

Information Services Group Inc.  
Form 10-Q  
November 09, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 333-136536

**INFORMATION SERVICES GROUP, INC.**

(Exact name of Registrant as specified in its charter)

Delaware

20-5261587

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(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**Four Stamford Plaza**

**107 Elm Street**

**Stamford, CT 06902**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(203) 517-3100**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

Number of shares of Common Stock of Information Services Group, Inc. issued and outstanding as of November 8, 2007: 40,429,687 shares of common stock, par value \$0.001 per share, of which 32,343,750 such shares are publicly traded.

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**INFORMATION SERVICES GROUP, INC.**

(a corporation in the development stage)

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**PART 1 - FINANCIAL INFORMATION****Item 1. Financial Statements****INFORMATION SERVICES GROUP, INC.**

(a corporation in the development stage)

**BALANCE SHEETS**

	September 30, 2007 (unaudited)	December 31, 2006
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,035,535	\$ 88,911
Prepaid expense and other current assets	358,482	10,384
Deferred tax asset	21,000	
Total current assets	2,415,017	99,295
<b>Office equipment</b> , net of accumulated depreciation of \$8,909 and \$1,664, respectively	41,886	46,641
<b>Other assets</b>		
Cash and cash equivalents held in trust fund	256,419,942	
Deferred offering costs		670,807
Deferred acquisition costs	1,208,018	
Total other assets	257,627,960	670,807
	\$ 260,084,863	\$ 816,743
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accrued expenses	\$ 729,967	\$ 612,219
Notes payable, stockholder, including accrued interest of \$3,952		253,952
Total current liabilities	729,967	866,171
<b>Long-term liabilities</b> , deferred underwriters fee	8,262,500	
<b>Common stock, subject to possible redemption</b> , 6,468,749 shares at redemption value	51,241,832	

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**Stockholders equity (deficit)**

Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued		
Common stock, \$.001 par value, 100,000,000 shares authorized; 40,429,687 shares issued and outstanding at September 30, 2007 (including 6,468,749 shares subject to possible redemption) and 8,085,937 shares issued and outstanding at December 31, 2006	40,430	8,086
Additional paid-in-capital	195,034,911	(2,695)
Retained earnings (deficit) accumulated during the development stage	4,775,223	(54,819)
Total stockholders equity (deficit)	199,850,564	(49,428)
	\$ 260,084,863	\$ 816,743

**INFORMATION SERVICES GROUP, INC.**

(a corporation in the development stage)

**STATEMENTS OF OPERATIONS**

	For the three months ended September 30, 2007 (unaudited)	For the nine months ended September 30, 2007 (unaudited)	For the period July 20, 2006 (inception) to September 30, 2006 (unaudited)	For the period July 20, 2006 (inception) to September 30, 2007 (unaudited)
<b>Revenue</b>	\$	\$	\$	\$
<b>Formation, general and administrative expense</b>	238,165	782,238	13,508	833,399
<b>Loss from operations</b>	(238,165)	(782,238)	(13,508)	(833,399)
<b>Other income (expense)</b>				
Interest and dividend income	3,394,041	8,649,057	209	8,649,351
Interest expense		(2,527)	(808)	(6,479)
<b>Income (loss) before income taxes</b>	3,155,876	7,864,292	(14,107)	7,809,473
<b>Income taxes</b>	987,000	3,034,250		3,034,250
<b>Net income (loss)</b>	2,168,876	4,830,042	(14,107)	4,775,223
<b>Accretion of Trust Fund relating to Common Stock subject to possible conversion, net of taxes</b>	(429,019)	(431,834)		(431,834)
<b>Net income (loss) applicable to common stockholders</b>	\$ 1,739,857	\$ 4,398,208	\$ (14,107)	\$ 4,343,389
<b>Weighted average common shares outstanding, basic and diluted</b>	40,429,687	36,148,897	7,031,250	25,181,368
<b>Net income (loss) per common share, basic and diluted</b>	\$ 0.04	\$ 0.12	\$ (0.00)	\$ 0.17
<b>Shares outstanding subject to possible redemption</b>	6,468,749	6,468,749		6,468,749
<b>Net income per share of shares subject to possible redemption, basic and diluted</b>	\$ 0.07	\$ 0.07	\$	\$ 0.07



**INFORMATION SERVICES GROUP, INC.**

(a corporation in the development stage)

**STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)**

For the period July 20, 2006 (date of inception) to September 30, 2007

	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings (Deficit) Accumulated During the Development Stage	Total Stockholders Equity (Deficit)
Sale of 7,031,250 units on August 2, 2006 at a price of \$.002 per unit to the initial shareholders (each unit consists of 1 share of common stock and one warrant to purchase a share of common stock)	7,031,250	\$ 7,031	\$ 2,344	\$	9,375
Redemption of 7,031,250 warrants on September 29, 2006 issued to the initial shareholders at a redemption price of \$.001 per warrant			(4,687)		(4,687)
Sale of 1,054,687 shares of common stock to the initial shareholders at \$.001 per share on December 21, 2006	1,054,687	1,055	(352)		703
Net loss from July 20, 2006 (inception) to December 31, 2006				(54,819)	(54,819)
Balance, December 31, 2006	8,085,937	8,086	(2,695)	(54,819)	(49,428)
<b>Unaudited:</b>					
Sale of 32,343,750 Units on February 6, 2007 at a price of \$8 per unit, net underwriters discount and offering costs (including 6,468,749 shares subject to possible redemption)	32,343,750	32,344	239,779,338		239,811,682
Proceeds subject to possible redemption 6,468,749 shares			(50,809,998)		(50,809,998)
Sale of 6,500,000 warrants at \$1 per warrant on February 6, 2007 to Oenoke Partners, LLC			6,500,000		6,500,000
Proceeds from issuance of option to underwriters on February 6, 2007 for the purchase of up to 1,406,250 Units.			100		100



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Accretion of Trust Fund income for the period relating to common stock subject to redemption, net of taxes				(431,834)		(431,834)			
Net income for the nine months ended September 30, 2007					4,830,042	4,830,042			
Balance, September 30, 2007 (unaudited)	40,429,687	\$	40,430	\$	195,034,911	\$	4,775,223	\$	199,850,564

## INFORMATION SERVICES GROUP, INC.

(a corporation in the development stage)

## STATEMENTS OF CASH FLOWS

	For the nine months ended September 30, 2007 (unaudited)	For the period July 20, 2006 (inception) to September 30, 2006 (unaudited)	For the period July 20, 2006 (inception) to September 30, 2007 (unaudited)
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ 4,830,042	\$ (14,107)	\$ 4,775,223
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	7,245		8,909
Deferred taxes in operating assets and liabilities	(21,000)		(21,000)
Increase (decrease) in cash attributable to changes in operating assets and liabilities			
Prepaid expense and other current assets	(348,098)	(10,203)	(358,482)
Accrued expenses	88,296	2,437	104,967
<b>Net cash provided by (used in) operating activities</b>	<b>4,556,485</b>	<b>(21,873)</b>	<b>4,509,617</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment	(2,490)	(3,000)	(50,795)
Payments of deferred acquisition costs	(583,018)		(583,018)
Cash and cash equivalents held in trust	(256,419,942)		(256,419,942)
<b>Net cash used in investing activities</b>	<b>(257,005,450)</b>	<b>(3,000)</b>	<b>(257,053,755)</b>
<b>Cash flows from financing activities</b>			
Proceeds from notes payable, stockholder		100,000	250,000
Payment of notes payable, stockholder	(250,000)		(250,000)
Redemption of warrants		(4,687)	(4,687)
Proceeds from issuance of common stock		9,375	10,078
Proceeds from issuance of warrants in private placement	6,500,000		6,500,000
Gross proceeds from public offering	258,750,000		258,750,000
Payments for underwriters' discount and offering cost	(10,604,511)	(66,307)	(10,675,818)
Proceeds from issuance of option	100		100
<b>Net cash provided by financing activities</b>	<b>254,395,589</b>	<b>38,381</b>	<b>254,579,673</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,946,624</b>	<b>13,508</b>	<b>2,035,535</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>88,911</b>		
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,035,535</b>	<b>\$ 13,508</b>	<b>\$ 2,035,535</b>

## Supplemental disclosures of cash flow information:

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Cash paid for:

Interest	\$	6,479	\$	\$	6,479
Taxes	\$	3,144,000	\$	\$	3,144,000

**Supplemental schedule of non-cash investing and financing activities:**

Accrued deferred offering costs	\$		\$	225,000	\$
Accrued deferred acquisition costs	\$	625,000	\$	\$	625,000
Deferred underwriters fees	\$	8,262,500	\$	\$	8,262,500

**INFORMATION SERVICES GROUP, INC.**  
**(a corporation in the development stage)**

**Notes to Interim Financial Statements**

**NOTE A BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments, (consisting of normal recurring accruals) have been made that are considered necessary for a fair presentation of the financial position of the Company as of September 30, 2007 and the financial results for the three and nine months then ended as well as for the period July 20, 2006 (date of inception) through September 30, 2007 and 2006. Operating results for the interim period presented are not necessarily indicative of the results to be expected for a full year.

These unaudited condensed financial statements should be read in conjunction with the financial statements for the fiscal year ended December 31, 2006, which are included in the Company's 2006 Form 10-K filed with the Securities and Exchange Commission.

**NOTE B DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Information Services Group, Inc. (a corporation in the development stage) (the Company) was incorporated in Delaware on July 20, 2006. The Company was formed to acquire, through a merger, capital stock exchange, asset or stock acquisition or other similar business combination one or more domestic or international operating businesses. The Company has neither engaged in any operations nor generated significant revenue to date. The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7, Accounting and Reporting By Development Stage Enterprises, and is subject to the risks associated with activities of development stage companies. The Company has selected December 31st as its fiscal year end.

The registration statement for the Company's initial public offering (the Offering) (as described in Note C) was declared effective on January 31, 2007. The Company consummated the Offering on February 6, 2007, and preceding the consummation of the Offering, an affiliate of the Company's officers purchased 6,500,000 warrants at \$1 per warrant in a private placement (the Private Placement) (see Note H). The Company received net proceeds of \$254,550,000 from the Private Placement and the Offering.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with (or acquisition of) an operating business in the information services industry ( Business Combination ). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. Since the closing of the Offering, approximately 98.1% (\$254,050,000) of the aggregate gross proceeds from units offered to the public, after payment of certain amounts to the underwriters, offering costs and funding of working capital, is held in a trust account ( Trust Account ). The Trust Account will be invested in government securities having a maturity of 180 days or less or money market funds meeting the conditions specified in Rule 2a-7 under the Investment Company Act of 1940 until the earlier of (i) the consummation of its first Business Combination or (ii) the distribution of the Trust Account as described below. Under the Trust Account agreement, up to \$3 million of the interest earned on the Trust Account (net of taxes) can be used for the Company's operating activities. As of September 30, 2007, the balance in the Trust

Account was approximately \$256,420,000, which included approximately \$8,613,000 of interest earned, net of approximately \$3,243,000 of funds disbursed for taxes and \$3,000,000 disbursed for operating activities. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company will seek stockholder approval before it will effect any Business Combination, even if the Business Combination would not ordinarily require stockholder approval under applicable state law. In connection with the stockholder vote required to approve any Business Combination, the Company's existing stockholders prior to the Offering have agreed to vote the shares of common stock owned by them immediately before the Offering in accordance with the majority of the shares of common stock voted by the Public Stockholders. Public Stockholders is defined as the holders of common stock sold as part of the Units in the Offering or in the aftermarket. The Company will proceed with a Business Combination only if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders owning less than 20% of the shares sold in the Offering exercise their conversion rights.

In the event that the Company does not consummate a Business Combination within 18 months from the date of the consummation of the Offering, or 24 months from the consummation of the Offering if certain extension criteria have been satisfied, the proceeds held in the Trust Account will be distributed to the Company's public stockholders, excluding the existing stockholders to the extent of their initial stock holdings.

#### **NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Development stage company:**

The Company complies with the reporting requirements of SFAS No. 7, Accounting and Reporting by Development Stage Enterprises.

##### **Common stock:**

On January 30, 2007, the Company effected a one-for-two stock dividend for each issued and outstanding share of the Company's common stock, par value \$0.001 per share. All transactions and disclosures in the financial statements related to the Company's common stock have been adjusted to reflect the effect of the stock dividend. Stockholders have no conversion, preemptive or other subscription rights and there are no redemption provisions applicable to the common stock, except that Public Stockholders have the right to have their shares of common stock converted to cash equal to the conversion price if they vote against the Business Combination and the Business Combination is approved and completed.

##### **Redeemable common stock:**

The public stockholders have the right to have their shares converted to cash equal to the conversion price prior to the approval of a business combination. The conversion rights do not apply to shares outstanding prior to the Offering. The actual per-share conversion price will be equal to the amount in the Trust Account, including a pro rata share of the deferred underwriting discount and net of (i) income taxes payable on the interest income on the trust account and (ii) up to \$3 million of interest income earned on the Trust Account balance, net of income taxes payable on this amount, released to the Company to fund working capital requirements, each calculated as of two business days prior to the consummation of the actual business combination, divided by the number of shares sold in the Offering.

Redemption price is determined at each balance sheet date.

**Income (loss) per common share:**

The Company complies with SFAS No. 128, Earnings Per Share. SFAS No. 128 requires dual presentation of basic and diluted income per share for all periods presented. Basic income per share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then share in the income of the Company. At September 30, 2007, and for the three and nine months then ended, the effect of the 38,843,750 warrants (including 6,500,000 outstanding warrants issued in connection with the Private Placement described in Note H) have not been considered in the diluted net income per share since the warrants are contingently exercisable. The effect of the 1,406,250 Units included in the underwriters purchase option, described in Note D, along with the stock and warrants underlying such Units, has not been considered in the diluted earnings per share calculation, since the market price of the Unit was less than the exercise price during the period in the computation, as the effect of the outstanding options and warrants would be anti-dilutive.

**Cash and cash equivalents:**

For financial statement purposes, the Company considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents, including certain money market funds. The Company maintains its cash in bank deposit accounts in the United States of America which, at times, may exceed applicable insurance limits. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Property and equipment:**

Property and equipment, comprised of computer and communications equipment, are stated at cost less accumulated depreciation. The Company provides for depreciation using the straight line method over the assets estimated useful lives, generally 5 years.

**Concentration of credit risk:**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, exceed the Federal depository insurance coverage of \$100,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

**Fair value of financial instruments:**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under SFAS No. 107, Disclosure About Fair Value of Financial Instruments, approximates the carrying amounts represented in the balance sheet.

**Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Deferred offering costs:**

The Company complies with the requirements of the SEC Staff Accounting Bulletin (SAB) Topic 5A Expenses of Offering . Deferred offering costs of approximately \$858,000 (approximately \$671,000 at December 31, 2006) consist principally of legal, accounting, and printing fees incurred through the date of the Offering (see Note D). These costs, together with the underwriter discount, were charged to capital upon the completion of the Offering.

**Preferred stock:**

The Company is authorized to issue 10,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

**Income tax:**

The Company complies with SFAS 109, Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Effective January 1, 2007, the Company adopted the provisions of the Financial Accounting Standards Board ( FASB ) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 ( FIN 48 ). There were no unrecognized tax benefits as of January 1, 2007 and as of September 30, 2007. FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at January 1, 2007. There was no change to this balance at September 30, 2007. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on the Company s financial position, results of operations and cash flows.

**Recently issued accounting pronouncements:**

In September 2006, the FASB issued SFAS No. 157 Fair Value Measurements (SFAS No. 157). SFAS No. 157 provides guidance for, among other things, the definition of fair value and the methods used to measure fair value. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007. The Company does not expect the adoption of this new standard to have a material impact on the financial position, operating results and cash flows of the Company.

In February 2007, the FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115 (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair

value. The provisions of SFAS No. 159 are effective for fiscal years beginning after November 15, 2007. The Company does not expect the adoption of this new standard to have a material impact on the financial position, operating results and cash flows of the Company.

#### **NOTE D OFFERING**

On February 6, 2007, the Company sold 28,125,000 units ( Units ) at a price of \$8.00 per Unit in the Offering. Each Unit consists of one share of the Company's common stock, \$0.001 par value, and one redeemable common stock purchase warrant ( Warrants ). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$6.00 commencing on the later of (i) one year from the date of the final prospectus for the Offering or (ii) the completion of a Business Combination with a target business, and will expire four years from the date of the prospectus. The Warrants are redeemable at a price of \$0.01 per Warrant, upon 30 days prior notice, after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of warrants during the exercise period, there will be no cash settlement of the warrants and the warrants will expire worthless.

On February 5, 2007, the underwriters for the Company's initial public offering exercised their over-allotment option and on February 6, 2007 purchased an additional 4,218,750 units at a price of \$8.00 per Unit.

In connection with the Offering, the Company paid an underwriting discount of approximately 3.78% (\$9,850,000) of the public unit offering price to the underwriters at the closing of the Offering and Over-Allotment Option Exercise, with an additional fee of approximately 3.22% (\$8,262,500) of the gross offering proceeds payable upon the Company's consummation of a Business Combination. The underwriters will not be entitled to any interest accrued on the deferred discount.

On February 6, 2007, the Company sold to the underwriters, for \$100, a four-year option to purchase up to a total of 1,406,250 units at a per-unit price of \$9.60. The units issuable upon exercise of this option are also identical to those offered in the Offering except that warrants included in the option have an exercise price of \$7.50. The Company has accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in a charge directly to stockholder's equity.

The Company has determined, based upon a Black-Scholes model, that the fair value of the underwriters option on the date of sale would be approximately \$3.58 per unit, or approximately \$5.0 million in total, using an expected life of four years, volatility of 58.8% and a risk-free interest rate of 4.87%.

The volatility calculation of 58.8% is based on the most recent trading day average volatility of a representative sample of nine (9) companies with market capitalizations of approximately \$65 million to \$645 million that management believes to be engaged in the business of information services (the Sample Companies ). Because the Company does not have a trading history, the Company needed to estimate the potential volatility of its common stock price, which will depend on a number of factors which cannot be ascertained at this time. The Company referred to the average volatility of the Sample Companies because management believes that the average volatility of such companies is a reasonable benchmark to use in estimating the expected volatility of the Company's common stock post-business combination. Although an expected life of four years was taken into account for purposes of assigning a



fair value to the option, if the Company does not consummate a business combination within the prescribed time period and liquidates, the option would become worthless.

#### NOTE E PREPAID EXPENSE AND OTHER CURRENT ASSETS

Prepaid expense and other current assets consist of the following:

	September 30, 2007 (unaudited)	December 31, 2006
Prepaid rent	\$	\$ 10,384
Prepaid insurance	259,279	
Prepaid income taxes	89,000	
Security deposit	\$ 10,203	
	\$ 358,482	\$ 10,384

#### NOTE F DEFERRED ACQUISITION COSTS

As of September 30, 2007, the Company has accumulated approximately \$1,208,000 in deferred acquisition costs related to the proposed acquisition of TPI Advisory Services America, Inc. ( TPI ) (see Note K). These costs will be capitalized contingent upon the completion of the Acquisition following the required approval by the Company's stockholders and the fulfillment of certain other conditions. If the Acquisition is not completed these costs will be recorded as expense. Deferred acquisition costs are comprised of costs incurred for financial advisory services, due diligence and proxy services, legal, consulting and other costs directly related to the Acquisition of TPI.

#### NOTE G ACCRUED EXPENSES

Accrued expenses consist of the following:

	September 30, 2007 (unaudited)	December 31, 2006
Accrued offering costs	\$	\$ 599,500
Accrued acquisition costs	625,000	
Accrued professional fees	44,727	
Accrued other	\$ 60,240	12,719
	\$ 729,967	\$ 612,219

#### NOTE H RELATED PARTY TRANSACTIONS

The Company issued two unsecured promissory notes to a principal stockholder and affiliate of the Company's officer, Oenoke Partners, LLC, in August and October 2006. The notes, which aggregate \$250,000, not including accrued interest, bore interest at 5% per annum and were payable on the earlier

of 1 year from its origination or the consummation of the Offering. The principal stockholder of the Company extended the first due date of the notes until such time as there was sufficient operating cash flow. These notes were repaid on March 15, 2007.

On February 6, 2007, Oenoke Partners, LLC purchased, in a Private Placement, 6,500,000 warrants at \$1 per warrant. As discussed in Note B, the proceeds from the Private Placement of \$6.5 million are held in trust. The warrants can be exercised on a cashless basis and have terms and provisions that are identical to those of the warrants sold in the Offering (see Note D), except that these warrants will not be subject to redemption. Oenoke Partners, LLC also agreed that it will not sell or otherwise transfer the warrants until one year after the Company consummates a Business Combination.

In August and December 2006, the Company issued 7,031,250 Units and 1,054,687 shares of common stock, respectively, to Oenoke Partners, LLC, for aggregate proceeds of approximately \$10,078. In September 2006, the warrants underlying the Units were redeemed in full at a redemption price of \$4,687.

#### NOTE I INCOME TAXES

For the three and nine months ended September 30, 2007 (unaudited) the components of the provision for income taxes are as follows:

	For the three months ended September 30, 2007 (unaudited)		For the nine months ended September 30, 2007 (unaudited)	
Current:				
Federal	\$	814,000	\$	2,467,000
State		194,000		588,250
Deferred:				
Federal		(14,000)		(14,000)
State	\$	(7,000)		(7,000)
	\$	987,000	\$	3,034,250

At September 30, 2007, the Company has a deferred tax asset in the amount of \$21,000 related to expenses deferred for income tax purposes.

The effective tax rate differs from the statutory rate for the periods presented due to the removal of the valuation allowance during the three and nine months ended September 30, 2007.

#### NOTE J COMMITMENT

In September 2006, the Company entered into a lease agreement for office space that extends through September 2007, requiring monthly payments of \$10,203. The lease may be extended through September 2008, for monthly payments of \$13,203, under two (2) six-month extensions, upon proper notice as defined in the agreement. As provided for in the lease agreement, the Company has exercised its first extension option, extending the lease through March 2008. Aggregate amounts due under this lease agreement through March 2008 are approximately \$79,000.

**NOTE K ACQUISITION**

On April 24, 2007, the Company announced that it signed a definitive agreement ( Purchase Agreement ) with MCP-TPI Holdings, LLC, pursuant to which the Company will acquire 100% of the shares of TPI. The Purchase Agreement was amended on September 30, 2007. TPI is a world-wide independent sourcing advisory firm that focuses on the design, implementation and management of sourcing strategies for major corporate clients. The purchase price for the shares of TPI is \$230 million in cash, plus warrants exercisable into 5 million shares of ISG common stock at an exercise price of \$9.18 per share. In addition, MCP-TPI will receive TPI's normalized cash balance on April 23, 2007, which the parties agree shall equal \$5 million. The cash generated by TPI operations between the signing of the Purchase Agreement and the closing date will remain in TPI for the benefit of the Company. The warrants were valued at \$2.72 per warrant or an aggregate of \$13.6 million based on a Black-Scholes model using an expected life of 5 years, volatility of 40.1% and a risk-free interest rate of 4.25%.

The Purchase Agreement may be terminated at any time prior to the closing, as follows: (i) by mutual written consent of each party; (ii) by either party if the proposed transaction has not been consummated by February 24, 2008; (iii) by MCP-TPI if the Deutsche Bank debt commitment letter has been terminated or becomes unavailable and ISG can not obtain replacement financing commitments within 45 days; (iv) by either party, if the ISG stockholders do not approve the Purchase Agreement at the stockholders meeting (or if holders of 20% or more of ISG's common stock exercise their conversion rights); or (v) by MCP-TPI, if ISG materially breaches the covenants relating to the proxy statement (which remains uncured for 30 days). If the Purchase Agreement is terminated due to ISG stockholders not approving the proposed transaction (or due to the exercise of conversion rights by the stockholders), or due to a material breach by ISG of the covenant relating to the proxy statement, or if ISG fails to effect the closing within 10 days after all of the closing conditions have been satisfied, ISG will pay \$500,000 to MCP-TPI for its expenses.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Overview**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ( MD&A ) is intended to help the reader understand ISG's financial condition and results of operations. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying notes thereto.

We were formed on July 20, 2006 for the purpose of acquiring, through a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination, one or more domestic and/or foreign operating businesses. Our initial business combination must be with a target business or businesses whose fair market value is at least equal to 80% of net assets at the time of such acquisition. We intend to use cash derived from the proceeds of the initial public offering (the IPO ) and concurrent private placement and third-party financing debt, to pay the purchase price, transaction costs and deferred underwriting fees and fund our operations after the acquisition.

Since our IPO, we have been actively engaged in sourcing a suitable business combination candidate. We have met with target companies, service professionals and other intermediaries to discuss our company, the background of our management and our combination preferences. In the course of these discussions, we have also spent time explaining the capital structure of the IPO, the combination approval process and the timeline under which we are operating before the proceeds of the offering are returned to investors.

**Results of Operations and Known Trends or Future Events**

Except for the consummation of our IPO and our private placement, we have neither engaged in any operations nor generated any revenues to date. Since our inception, our only activities have been organizational activities and those necessary to prepare for our IPO, and thereafter, certain activities related to pursuing a target business. We will not generate any operating income until the completion of a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination. We have generated non-operating income in the form of interest income on the cash held in our trust account.

For the three and nine months ended September 30, 2007, we had net income of approximately \$2,169,000 and \$4,830,000, respectively comprised of \$3,394,000 and \$8,649,000, respectively of interest income primarily related to the cash held in our trust account less expenses of \$1,225,000 and \$3,816,000, respectively.

**Development in Finding a Suitable Business Target**

On April 24, 2007, we announced that we signed a definitive agreement ( Purchase Agreement ) with MCP-TPI Holdings, LLC, a Texas limited liability company ( MCP-TPI ), pursuant to which we would acquire all of the issued and outstanding shares of capital stock of TPI Advisory Services Americas, Inc., a Texas corporation (the Target Company or TPI )(the Proposed Transaction ). The Purchase Agreement was amended on September 30, 2007. In connection with the Purchase Agreement, the founder of the Target Company and members of the Target Company's management would invest 30% of their after-tax proceeds from the Proposed Transaction in shares of our common stock at the closing.

The purchase price to be paid is \$230 million plus warrants exercisable into 5 million shares of ISG common stock at an exercise price of \$9.18 per share. The warrants will be exercisable at any time after the first anniversary of the closing and will expire on the fifth anniversary of the closing. In addition, we will pay MCP-TPI in cash an amount equal to the normalized cash and cash equivalents of TPI on April 23, 2007, which the parties agreed is equal to \$5 million (the Purchase Price). MCP-TPI will simultaneously apply a portion of the Purchase Price to pay off TPI's indebtedness in full. There is no working capital or other post-closing purchase price adjustment. The cash generated by TPI between April 24, 2007 and the closing date will remain in TPI for the benefit of ISG.

The Purchase Price of the Proposed Transaction will be paid with: (i) at least \$150 million of cash currently held in the trust account established in connection with our IPO (less (x) any proceeds which are dispersed to stockholders exercising their right to vote against the consummation of the Proposed Transaction and to convert their shares of our common stock into cash pursuant to the terms of our amended and restated certificate of incorporation, and (y) the deferred portion of the underwriters' discount which is payable to the underwriters of our IPO (the underwriters') upon the consummation of the Proposed Transaction), (ii) proceeds invested by members of management in exchange for shares of capital stock of the Company, and (iii) proceeds from a debt financing arrangement which we anticipate entering into with Deutsche Bank Securities Inc. In connection with the Proposed Transaction, Evercore Group LLC provided a fairness opinion to our Board of Directors with respect to the April 24<sup>th</sup> Agreement.

The Purchase Agreement contains representations and warranties of MCP-TPI relating to: (a) due organization and good standing; (b) authorization of the Proposed Transaction; (c) subsidiaries; (d) government filings; (e) capital structure; (f) financial statements; (g) non contravention; (h) legal proceedings; (i) personal property; (j) real property; (k) taxes; (l) absence of certain changes; (m) material contracts; (n) labor; (o) compliance with law; (p) undisclosed liabilities; (q) employee benefit plans; (r) intellectual property; (s) brokers' fees; (t) customers; (u) affiliate transactions; (v) insurance; (w) proxy statement; and (x) disclaimer of warranties.

There is no escrow or any indemnification or other rights to asset claims for breaches of representations and warranties or pre-closing covenants. All claims for breaches of representations and warranties or pre-closing covenants, whether or not known at the closing, are waived to the maximum extent permitted by applicable law.

MCP-TPI has agreed to cause the Target Company to operate in the ordinary course and to refrain from taking certain material prohibited actions (including the payment of dividends) without obtaining our prior written consent (which shall not be unreasonably withheld). Until the termination of the Purchase Agreement, (i) MCP-TPI has agreed not to solicit or pursue an alternative proposal to acquire the Target Company and (ii) we have agreed not to enter into any confidentiality agreement with respect to any other potential acquisitions without the written consent of MCP-TPI (which shall not be unreasonably withheld). The parties have agreed to use reasonable best efforts to consummate the Proposed Transaction, including our reasonable best efforts to obtain debt financing and the requisite stockholder approval.

MCP-TPI has agreed not to make claims against cash held in our trust fund. The obligations of each party to consummate the Proposed Transaction are subject to the following closing conditions: (i) accuracy of representations and warranties of the other party; (ii) compliance by the other party with its covenants and obligations; (iii) the expiration of the waiting period under the HSR Act; and (iv) no statute, rule, regulation or order of any governmental entity which prohibits the consummation of the

Proposed Transaction. In addition, our obligation to consummate the Proposed Transaction is also subject to an absence of a material adverse effect on the Target Company and to our having obtained the requisite approval of our stockholders with respect to the Proposed Transaction (and holders of 20% or more our common stock shall not have exercised their right to convert their shares of common stock into a pro rata share of the aggregate amount of proceeds then on deposit in our trust fund). On May 11, 2007, ISG received notification that the acquisition will not be reviewed under the HSR Act.

The Purchase Agreement may be terminated at any time prior to the closing, as follows: (i) by mutual written consent of each party; (ii) by either party if the proposed transaction has not been consummated by February 24, 2008; (iii) by MCP-TPI if the Deutsche Bank debt commitment letter has been terminated or becomes unavailable and ISG can not obtain replacement financing commitments within 45 days; (iv) by either party, if the ISG stockholders do not approve the Purchase Agreement at the stockholders meeting (or if holders of 20% or more of ISG's common stock exercise their conversion rights); or (v) by MCP-TPI, if ISG materially breaches the covenants relating to the proxy statement (which remains uncured for 30 days). If the Purchase Agreement is terminated due to ISG stockholders not approving the proposed transaction (or due to the exercise of conversion rights by the stockholders), or due to a material breach by ISG of the covenant relating to the proxy statement, or if ISG fails to effect the closing within 10 days after all of the closing conditions have been satisfied, ISG will pay \$500,000 to MCP-TPI for its expenses.

Assuming the Proposed Transaction is consummated, we will no longer be a blank check company, or special purpose acquisition corporation. If we do not complete the Proposed Transaction, we will continue as a blank check company until we find another suitable company to acquire or the trust account is liquidated as part of our overall plan of dissolution and liquidation and we shall cease to operate as a public company.

#### **Liquidity and Capital Resources**

For the nine month period ended September 30, 2007, net cash provided by operating activities was approximately \$4,556,000. Net income of approximately \$4,830,000 resulted from interest income primarily earned from proceeds held in the trust account. During this period we paid approximately \$355,000 for director and officer liability insurance extending over a two-year period.

Cash flows used in investing activities for the nine months ended September 30, 2007 were approximately \$257,005,000. As discussed below in more detail, \$254,050,000 of the proceeds of the IPO was placed in a trust account. During this period approximately, \$8,613,000 of interest was earned on the balance in the Trust account of which \$3,000,000 was distributed for operations and \$3,243,000 was paid for income and franchise taxes.

Prior to January 1, 2007 approximately \$48,000 was used in investing activities related to the purchase of computer and communication equipment.

For the period July 20, 2006 (inception) to December 31, 2006, approximately \$184,000 of cash was provided by financing activities. We received proceeds of \$250,000 from Oenoke Partners, LLC, one of our stockholders and an affiliate of our officers and net proceeds of approximately \$5,000 related to the issuance of stock to the initial shareholders.

On August 11, 2006, we filed a Registration Statement on Form S-1 with the Securities and Exchange Commission for an IPO of our units. On January 31, 2007, the Registration Statement relating

to the IPO of our units was declared effective by the Securities and Exchange Commission, and on February 6, 2007, we consummated the IPO and the private placement and received proceeds of \$265,250,000.

The net proceeds from our IPO and the private placement, after deducting offering expenses of approximately \$10,700,000, including underwriting discount (other than the deferred underwriters' discount of \$8,262,500), were \$254,550,000. Of this amount, \$254,050,000 has been placed in the trust account and the remaining \$500,000 was available to fund our operating expenses. We expect to use \$8,262,500 of the proceeds held in the trust account to pay the deferred underwriting discount and \$3,000,000 of the interest earned on the trust account (net of taxes payable on such interest) to satisfy its operating expenses, and the remaining proceeds held in the trust account to acquire a target business, including the payment of any finders' fee or other similar payments, as well as the expenses of identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust account as well as any other net proceeds not expended will be used to finance the operations of the target business, to acquire other businesses or for any such other purposes as may be determined by our Board of Directors.

On March 15, 2007, we used funds held outside of the trust account to repay \$250,000 of loans, together with interest which accrued at a rate of 5% per annum, to Oenoke Partners, LLC, one of our stockholders and an affiliate of our officers.

Contemporaneously with the consummation of the IPO, we issued to the underwriters, in exchange for consideration of \$100, an option to purchase up to an aggregate of 1,406,250 units. The exercise price for the units issuable upon exercise of the underwriters' unit purchase option is \$9.60 per unit, and the units underlying the underwriters' unit purchase option is identical to the units issued to the public in connection with the IPO, except that the exercise price for the warrants underlying the units is \$7.50 per share.

As of September 30, 2007, we had approximately \$2,036,000 in cash held outside of the trust account available to fund the expenses of consummating the acquisition. We anticipate utilizing this cash and additional funds from the trust fund for (1) legal, accounting, due diligence and other expenses related to the acquisition, (2) rent for office space and other administrative expenses through the estimated closing date of the acquisition, and (3) miscellaneous expenses. In addition, we expect to use substantially all of the remaining net proceeds remaining in the trust account, together with the proceeds invested by members of management in exchange for shares of capital stock of the Company, and the proceeds from a debt financing arrangement which we anticipate obtaining from Deutsche Bank Trust Company Americas and Deutsche Bank Securities Inc. to fund the purchase of the outstanding capital stock of TPI pursuant to the acquisition.

Our public stockholders have the right to have their shares converted to cash in an amount equal to the applicable conversion price prior to the approval of a business combination. The conversion rights do not apply to shares outstanding prior to the IPO. The actual per-share conversion price will be equal to the amount in the trust account, including a pro rata share of the deferred underwriting discount and net of (i) income taxes payable on the interest income on the trust account and (ii) up to \$3 million of interest income earned on the trust account balance, net of income taxes payable on this amount, released to us to fund working capital requirements, each calculated as of two business days prior to the consummation of the actual business combination, divided by the number of shares sold in the IPO. If only 80.01% of shareholders approve the acquisition and the remaining 19.99% all vote against the acquisition and elect to exercise their conversion rights then cash available for a business combination will be reduced by up

to \$51,241,832 at September 30, 2007. We believe that the remaining funds available from the trust will be sufficient to fund the acquisition together with available financing.

If, however, we are unable to consummate the acquisition, we believe that the funds available to it outside of the trust account, together with the balance of the interest income (net of taxes) on the trust account releasable to us to fund our working capital requirements, will be sufficient to allow it to operate until February 6, 2009, assuming that a business combination is not consummated during that time. However, if the funds available to us are not sufficient to fund its working capital needs throughout this period, we will seek to secure additional capital to pay for, or defer payment of, all or a significant portion of any expenses it incurs through February 6, 2009.

We have not been in violation of any debt covenants.

### **Off-Balance Sheet Arrangements**

Other than contractual obligations incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries.

### **Critical Accounting Policies and Accounting Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have determined that we currently are not subject to any critical accounting policies.

### **Forward-Looking Information**

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, should, could, would, expect, plan, anticipate, estimate, continue, or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other filings with the Securities and Exchange Commission, including our registration statement on Form S-1/A as filed on January 29, 2007.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market driven rates or prices. We are not presently engaged in any substantive commercial business. Accordingly, the risks associated with foreign exchange rates, commodity prices, and equity prices are not significant. The net proceeds of our IPO held in the trust fund and not



immediately required for the purposes set forth above have been invested only in United States government securities, defined as any Treasury Bill issued by the United States having a maturity of one hundred and eighty days or less, or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Given our limited risk in our exposure to U.S. Treasury Bills and such money market funds, we do not view the interest rate risk to be significant. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

#### **Item 4. Controls And Procedures**

##### **(a) Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in timely alerting them to material information relative to our company required to be disclosed in our periodic filings with the SEC.

##### **(b) Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

**Item 1A. Risk Factors**

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006. Please see the information disclosed in the Risk Factors section of our annual report filed on Form 10-K, as filed with the SEC on March 30, 2007.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On January 31, 2007, we sold to Oenoke Partners, LLC, our principal stockholder, 6,500,000 warrants at a price of \$1.00 per warrant, in a private placement. Each warrant issued in the private placement entitles the registered holder to purchase one share of our common stock at a price of \$6.00 per share, at any time commencing on the later of (i) the completion of a business combination (or one year from the date of completion of a business combination with respect to the private placement warrants); and (ii) January 31, 2008. Such warrants are not subject to redemption and can be exercised on a cashless basis.

Such warrants are beneficially held by each of Mr. Connors, Mr. Martell, Mr. Doppelt and Mr. Gould, each of whom has ownership of membership interests representing 25% of the outstanding equity interests of Oenoke Partners, LLC.

The issuance of the warrants in the private placement transaction were made without registration under the Securities Act in reliance on the exemption contained in Section 4(2) of the Securities Act for a transaction not involving a public offering.

*Use of Proceeds*

On February 6, 2007, we consummated our IPO of 32,343,750 units, which units included units issuable to the underwriters as a result of their exercise of their over-allotment option. Each unit consists of one share of common Stock, \$0.001 par value per share and one warrant to purchase one share of common stock at an exercise price of \$6.00 per share. Our net proceeds from the sale of our units, after deducting certain offering expenses of approximately \$10,700,000, were approximately \$254,550,000. Of this amount, \$254,050,000 was placed in trust and the remaining \$500,000 was held outside of the trust. The remaining proceeds are available to be used by us to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Excluding up to \$8,262,500 of the

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deferred underwriters fee held in trust and payable upon the consummation of a business combination and the proceeds, if any, which get dispersed to stockholders exercising their conversion rights, we intend to use substantially all of the remaining net proceeds of the IPO to acquire the shares of capital stock of TPI pursuant to the Proposed Transaction.

### **Item 3. Defaults upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

(a) Exhibits

10.1 Purchase Agreement ( Purchase Agreement ), by and between Information Services Group, Inc. and MCP-TPI Holdings, LLC, a Texas limited liability company, date April 24, 2007.(1)

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of the Company.(2)

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of the Company.(2)

32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (2)

32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (2)

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(1) Incorporated by reference to the Company's Current Report on Form 8-K, dated April 30, 2006.

(2) Filed herewith.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INFORMATION SERVICES GROUP, INC.**

Date: November 8, 2007

/s/ Michael P. Connors  
Michael P. Connors, Chairman of the Board and  
Chief Executive Officer

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Date: November 8, 2007

/s/ Frank Martell  
Frank Martell, Chief Financial Officer, Executive Vice President,  
and Treasurer