21/2013	Fahrenheit IT	Indecon Solutions	ND	ND	ND	IT staffing and consulting services

Sector Update – Marketing & Information Services

Marketing and Information Services Comparable Public Company Analysis

Public Company Stock Performance

The Marketing and Analytics, Information Services and Print/Fulfillment sectors have outperformed the S&P over the past year by 20%, 20% and 6%, respectively. The Print/Fulfillment sector recovered from falling slightly beneath the S&P in early June.



Marketing & Analytics

The average LTM EBITDA multiple increased to 9.1x in the second quarter, up from 7.4x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Acxiom Corporation	\$25.79	97.4%	1.8x	9.5x
Harte-Hanks Inc.	\$9.45	93.4%	0.8x	7.5x
Havas	\$7.74	97.6%	1.4x	9.1x
The Interpublic Group of Companies, Inc.	\$16.13	92.5%	1.1x	9.6x
MDC Holdings Inc.	\$29.34	69.2%	1.2x	19.7x *
Omnicom Group Inc.	\$62.68	88.9%	1.4x	9.4x
Publicis Groupe SA	\$77.76	92.1%	1.9x	9.6x
Average		90.2%	1.4x	9.1x

Information Services

The average LTM EBITDA multiple is 12.3x this quarter, which is up from 9.6x in the first quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Alliance Data Systems Corporation	\$206.01	99.5%	4.6x	15.3x
Digital River Inc.	\$17.81	87.8%	0.9x	11.8x
Dun & Bradstreet Corp.	\$107.11	95.5%	3.3x	10.2x
Equifax Inc.	\$65.16	99.3%	4.1x	13.1x
Intersections Inc.	\$9.94	72.3%	0.5x	4.6x
National Research Corp.	\$34.98	75.2%	5.4x	17.3x
FactSet Research Systems Inc.	\$110.55	98.4%	5.4x	14.1x
HomeAway, Inc.	\$30.37	88.5%	7.2x *	39.7x *
CoStar Group Inc.	\$160.89	97.7%	11.2x *	62.8x *
Average		90.5%	3.4x	12.3x

Print/Fulfillment

The average LTM EBITDA multiple was 6.6x in the second quarter of 2013, up from 5.9x in the first quarter.

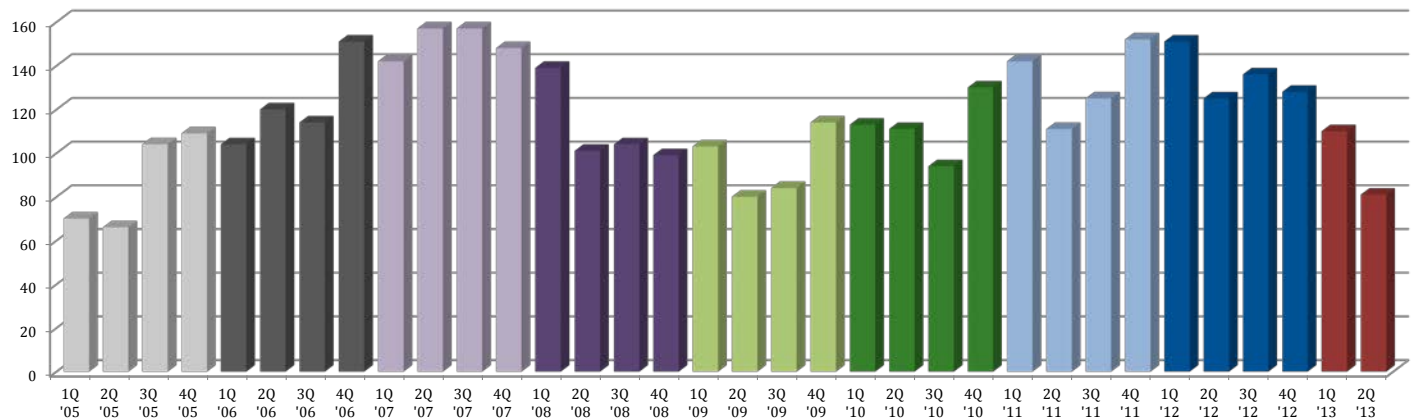
Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Cenveo Inc.	\$2.16	69.0%	0.8x	7.3x
Innotrac Corp.	\$4.04	90.8%	0.5x	6.3x
PFSweb Inc.	\$4.26	91.6%	0.3x	7.1x
Valassis Communications Inc.	\$28.66	91.4%	0.7x	5.8x
Average		85.7%	0.6x	6.6x

*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of August 9, 2013 in US\$.

CHILDS Quarterly Update: 2Q 2013

Marketing & Information Services M&A Transactions by Quarter (2005 – 2Q 2013)

We noted a total of 81 transactions in the second quarter of 2013, compared to 110 transactions in 1Q 2013 and 125 transactions in the second quarter of 2012.



Source: CHILDS database and Capital IQ

Notable Transactions

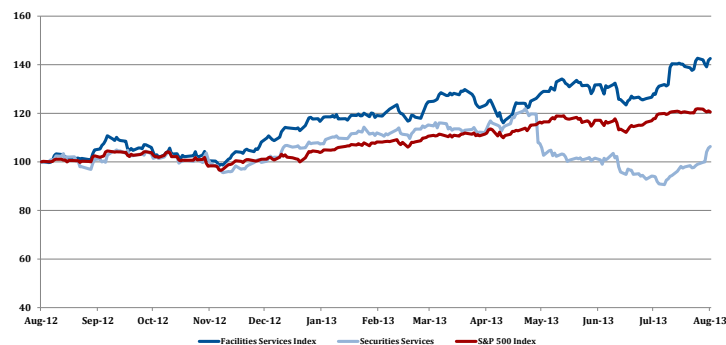
Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
6/30/2013	Platinum Equity	Exel Direct	30.5	ND	ND	Fulfillment, warehousing and logistics services
6/1/2013	Lee Equity Partners	Cross MediaWorks	ND	ND	ND	Multi-platform media and advertising services company
5/22/2013	Bang Printing	Hess Print Solutions	19.3	ND	ND	Commercial printing and performance solutions
5/17/2013	Black Diamond Capital; Spectrum Group	Allied Systems Holdings	70.0	ND	ND	Logistics, distribution and transportation for the automotive industry
5/16/2013	Xhibit	SkyMall	177.8	ND	ND	Direct marketing retail catalogue, advertising and fulfillment

Sector Update – Facility Services

Facility Services Comparable Public Company Analysis

Facilities Services Stock Index

The Facilities Services index has outperformed while the Security Services index has underperformed the S&P 500 over the past twelve months.



Facilities Services Comparable Company Analysis

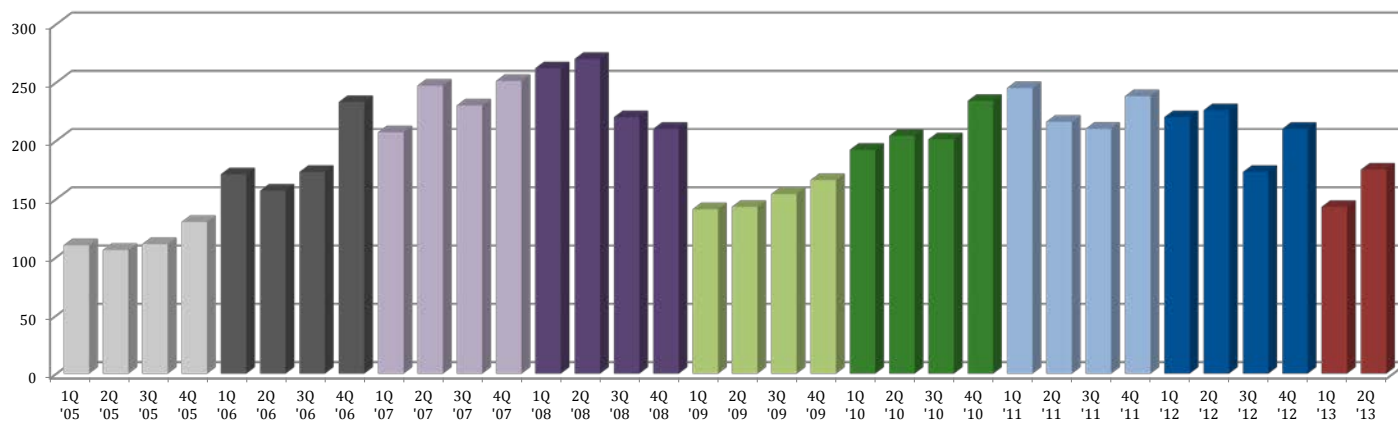
The average LTM EBITDA multiple was 8.8x this quarter, an increase from 8.2x in 1Q 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
ABM Industries Incorporated	\$25.82	96.7%	0.4x	10.1x
EMCOR Group Inc.	\$40.66	92.5%	0.4x	8.0x
Fluor Corporation	\$65.98	98.4%	0.3x	8.8x
G4S plc	\$3.65	74.6%	0.7x	8.4x
Johnson Controls Inc.	\$41.43	99.7%	0.8x	11.3x
MITIE Group PLC	\$4.28	91.1%	0.6x	11.9x
National Security Group Inc.	\$7.50	78.5%	0.8x	19.6x *
Pike Electric Corporation	\$12.04	75.5%	0.6x	5.2x
Rentokil Initial plc	\$1.53	93.9%	1.1x	* 6.4x
Securitas AB	\$10.81	97.6%	0.6x	9.1x
Average		89.8%	0.6x	8.8x

*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of July 26, 2013 in US\$.

Facility Services M&A Transactions by Quarter (2005 – 2Q 2013)

We noted a total of 175 transactions this quarter, up from 143 transactions in 1Q 2013 and down from 226 in 2Q 2012.



Source: CHILDS database and Capital IQ

Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
6/18/2013	Universal Services of America	Boyd & Associates, Guard Division	ND	ND	ND	Manned security guards for homes, communities and businesses
6/14/2013	VPS Holdings	Vacman Cleaning	ND	ND	ND	Commercial and industrial cleaning services
5/24/2013	Energy Solutions	Energy Capital Partners	945.0	0.5x	4.5x	Hazardous waste management and nuclear services
5/16/2013	Universal Services of America	Sky Security Services	ND	ND	ND	Security services for condominiums and gated communities

About CHILDS Advisory Partners

CHILDS Advisory Partners provides exceptional investment banking services to high-performing business services and technology companies. Our unique combination of sector focus, process excellence and strength of team allow us to maximize value—and achieve successful outcomes for our clients. Collectively, our senior bankers have executed over 350 M&A and financing transactions. CHILDS is a member of FINRA and SIPC and is a registered broker-dealer.

Our Services

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.

Buyouts & Recapitalizations: We know the private equity groups interested in the sector and can help you prepare for due diligence and transaction success.

Buy-side Advisory: 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 Capital Raises: We advise companies seeking equity or debt capital for growth, recapitalization or restructuring. CHILDS can help you negotiate with your existing lenders to renew or restructure debt facilities. If needed, we can tap into our many banking relationships to solicit and negotiate term sheets with other potential lenders as well.

Financial & Strategic Advisory: We provide an objective and disciplined methodology to help your team develop a winning plan for short-term performance and long-term value creation. Whether it’s a Value Creation Road Map, Strategic Alternatives Assessment, Employee Stock Ownership Plan, or Fairness Opinion, we provide insight to the options available for company owners to maximize value and liquidity.

Sector Focus – Business Services & Technology

IT/Professional Services	Business Process Outsourcing	Human Capital Management	Marketing & Info Services	Facilities Services
<ul style="list-style-type: none"> ▪ Consulting ▪ Managed Services ▪ Federal ▪ Tech-enabled business services ▪ Software 	<ul style="list-style-type: none"> ▪ Collections/Receivables ▪ Legal Process Outsourcing ▪ Teleservices ▪ Knowledge Process Outsourcing ▪ Revenue Cycle Management 	<ul style="list-style-type: none"> ▪ Staffing ▪ Human Resource Outsourcing ▪ Vendor Management Services/ Managed Service Provider ▪ Recruitment Process Outsourcing ▪ Professional Employment Organization ▪ HCM Technology 	<ul style="list-style-type: none"> ▪ Advertising & Media ▪ Digital Agencies ▪ Data Analytics ▪ Direct Marketing ▪ Print/ Fulfillment 	<ul style="list-style-type: none"> ▪ Facilities Management ▪ Security ▪ Building & Janitorial ▪ Engineering & Maintenance ▪ Equipment Rental ▪ Logistics

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Selected CHILDS Transactions

MSquared Consulting

has been acquired by

SOLOMON EDWARDS GROUP, LLC

July 2013

locumleaders

has been acquired by

ONWARD HEALTHCARE

May 2013

HighPoint SOLUTIONS

Kayne Anderson

has been recapitalized by

LLRpartners

March 2013

UPDATE LEGAL

has merged with a subsidiary of

Conversion Capital

March 2013

SOS EMPLOYMENT GROUP

has been acquired by

elwood staffing
The better people, people

February 2013

ioConsulting

has been acquired by

GOLDEN GATE CAPITAL

October 2012

Nordic CONSULTING
creating meaningful partnerships

has been recapitalized by an investor group led by

SV Life Sciences

September 2012

utopia
Perfectly Possible!

has received a growth equity investment from

FTV CAPITAL

April 2012

AGGRESSOR

has been acquired by

Deloitte

April 2012

F

Fahrenheit technology

IT Staffing Division

has been acquired by

GLOBAL Employment Solutions

January 2012

Cumberland consulting group

has been recapitalized by

TAILWIND CAPITAL

December 2011

glenture

has been acquired by

optimal

December 2011

EMPLOYBRIDGE™

has been recapitalized by

Morgan Stanley Capital Partners

May 2011

FINELINE
FOR BUSINESS

has been recapitalized by

cgp Chicago Growth Partners

May 2011

clovis

has been acquired by

ELIASSEN GROUP
A Riverside Partners Company

April 2011

THE JOHNSON GROUP
A WATERSTONE COMPANY

has been acquired by

PRGX

December 2010

vcg

has been acquired by

BOND

November 2010

Centre for High Performance Development

has been acquired by

Kenexa

July 2010

The CSI Companies
INC.

has been acquired by

RECRUIT

July 2010

UTILISERV

has been acquired by

Olameter

May 2010