

## Focus on Business Services

**Lincoln International has a long history of providing advisory services to middle-market business services companies and is making substantial resource investments in this growing sector of the economy.**

This industry sector is comprised of numerous sub-sectors of companies providing different functions to different end markets. However, Lincoln's observation is that these companies exhibit a large number of common value drivers within their business models that allow them to succeed for their clients and result in a number of financial characteristics that are highly desirable to acquirers and investors.

leading companies to emphasize efficiency and responsiveness. As a result, companies have accelerated their identification of business tasks for outsourcing to third parties that are non-essential to their core businesses or that may demand significant investments of management resources and capital.

### Economies of Scale or Expertise

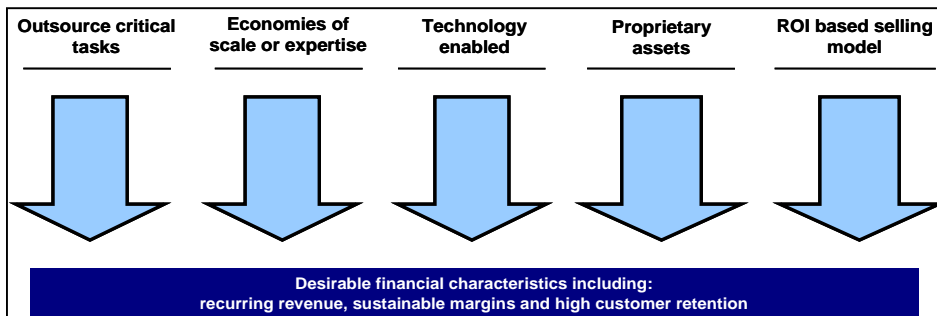
Managers increasingly realize that by entrusting business functions to third-party experts, they can access economies of scale and expertise. Since these providers are narrowly focused on the functionality

of learning allows providers to accelerate their ability to assist their clients.

### Technology Enablement

Concurrent, rapid improvements in processing and communications technology have made it easier to reliably provide a broader range of outsourced business services outside the walls of the corporation on a seamless and cost effective basis. As clients' confidence in these relationships has increased, providers have leveraged technology to distribute more of these tasks overseas to provide cost leverage and 24-by-7 availability. Additionally, the use of enabling technologies has allowed business models to scale more rapidly, provide more uniform service delivery, more dynamic knowledge management, and to develop barriers to entry through the institution of near-constant technology upgrade cycles where customization demanded by one client often is quickly deployed for all.

### Value Drivers



### Outsource Critical Tasks

While the practice by corporations of outsourcing tasks to third-party business service providers has existed for many years, numerous trends have accelerated the growth of outsourced services and greatly increased the scope of tasks that these organizations take on for their clients. The forces of free-flowing capital, real-time information, globalization and deregulation have increased competition across virtually all industries and are

they are providing, they gain the benefits of high asset utilization and the ability to amortize investments in people and infrastructure over large client bases which lowers cost but also allows them to develop learning at a faster rate. Additionally, these companies have the capability to employ professionals with highly specialized expertise that a single client could never efficiently deploy. This gives these business service providers access to and the even ability to establish best practices. This constant accumulation

### Proprietary Assets

Many business service providers build their competitive advantage around the establishment and maintenance of proprietary assets. These assets can be information based, such as large real-time and historical databases of client interactions, market research, and financial data or training and education content. By providing creation, collection and aggregation of data as well as analytical tools to clients, the providers create tremendous switching costs. Additionally, in other models such as logistics or maintenance services, assets may be physical in nature whereby the assets themselves may seem replicable (trucks, processing facilities, warehouses, etc.)

### Recent Lincoln International Business Services Transaction



- WILink was a publicly listed U.K. company providing the leading investor relations information management and communications platform focused on retail investors
- Lincoln International was engaged by WILink to find the appropriate investor to take the company private as a vehicle to realize WILink's full growth and valuation potential
- Lincoln International had discussions with strategic and financial investors on a global basis
- In June 2006, a holding company backed by SV Investment Partners acquired WILink through a take-private transaction

however it is through the strategic placement of those assets and the resulting route densities and response speeds that the providers are able to develop cost positions and service levels that are extremely difficult to compete with once established.

## ROI-based Selling Models

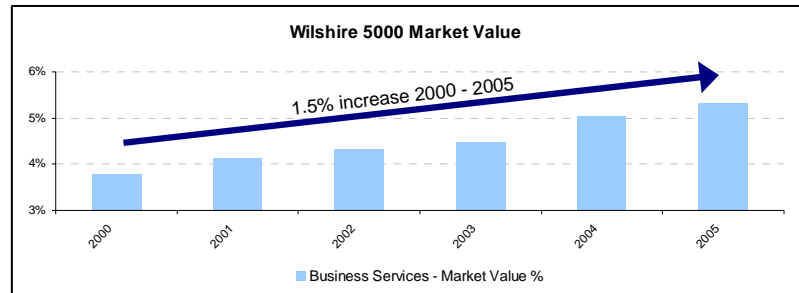
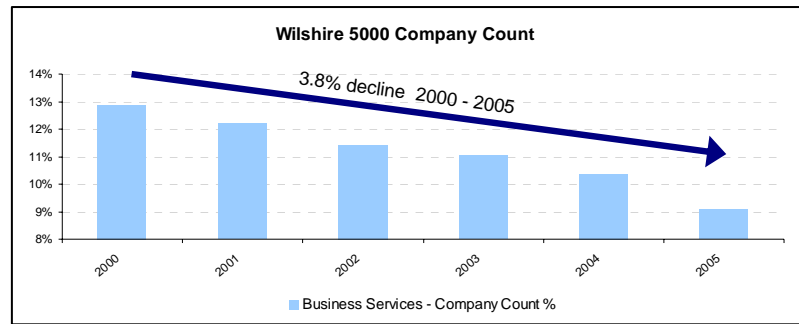
Virtually all business services models are built upon very tangible value propositions that promise to help clients generate more revenue, reduce costs, manage risk, reduce capital deployed in the business or make their cost structures more variable. The sales process is typically consultative in nature and relies upon the providers' ability to understand the circumstances faced by each customer and then develop a specific ROI case to show the customer the expected benefit of engaging the provider in highly quantitative terms. Typically, clients will have demonstrable need for these services in times of robust economic growth (due to constrained capacity) as well as in recessionary periods (due to profit pressure). In developing their businesses around providing value propositions their clients "can't refuse," business services providers demonstrate relatively lower levels of cyclicalty.

## Attractive Financial Models

These common value drivers within many business service models tend to result in attractive financial characteristics including repeat or recurring revenue (which is often subject to long-term contracts), low capital intensity, sustainable profit margins, good scalability, and strong free cash flow. The depth and breadth of their client relationships create meaningful switching costs, and the best of these companies exhibit very high levels of client retention.

## Market Evolution

The various sub-sectors within business services have continued to mature and consolidate. Historically, many of the providers of business services have typically been regional in their coverage or narrow in the scope of the solutions they provided. Numerous consolidators funded by private equity and the public markets have acquired and professionalized many of these sub-sectors over time. This ongoing consolidation can be seen in the following chart which shows that while the number of business services companies in the Wilshire 5000 has declined steadily since 2000, their overall market value "share" of the index has increased. Interestingly, Business Services' relatively small overall share of total



Wilshire 5000 market value as compared to their relatively higher share of total companies included in the index indicates that these businesses remain smaller on average than those in other industries which indicates a likely continuation of the consolidation trend and continued growth for the sector overall.

## Lincoln International's Three Areas of Focus Within Business Services

### Information Services

Many information services companies utilize abundant, low-cost data processing and data storage capacity to aggregate, analyze, and interpret financial markets, regulatory, transactional, or behavioral data for decision support applications. Others create and organize intellectual capital for purposes such as professional training, education and product and consumer research. This sub sector also includes business process outsourcing ("BPO") providers which deliver scale economies to customers in data intensive, non-core activities by spreading technology development costs over multiple clients. BPO providers also possess incremental expertise gained via intense focus on relatively narrow functions which are treated as cost centers by their clients. Virtually all of these information services companies have significant recurring revenues and are experiencing increasing operating leverage as their models expand.

Examples:

- Financial Information Services

- Market Research Services
- Credit Information and Scoring Services
- Business Intelligence Databases Services
- Transaction and Data Processing
- Document Management

### Professional and Human Capital Services

Professional and human capital services firms provide highly trained and compensated individuals with specialized skills that deliver expertise on an as-needed basis to clients that could not otherwise utilize these individuals economically within their organizations. These providers rely on maintaining high employee retention rates through training, compensation policies and providing varied professional experience and career tracks. These firms typically operate time and materials or commission-based revenue models, generate high gross margins and enjoy multi-engagement, multi-year client relationships.

Examples:

- Advertising, Promotions
- Direct and Interactive Marketing
- Public and Government Relations
- Specialty Consulting
- Finance and Accounting Services
- IT Integration Services
- Brokerage Services (Insurance, Real Estate, etc.)

(article continued on page 6)

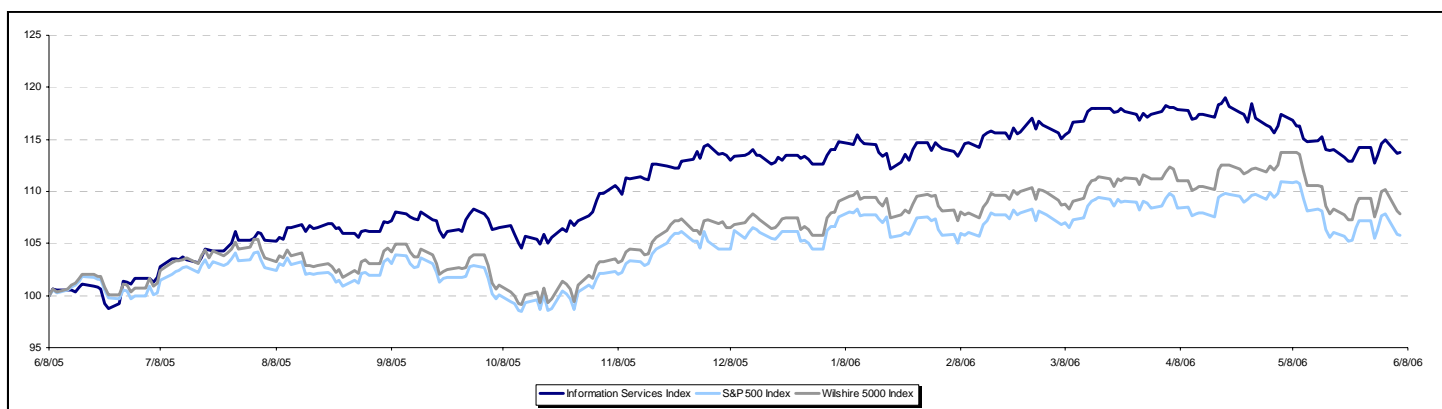
# Valuation Update: Information Services

## Select Public Comparables

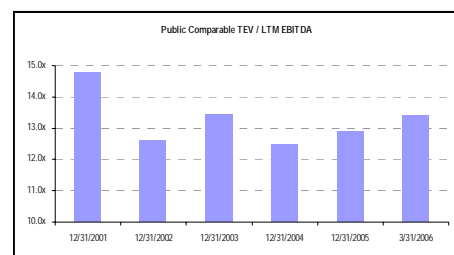
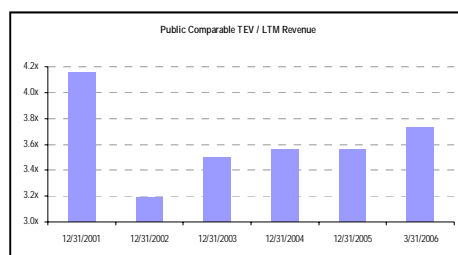
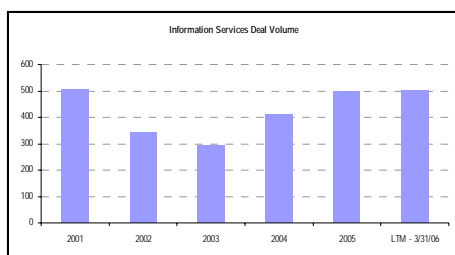
Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	6/7/2006	52-Wk High		Revenue	EBITDA		
Affiliated Computer Services Inc.	\$ 47.62	\$ 63.66	\$ 6,859	1.3x	7.1x	12.7x	13.5%
Automatic Data Processing Inc.	45.52	48.11	24,730	2.7x	11.3x	19.5x	15.2%
Bisys Group Inc.	14.58	16.48	1,993	1.9x	8.3x	22.2x	29.1%
Choicepoint Inc.	44.77	46.85	4,050	3.8x	11.6x	20.4x	15.2%
CoStar Group Inc.	61.21	62.60	1,007	7.2x	44.3x	62.1x	97.1%
Dow Jones & Co. Inc.	34.36	43.10	3,559	2.0x	13.6x	22.2x	37.2%
DST Systems Inc.	60.37	63.26	5,449	2.2x	10.0x	17.8x	13.7%
Dun & Bradstreet Corp.	71.51	78.85	4,811	3.3x	11.0x	15.9x	14.7%
Equifax Inc.	35.98	39.42	5,131	3.5x	10.0x	16.5x	9.7%
FactSet Research Systems Inc.	44.73	47.42	2,089	6.0x	15.6x	24.2x	15.9%
Fair Isaac Corp.	34.63	48.47	2,272	2.8x	8.9x	16.8x	14.0%
Fidelity National Financial Inc.	40.84	45.56	12,352	1.3x	6.4x	11.4x	7.4%
First American Corp.	41.72	49.50	4,023	0.5x	3.6x	9.7x	5.0%
First Data Corp.	46.00	48.88	39,144	3.6x	11.6x	16.8x	14.5%
Fiserv Inc.	44.95	46.89	8,451	2.0x	8.9x	15.9x	11.3%
Hewitt Associates Inc.	26.91	30.23	2,943	1.0x	7.0x	16.9x	15.8%
Interactive Data Corp.	19.27	23.60	1,638	3.0x	8.8x	18.7x	9.0%
Iron Mountain Inc.	35.98	45.09	7,272	3.4x	12.6x	31.6x	25.2%
Moody's Corp.	51.95	73.29	14,802	8.3x	14.8x	22.4x	11.8%
Morningstar Inc.	41.80	47.56	1,621	6.6x	24.6x	NMF	NMF
Paychex Inc.	37.35	43.37	13,250	8.2x	19.1x	25.1x	14.3%
Reed Elsevier plc	9.68	10.58	12,260	N/A	14.2x	13.5x	10.1%
Reuters Group plc	6.88	8.68	8,800	2.0x	11.6x	15.7x	34.5%
Thomson Corp.	40.88	42.24	30,470	3.4x	13.2x	21.8x	11.6%
VNU NV <sup>1</sup>	38.24	38.24	11,780	2.7x	14.3x	17.4x	17.3%
<b>Mean</b>			<b>\$ 9,230</b>	<b>3.4x</b>	<b>12.9x</b>	<b>20.3x</b>	<b>19.3%</b>
<b>Adjusted Mean <sup>2</sup></b>			<b>8,287</b>	<b>3.4x</b>	<b>11.9x</b>	<b>18.9x</b>	<b>16.4%</b>
<b>Median</b>			<b>5,449</b>	<b>2.9x</b>	<b>11.6x</b>	<b>17.6x</b>	<b>14.4%</b>

(1) - Valuation reflects current offer to acquire the company  
 (2) - Adjusted mean excludes the highest and lowest values

## LTM Relative Stock Price Performance



## M&A Public and Private Transaction Data



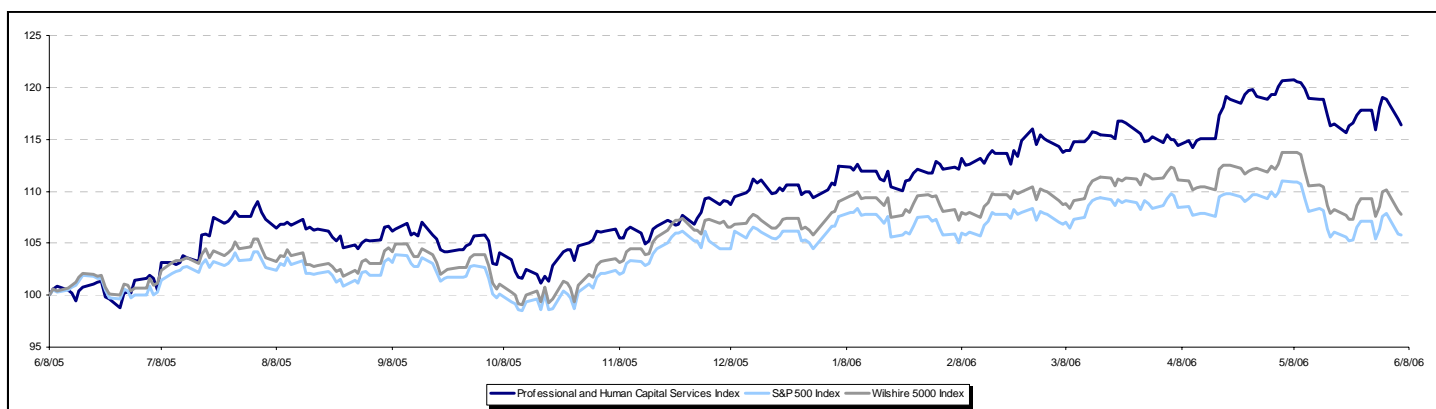
# Valuation Update: Professional and Human Capital Services

## Select Public Comparables

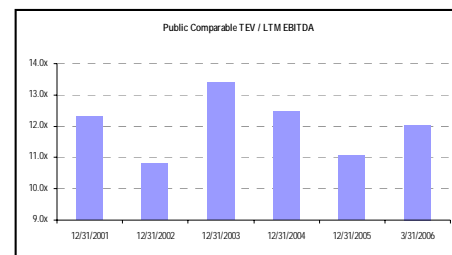
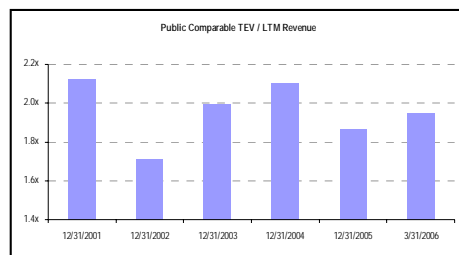
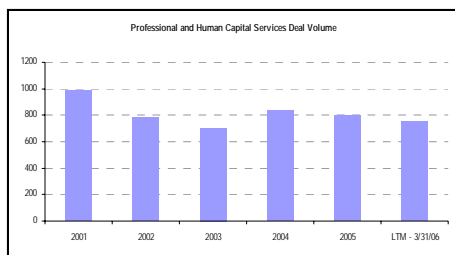
Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	6/7/2006	52-Wk High		Revenue	EBITDA		
Accenture Ltd.	\$ 27.03	\$ 33.05	\$ 13,860	0.8x	6.7x	14.8x	12%
Acxiom Corp.	23.07	26.80	2,463	1.8x	6.6x	18.5x	21%
ADVO Inc.	25.28	35.80	888	0.6x	7.7x	13.2x	40%
Alliance Data	54.50	56.99	5,010	3.0x	13.1x	18.0x	12%
CACI International Inc.	61.28	68.75	2,167	1.3x	11.3x	18.7x	11%
Catalina Marketing Corp.	28.95	32.80	1,370	3.3x	9.1x	17.0x	15%
Convergys Corp.	18.60	19.87	2,807	1.1x	6.8x	15.4x	9%
Corporate Executive Board Co.	105.37	112.97	3,873	10.0x	34.0x	38.1x	22%
CRA International Inc.	44.82	56.72	476	1.6x	8.9x	17.1x	17%
Digitas Inc.	12.58	14.99	955	1.6x	16.2x	16.4x	12%
Forrester Research Inc.	26.33	27.24	416	2.6x	18.2x	27.4x	13%
FTI Consulting Inc.	26.50	30.54	1,359	2.3x	9.6x	16.0x	21%
Gartner Inc.	15.18	16.63	1,910	1.9x	15.8x	23.5x	16%
Harte-Hanks Inc.	26.75	31.47	2,194	1.9x	10.0x	17.0x	11%
Heidrick & Struggles International Inc.	33.43	37.50	455	1.0x	7.6x	14.9x	23%
Interpublic Group of Companies Inc.	9.05	13.40	4,553	0.7x	13.1x	NMF	NMF
Manpower Inc.	64.37	69.60	5,842	0.4x	10.5x	16.6x	16%
Navigant Consulting Inc.	20.32	24.11	1,143	1.9x	9.2x	14.8x	19%
Omnicom Group Inc.	95.54	96.64	17,991	1.7x	11.4x	17.5x	12%
Robert Half International Inc.	40.12	43.94	6,424	1.8x	14.0x	21.6x	16%
RR Donnelley & Sons Co.	30.98	38.27	8,995	1.0x	6.7x	11.5x	8%
Valassis Communications Inc.	27.85	40.80	1,470	1.3x	9.2x	13.0x	7%
West Corp.	47.88	49.67	3,575	2.2x	9.0x	17.9x	16%
WPP Group plc	12.02	13.13	16,726	1.7x	10.2x	14.2x	11%
<b>Average</b>			<b>\$ 4,455</b>	<b>2.0x</b>	<b>11.5x</b>	<b>18.0x</b>	<b>15.7%</b>
<b>Adjusted Mean <sup>1</sup></b>			<b>3,849</b>	<b>1.7x</b>	<b>10.7x</b>	<b>17.3x</b>	<b>14.9%</b>
<b>Median</b>			<b>2,329</b>	<b>1.7x</b>	<b>9.8x</b>	<b>17.0x</b>	<b>15.2%</b>

(1) - Adjusted mean excludes the highest and lowest values

## LTM Relative Stock Price Performance



## M&A Public and Private Transaction Data



# Valuation Update: Commercial and Industrial Services

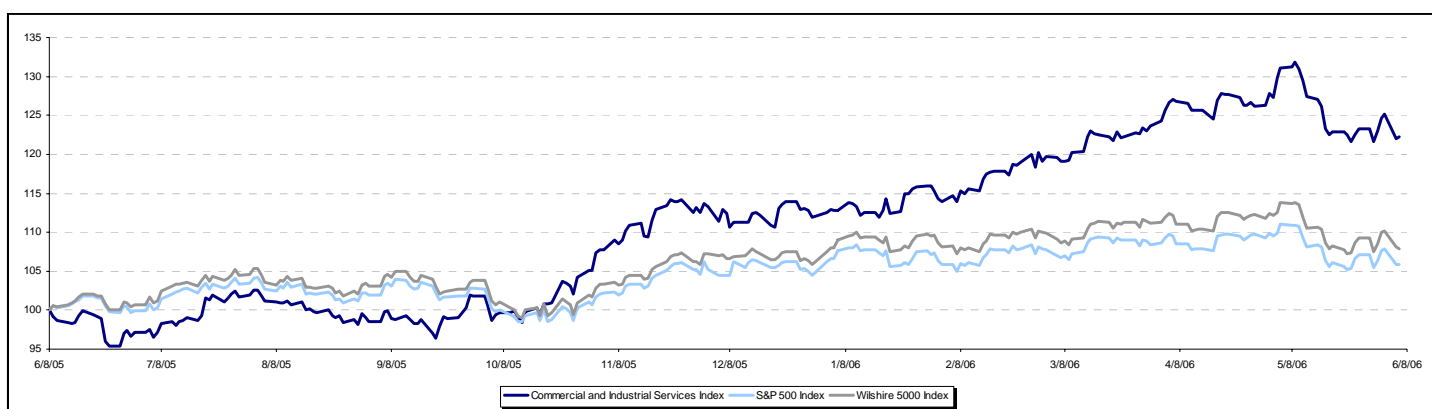
## Select Public Comparables

(\$ in millions)

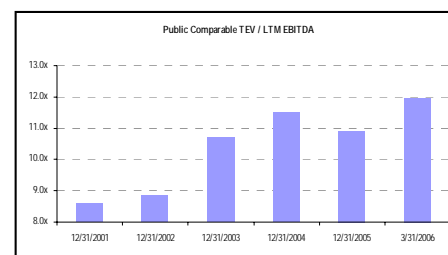
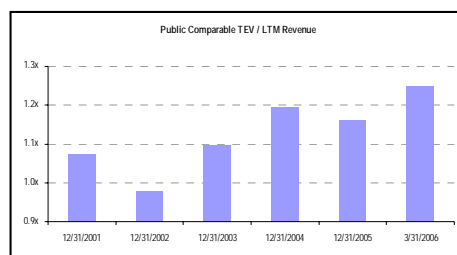
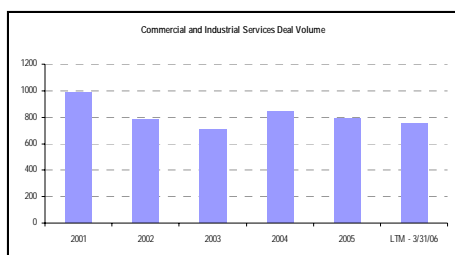
Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	6/7/2006	52-Wk High		Revenue	EBITDA		
Allied Waste Industries Inc.	\$ 11.65	\$ 14.38	\$ 12,327	2.1x	8.4x	19.6x	22%
ARAMARK Corp. <sup>1</sup>	32.84	34.95	7,739	0.7x	8.2x	17.8x	9%
Brinks Co.	55.45	57.90	2,023	0.8x	7.5x	20.3x	30%
CH Robinson Worldwide Inc.	43.97	53.13	7,257	1.2x	19.3x	26.9x	15%
Cintas Corp.	41.73	45.49	7,405	2.2x	11.4x	18.1x	12%
Clean Harbors Inc.	37.11	39.90	748	1.0x	8.9x	16.8x	13%
Dycom Industries Inc.	21.77	25.53	1,033	1.0x	9.4x	NMF	NMF
EGL Inc.	44.96	53.80	1,875	0.6x	13.2x	22.3x	22%
EMCOR Group Inc.	47.58	52.65	1,407	0.3x	12.6x	18.2x	26%
FedEx Corporation	107.75	120.01	34,205	1.1x	7.9x	15.0x	14%
Fluor Corp.	85.34	103.85	7,299	0.5x	15.6x	21.7x	22%
Forward Air Corp.	37.41	41.05	1,096	3.3x	13.6x	19.6x	14%
Hub Group Inc.	22.02	26.23	893	0.6x	12.7x	9.4x	15%
Jacobs Engineering Group Inc.	75.27	93.27	4,163	0.6x	12.6x	20.2x	21%
Landstar System Inc.	44.37	48.10	2,674	1.0x	11.7x	19.2x	18%
Quanta Services Inc.	15.72	18.92	2,028	1.0x	13.9x	23.8x	36%
Ryder System Inc.	55.40	56.42	5,602	0.9x	4.7x	12.9x	9%
Servicemaster Co.	10.81	14.28	3,872	1.2x	9.8x	14.2x	13%
Shaw Group Inc.	25.46	36.08	2,150	0.5x	11.7x	13.7x	24%
United Parcel Service Inc.	79.63	83.99	86,979	2.0x	10.8x	18.1x	11%
URS Corp.	42.15	49.80	2,413	0.6x	10.7x	16.9x	15%
UTI Worldwide, Inc.	27.11	36.32	2,523	2.6x	15.9x	21.1x	28%
Waste Management Inc.	36.87	38.34	28,021	2.1x	8.8x	19.1x	13%
YRC Worldwide Inc.	39.62	51.54	3,794	0.4x	4.6x	6.8x	7%
<b>Average</b>			<b>\$ 9,564</b>	<b>1.2x</b>	<b>11.0x</b>	<b>17.9x</b>	<b>17.8%</b>
<b>Adjusted Mean <sup>2</sup></b>			<b>6,445</b>	<b>1.1x</b>	<b>10.9x</b>	<b>18.0x</b>	<b>17.5%</b>
<b>Median</b>			<b>3,234</b>	<b>1.0x</b>	<b>11.1x</b>	<b>18.2x</b>	<b>15.1%</b>

(1) - Valuation reflects current offer to acquire the company  
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## LTM Relative Stock Price Performance



## M&A Public and Private Transaction Data



## Focus on Business Services (continued from page 2)

### Commercial and Industrial Services

Commercial and industrial services firms utilize physical infrastructure and assets in addition to information and expertise to outsource logistics, maintenance and distribution intensive functions for customers at low cost and high efficiency, allowing customers to improve performance while simultaneously

lowering the asset intensiveness of their balance sheets. These providers, in turn, seek to build and maintain high customer densities within routes, or multi-local/regional markets to drive high utilization rates and create customer switching costs and barriers to entry for competitors. With comparatively higher fixed costs, some of these models can be cyclically sensitive though many have very predictable revenue streams, due to the recurring nature of the services provided.

Examples:

- Logistics & Transportation Services
- Facilities Management
- Physical Security
- Route-Based Services (Uniform Rental, Maintenance, Installation, etc.)
- Engineering & Construction

### Lincoln International Business Services Team Members - North America

**ROBERT T. BROWN**  
MANAGING DIRECTOR

Rob Brown is a Managing Director at Lincoln International and leads the firm's Business Services Group. Rob has been with Lincoln International nearly since its inception. Prior to joining Lincoln International, Rob was with PWC in both the transaction services and securities practices. Rob has an MBA from Columbia and a BS in Accountancy from the University of Illinois.

**MICHAEL J. IANNELLI**  
SENIOR VICE PRESIDENT

Mike Iannelli is a Senior Vice President at Lincoln International and a key leader of the firm's Business Services Group. Prior to joining Lincoln International, Mike was a Managing Director at Svoboda Collins, a middle market private equity firm where he led the business service investments area, and previously with William Blair & Company in the Business Services Group. Mike has an MBA from Harvard University and a BA from the University of Notre Dame.

**CURTIS C. TATHAM**  
VICE PRESIDENT

Curt Tatham is a Vice President at Lincoln International and an officer within the firm's Business Services Group. Prior to joining Lincoln International, Curt worked in the Business Services Group at William Blair & Company, in the Corporate Finance Group at ABN Amro and as a commercial lender at The Northern Trust Company. Curt has an MBA from The Kellogg Graduate School of Management at Northwestern University and a BA from Williams College.

**TIMOTHY A. MADDA**  
ASSOCIATE

Timothy Madda is an Associate at Lincoln International in the firm's Business Services Group. Prior to joining Lincoln International, Timothy covered enterprise software and services at ThinkEquity Partners, LLC. Prior to that, Timothy was an Analyst in the Investment Banking Department of Merrill Lynch & Co. Timothy received an MBA from The Kellogg Graduate School of Management at Northwestern University and a BS from Georgetown University.

**CHRISTOPHER L. LEE**  
ANALYST

Chris Lee is an Analyst at Lincoln International in the firm's Business Services Group. Chris has a BS in Accounting and Business Administration from Washington and Lee University.

## About Lincoln International

Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, New York and Paris, and strategic partnerships with China Everbright and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise, and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).



CHICAGO | FRANKFURT | NEW YORK | PARIS

### NORTH AMERICA

**Robert T. Brown**  
Managing Director  
[rbrown@lincolninternational.com](mailto:rbrown@lincolninternational.com)  
+1-312-580-8340

**Michael J. Iannelli**  
Senior Vice President  
[miannelli@lincolninternational.com](mailto:miannelli@lincolninternational.com)  
+1-312-580-6281

**Curtis C. Tatham**  
Vice President  
[ctatham@lincolninternational.com](mailto:ctatham@lincolninternational.com)  
+1-312-580-8329

**Timothy A. Madda**  
Associate  
[tmadda@lincolninternational.com](mailto:tmadda@lincolninternational.com)  
+1-312-580-8321

**Christopher L. Lee**  
Analyst  
[clee@lincolninternational.com](mailto:clee@lincolninternational.com)  
+1-312-506-2708

### FRANKFURT

**Friedrich Bieselt**  
Senior Vice President  
[f.bieselt@lincolninternational.de](mailto:f.bieselt@lincolninternational.de)  
+49-69-97-10-54-26

### PARIS

**Dominique Lecendreux**  
Managing Director  
[d.lecendreux@lincolninternational.fr](mailto:d.lecendreux@lincolninternational.fr)  
+33-01-53-53-18-20