

TECHTEAM GLOBAL INC

Form PREM14A

July 19, 2010

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UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN
PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

TechTeam Global, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transaction applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

N/A

(4) Proposed maximum aggregate value of transaction:

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The purchase price payable under the Stock Purchase Agreement consists of a cash payment to TechTeam Global, Inc. at closing of \$59,000,000, subject to certain escrows and adjustments in accordance with the terms of the Stock Purchase Agreement. Solely for purposes of calculating the filing fee, the registrant estimates that the proposed maximum aggregate value of the transaction is \$59,000,000.

(5) Total fee paid:

\$4,206.70

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:

PERSONS WHO POTENTIALLY ARE TO RESPOND TO THE COLLECTION OF INFORMATION CONTAINED IN THIS FORM ARE NOT REQUIRED TO RESPOND UNLESS THE FORM DISPLAYS A CURRENTLY VALID OMB CONTROL NUMBER.

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**PRELIMINARY PROXY STATEMENT DATED JULY 19, 2010
SUBJECT TO COMPLETION**

**TECHTEAM GLOBAL, INC.
27335 West 11 Mile Road
Southfield, Michigan 48033**

_____, 2010

Dear Stockholder:

You are cordially invited to attend a Special Meeting of Stockholders of TechTeam Global, Inc., which will be held on _____, _____, 2010, at _____ (local time) at _____, _____, _____, _____, and any adjournments, postponements, continuations or reschedulings thereof (the "Special Meeting").

We have agreed to sell all of our shares of capital stock of TechTeam Government Solutions, Inc. ("TTGSI"), through which we own and operate our government information technology services business, to Jacobs Technology Inc. ("Jacobs Technology"), a wholly owned subsidiary of Jacobs Engineering Group Inc. (collectively, "Jacobs"), pursuant to the terms and conditions of a Stock Purchase Agreement dated as of June 3, 2010 (the "Stock Purchase Agreement"). In accordance with the terms and conditions of the Stock Purchase Agreement, we will sell all of our shares in TTGSI to Jacobs Technology for a net purchase price of \$59,000,000, consisting of a base cash payment of \$41,479,706 to be received at closing, plus a cash payment of \$17,520,294 to be placed in escrow, each subject to such additions, subtractions and other adjustments provided for by, and the other provisions set forth in, the Stock Purchase Agreement and an Escrow Agreement (the "Escrow Agreement"). The full text of the Stock Purchase Agreement and the Escrow Agreement is included as *Exhibit A* and *Exhibit B*, respectively, to the Proxy Statement that accompanies this letter.

At this Special Meeting, you will be asked to consider and vote upon the following proposals, each as described more fully in the accompanying Proxy Statement:

- (i) a proposal to adopt and approve the Stock Purchase Agreement and the consummation of the transactions contemplated by the Stock Purchase Agreement and all other agreements, documents, certificates and instruments contemplated thereby (the "Stock Sale");
- (ii) a proposal to adjourn the Special Meeting, if necessary, to facilitate the approval of the preceding proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the preceding proposal;
- (iii) such other business as properly may come before the Special Meeting.

After careful consideration, our board of directors has unanimously determined that the Stock Sale is expedient and in the best interests of the Company and our stockholders. **Our board of directors has unanimously approved the Stock Sale and unanimously recommends that you vote FOR the approval and adoption of the Stock Sale, and**

FOR the approval of one or more adjournments of the Special Meeting, if necessary, to facilitate the approval and adoption of the Stock Sale, including to permit the solicitation of additional proxies FOR the approval and adoption of the Stock Sale, if there are not sufficient votes at the time of the Special Meeting for such approval and adoption.

Our Board has not made any determination as to whether approval of the Stock Sale is required by applicable Delaware law, and such approval is not required by our Certificate of Incorporation, as amended, our Amended and Restated Bylaws or other governing documents. However, the parties to the Stock

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Purchase Agreement have agreed that, as a condition to the consummation of the Stock Sale, our stockholders must approve the Stock Sale to the same extent as if such stockholder approval was required by applicable Delaware law. Accordingly, the Stock Sale cannot be consummated until such time as it is approved by the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote at the Special Meeting, and all other closing conditions contained in the Stock Purchase Agreement have been satisfied or waived. Therefore, an abstention or failure to vote will have the same effect as a vote AGAINST the approval of the Stock Sale.

Your vote is important, regardless of the number of shares you hold. Whether or not you plan to attend the Special Meeting, please complete, date, sign and return the enclosed proxy or voting instruction card as soon as possible in the envelope provided, or vote electronically by the Internet or by telephone as provided in the accompanying Proxy Statement. Voting by written proxy will ensure your representation at the Special Meeting if you do not attend in person. Returning the proxy card does not deprive you of your right to attend the Special Meeting and vote your shares in person. If you attend the Special Meeting, you can revoke your proxy at any time before it is exercised at the meeting and vote your shares personally by following the procedures described in the accompanying Proxy Statement.

If you have any questions about the accompanying Proxy Statement or the Special Meeting or require assistance in submitting your proxy card, please contact TechTeam Global, Inc., Attention: Investor Relations, 27335 West 11 Mile Road, Southfield, Michigan 48033, or by calling us at (248) 357-2866; or The Altman Group, Inc., the firm assisting us in the solicitation of proxies, 1200 Wall Street West, Lyndhurst, New Jersey 07071, toll-free at (877) 283-0320. Banks and brokerage firms can call The Altman Group collect at (201) 806-7300.

We look forward to seeing you at the Special Meeting.

Sincerely,

Seth W. Hamot
Chairman of the Board of Directors

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**PRELIMINARY PROXY STATEMENT DATED JULY 19, 2010
SUBJECT TO COMPLETION**

**TECHTEAM GLOBAL, INC.
27335 West 11 Mile Road
Southfield, Michigan 48033**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2010**

TO OUR STOCKHOLDERS:

Notice is hereby given that a Special Meeting of Stockholders (the Special Meeting) of TechTeam Global, Inc. (the Company) will be held at _____ at :00 (local time) on _____, 2010. The Special Meeting is being held for the following purposes:

1. To adopt and approve (a) that certain Stock Purchase Agreement dated as of June 3, 2010 (the Stock Purchase Agreement), by and among Jacobs Engineering Group Inc., Jacobs Technology Inc. (collectively, Jacobs) and the Company, (b) the consummation of the sale of all of the outstanding capital stock of TechTeam Government Solutions, Inc. (TTGSI) to Jacobs Technology Inc. pursuant to the terms of the Stock Purchase Agreement, and (c) the consummation of all of the other transactions contemplated by the Stock Purchase Agreement and all other agreements, documents, certificates and instruments required to be delivered pursuant thereto (the matters described in clauses (a), (b) and (c) above being referred to collectively as the Stock Sale Proposal);
2. To approve one or more adjournments of the Special Meeting, if necessary, to facilitate the approval of the Stock Sale Proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Sale Proposal (the Adjournment Proposal); and
3. To transact such other business as may properly come before the Special Meeting, or any adjournment, postponement, continuation or rescheduling thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

Our Board of Directors unanimously recommends that you vote FOR the approval of the Stock Sale Proposal and FOR the approval of the Adjournment Proposal, using the enclosed proxy or voting instruction card or by voting by the Internet or telephone, as described in the accompanying Proxy Statement.

Only stockholders of record of the Company s common stock, par value \$.01 per share, as shown on the transfer books of the Company, at the close of business on _____, 2010, are entitled to notice of, and to vote at, the Special Meeting or any adjournments, postponements, continuations or reschedulings thereof. A list of the stockholders as of

the record date will be available for inspection by stockholders at the Company's offices during business hours for a period of 10 days prior to the Special Meeting.

All stockholders are cordially invited to attend the Special Meeting in person. However, to ensure your representation at the Special Meeting, and regardless of whether you plan to attend the Special Meeting, you are urged to complete, sign, date and return the enclosed proxy or voting instruction card as promptly as possible in the postage prepaid envelope enclosed for that purpose or to vote by the Internet or telephone. Instructions on how to vote by the Internet or telephone are included in the accompanying Proxy Statement.

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If you have any questions about the accompanying Proxy Statement or the Special Meeting or require assistance in submitting your proxy, please contact TechTeam Global, Inc., Attention: Investor Relations, 27335 West 11 Mile Road, Southfield, Michigan 48033, or by calling us at (248) 357-2866; or The Altman Group, Inc., the firm assisting us in the solicitation of proxies, 1200 Wall Street West, Lyndhurst, New Jersey 07071, toll-free at (877) 283-0320. Banks and brokerage firms can call The Altman Group collect at (201) 806-7300.

By order of the Board of Directors,

Michael A. Sosin
Corporate Vice President, Secretary and
General Counsel

_____, 2010
Southfield, Michigan

IN ORDER TO ENSURE YOUR REPRESENTATION AT THE SPECIAL MEETING AND WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY TELEPHONE OR THE INTERNET, OR BY COMPLETING, SIGNING, DATING AND RETURNING THE ACCOMPANYING PROXY OR VOTING INSTRUCTION CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE TODAY. SEE THE SPECIAL MEETING -- VOTING IN THE ACCOMPANYING PROXY STATEMENT FOR FURTHER DETAILS.

IF YOU DO ATTEND THE SPECIAL MEETING, YOU MAY, IF YOU PREFER, REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON.

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GOVERNMENT SOLUTIONS, INC. AND SUBSIDIARIES

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COMMONLY USED TERMS

Throughout this Proxy Statement, unless otherwise defined or the context otherwise indicates:

the term **Adjournment Proposal** refers to the proposal that our stockholders approve one or more adjournments of the Special Meeting, if necessary, to facilitate the approval of the Stock Sale Proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Sale Proposal;

the term **Board of Directors** or **Board** refers to the board of directors of TechTeam;

the term **Commercial Business** refers to the business of Company other than the Government Solutions Business;

the term **Common Stock** refers to shares of the outstanding common stock, \$.01 par value, of TechTeam;

the terms **the Company**, **we**, **our**, **ours** and **us** refer to TechTeam Global, Inc., a Delaware corporation and its subsidiaries, taken together as a whole on a consolidated basis;

the term **Escrow Agreement** refers to the Escrow Agreement by and among TechTeam, Jacobs and JP Morgan Chase, National Association, as escrow agent, to be entered into concurrently with the closing of the Stock Sale, and as it may be amended, restated, modified or superseded from time to time in accordance with its terms, a copy of which has been included as *Exhibit B* to this Proxy Statement;

the term **Government Solutions Business** refers to the business of TTGSI, including, without limitation, the business of providing, whether as a prime contractor, subcontractor or otherwise, information technology-based and other professional services to governmental authorities, and certain specified commercial customers identified in the Stock Purchase Agreement, and as further described or defined in the Stock Purchase Agreement;

the terms **Jacobs Technology** and **Jacobs Engineering** refer to Jacobs Technology Inc., a Tennessee corporation, and Jacobs Engineering Group Inc., a Delaware corporation, respectively, and the term **Jacobs** refers to Jacobs Technology and Jacobs Engineering, collectively;

each of TechTeam and Jacobs is sometimes referred to as a **party** or, collectively, the **parties** ;

the term **Special Meeting** means the meeting of the stockholders of TechTeam that has been called by the Board to approve the Stock Sale Proposal and the Adjournment Proposal, and any adjournments, postponements, continuations or reschedulings thereof;

the term **Stock Purchase Agreement** refers to the Stock Purchase Agreement, dated as of June 3, 2010, by and among TechTeam and Jacobs, and as it may be amended, restated, modified or superseded from time to time in accordance with its terms, a copy of which (excluding the exhibits and schedules thereto) has been included as *Exhibit A* to this Proxy Statement;

the term **Stock Sale** refers to the proposed sale of all of the outstanding shares of capital stock of TTGSI to Jacobs Technology pursuant to the Stock Purchase Agreement, and the other transactions contemplated by

the Stock Purchase Agreement and the other agreements, documents, certificates and instruments to be delivered pursuant thereto;

the term **Stock Sale Proposal** refers to the proposal that our stockholders adopt and approve, collectively, the Stock Purchase Agreement and the consummation of the Stock Sale; and

the term **TechTeam** refers solely to TechTeam Global, Inc., a Delaware corporation; and

the term **TTGSI** refers to TechTeam Government Solutions, Inc., a Virginia corporation, and its subsidiaries, collectively, all of which are direct or indirect wholly owned subsidiaries of TechTeam.

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**TECHTEAM GLOBAL, INC.
27335 West 11 Mile Road
Southfield, Michigan 48033**

**PROXY STATEMENT
SPECIAL MEETING OF STOCKHOLDERS**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of TechTeam Global, Inc., for use at the Special Meeting of Stockholders of TechTeam and at any adjournment, postponement, continuation or rescheduling thereof, to be held at _____, _____, _____, _____ at ____:00 ____ (local time), on _____, _____, 2010, for the purposes set forth herein and in the attached Notice of Special Meeting of Stockholders. Accompanying this Proxy Statement is the Board's proxy card or a voting instruction card for the Special Meeting, which you may use to indicate your vote on the proposals described in this Proxy Statement.

This Proxy Statement and the accompanying Notice of Special Meeting of Stockholders and Proxy Card are first being mailed to stockholders entitled to vote at the Special Meeting on or about _____, 2010.

Your vote is important, no matter how many or how few shares you own. Whether or not you plan to attend the Special Meeting, please vote today by telephone or the Internet, or by completing, signing, dating and returning the enclosed proxy or voting instruction card in the postage-paid envelope provided, as described in this Proxy Statement.

At the Special Meeting, you will be asked to vote on the following:

1. the approval of the Stock Sale Proposal;
2. the approval of the Adjournment Proposal; and
3. such other business as may properly come before the Special Meeting.

Our Board of Directors unanimously recommends that you vote FOR the approval of the Stock Sale Proposal and FOR the approval of the Adjournment Proposal, using the enclosed proxy or voting instruction card or by voting by the Internet or telephone, as more fully described in this Proxy Statement.

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SUMMARY TERM SHEET

This summary highlights selected information about the Stock Sale from this Proxy Statement and may not contain all the information that is important to you. You should carefully read this entire Proxy Statement, including each of the exhibits hereto. The Stock Purchase Agreement is attached as Exhibit A to this Proxy Statement. Each item in this summary refers to the page of this Proxy Statement on which the applicable subject is discussed in more detail.

The Parties to the Stock Sale (page _)

TechTeam Global, Inc.

We are a leading provider of information technology outsourcing and business process outsourcing services to large and medium sized businesses, as well as to governmental organizations. Our primary services include service desk, technical support, desk-side support, security administration, infrastructure management and related professional services. Our business consists of two main components – our Commercial Business and our Government Solutions Business. Together, our IT Outsourcing Services segment, IT Consulting and Systems Integration segment and Other Services segment comprise our Commercial Business. Our Government Technology Services segment comprises our Government Solutions Business. In addition to managing our Commercial Business by service line, we also manage it by the following geographic markets: the Americas (defined as North America excluding our government-based subsidiaries), Europe, Latin America, and Asia.

TechTeam is a Delaware corporation and our principal executive offices are located at 27335 West 11 Mile Road, Southfield, Michigan 48033. Our telephone number is (248) 357-2866. TechTeam's Common Stock is listed on the NASDAQ Global Market under the ticker symbol TEAM.

TechTeam Government Solutions, Inc. is a Virginia corporation and one of our wholly owned subsidiaries through which we principally own and operate our Government Solutions Business. TTGSI's principal executive offices are located at 3863 Centerview Drive, Suite 150, Chantilly, Virginia 20151, and its telephone number is (703) 956-8200.

Jacobs Engineering Group Inc.

Jacobs Engineering is one of the largest technical professional services firms in the United States, providing a broad range of technical, professional and construction services through offices and subsidiaries located principally in North America, Europe, the Middle East, Asia and Australia. Jacobs Engineering is a Delaware corporation. Its principal executive offices are located at 1111 South Arroyo Parkway, Pasadena, California 91105, and its telephone number is (626) 578-3500. The common stock of Jacobs Engineering is currently listed on the New York Stock Exchange under the ticker symbol JEC.

Jacobs Technology Inc.

Jacobs Technology, a wholly-owned subsidiary of Jacobs Engineering, provides technical professional services to government and commercial clients. Jacobs Technology is a Tennessee corporation. Its principal executive offices are located at 600 William Northern Boulevard, Tullahoma, Tennessee 37388, and its telephone number is (931) 455-6400.

The Stock Sale

Background of the Stock Sale (page 2)

Beginning in September 2008, our Board began the process of reviewing various strategic alternatives to enhance stockholder value and position TechTeam for stability and growth, including, but not limited to, alternatives that contemplated the separation of the Government Solutions Business from the Commercial Business. In connection with this review by our Board, we recognized that TechTeam consists

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of two substantially unrelated, relatively independent and sub-scale businesses which do not have any significant synergies between them and that both require significant investment to succeed, grow and thrive. We also recognized that TechTeam does not have the financial flexibility or capital resources to continue to invest in both business segments and that retaining both the Commercial Business and the Government Solutions Business would entail an allocation of resources that either sub-optimizes one business in favor of the other or sub-optimizes both businesses.

For a chronological description of the material contacts and events leading up to and relating to the Stock Sale and the entering into of the Stock Purchase Agreement with Jacobs, see Proposal 1 Background of the Stock Sale.

Recommendation of Our Board of Directors (page 2)

After careful consideration, our Board has **unanimously**:

approved the Stock Purchase Agreement and the Stock Sale;

determined the Stock Sale to be expedient and in the best interests of our stockholders; and

recommended that our stockholders vote **FOR** the approval of the Stock Sale Proposal and the Adjournment Proposal.

Reasons for Recommending that Stockholders Approve the Stock Sale Proposal (page 2)

In evaluating the Stock Sale, our Board consulted with our senior management, outside legal counsel and financial advisor. Our Board also consulted with outside legal counsel regarding its fiduciary duties, legal due diligence matters and the terms of the Stock Purchase Agreement and related agreements. After carefully considering these consultations and the other factors referenced in Proposal 1 Reasons for Recommending that Stockholders Approve the Stock Sale Proposal, our Board concluded that the Stock Sale was expedient and in the best interests of TechTeam and our stockholders and unanimously recommended that our stockholders vote **FOR** the approval of the Stock Sale Proposal.

Opinion of TechTeam's Financial Advisor (page 2)

In connection with the Stock Sale, TechTeam's financial advisor, Houlihan Lokey Howard & Zukin Capital, Inc., or Houlihan Lokey, delivered a written opinion, dated June 3, 2010, to our Board as to the fairness, from a financial point of view and as of the date of the opinion, to TechTeam of the \$59,000,000 cash consideration to be received in the Stock Sale by TechTeam. The full text of Houlihan Lokey's written opinion, dated June 3, 2010, which describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion, is attached to this Proxy Statement as *Exhibit E*. Houlihan Lokey's opinion was furnished for the use and benefit of our Board (in its capacity as such) in connection with its evaluation of the \$59,000,000 cash consideration, only addressed the fairness, from a financial point of view, to TechTeam of such consideration, and does not address any other aspect or implication of the Stock Sale.

The summary of Houlihan Lokey's opinion in the Proxy Statement is qualified in its entirety by reference to the full text of its written opinion. Houlihan Lokey's opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. Houlihan Lokey's opinion was not intended to be, and does not constitute, a recommendation to our Board, any securityholder or any other person as to how to act or vote with respect to any matter relating to the Stock Sale.

Purpose of the Stock Sale (page 2)

We currently operate two principal business segments, the Government Solutions Business and the Commercial Business. The Government Solutions Business is comprised of our government technology services business operated by TTGSI and its wholly-owned subsidiaries. The Commercial Business

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focuses primarily on providing IT outsourcing services, IT consulting and systems integration services and technical staffing and learning services to Fortune 1000 and multinational companies as well as small to mid-sized companies.

The purpose of the Stock Sale is to separate the Government Solutions Business from the Commercial Business and realize the maximum value of the Government Solutions Business and thereby enable us to focus our resources on the Commercial Business, which we believe has the greater opportunity for growth, profitability and increasing stockholder value. The Stock Sale, if approved by our stockholders and consummated, would result in the Government Solutions Business being sold to Jacobs Technology.

The Stock Sale is the result of our Board's review over the past year of various strategic alternatives to enhance stockholder value and position TechTeam for stability and growth. In connection with this review by our Board, we recognized that TechTeam consists of two substantially unrelated, relatively independent and sub-scale businesses which do not have any significant synergies between them and that both require significant investment to succeed, grow and thrive. We also recognized that TechTeam does not have the financial flexibility or capital resources to continue to invest in both business segments and that retaining both the Commercial Business and the Government Solutions Business would entail an allocation of resources that either sub-optimizes one business in favor of the other or sub-optimizes both businesses. Faced with the decision of which business to retain, if any, we believe that the Commercial Business offers better short- and long-term prospects than the Government Solutions Business and has greater opportunity for growth, profitability and increasing stockholder value.

Post-Closing Strategies (page 2)

We believe that the intrinsic value of TechTeam has been hidden by the juxtaposition of two substantially unrelated, relatively independent and sub-scale businesses. While we believe that the sale of the Government Solutions Business to Jacobs Technology is an important step toward unlocking the intrinsic value of the Commercial Business, we believe that various strategic alternatives may exist which, in conjunction with the Stock Sale, may have the potential to further enhance value for our stockholders. We are committed to evaluating all such potentially attractive strategic alternatives that come to our attention consistent with our ongoing commitment to enhance value for all TechTeam stockholders. Our Board believes that the Stock Sale may enhance interest by potential acquirers of the Commercial Business, as the Commercial Business could potentially be acquired by a company that would no longer be required to address the security concerns of the U.S. federal government associated with foreign ownership of suppliers with top-secret cleared services and facilities.

Notwithstanding any enhanced interest that potential acquirers may have in the Commercial Business due to the Stock Sale, certain terms of the Stock Purchase Agreement, including, but not limited to, the indemnification and escrow provisions, may adversely affect our ability to explore various strategic alternatives with respect to our Commercial Business. Under the Stock Purchase Agreement, TechTeam has agreed to indemnify Jacobs for various matters, including any breach or violation of any representation, warranty, covenant or undertaking made by us in the Stock Purchase Agreement or any related agreement, subject to certain limitations and exceptions. There is significant uncertainty as to the amount, if any, that we will ultimately have to pay to Jacobs to resolve indemnification claims and, accordingly, there is significant uncertainty as to the amount, if any, of the indemnification escrow fund that will ultimately be returned to us. These uncertainties may make it difficult for a potential acquirer of the Commercial Business to appropriately value the Commercial Business, including, but not limited to, its contingent liabilities and our interest in the indemnification escrow fund.

Due to the possibility that the Stock Sale may have the effect of enhancing the interest by potential acquirers of the Commercial Business, we have prepared for either of two potential alternatives: the continued operation of the Commercial Business as an independent, publicly-traded company; or a sale or other disposition of the Commercial Business.

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However, stockholders are reminded that, other than the sale of the Government Solutions Business to Jacobs Technology pursuant to the Stock Sale, they are not being asked to consider or approve any strategic proposals, alternatives or transactions at this time. In addition, stockholders are cautioned that there can be no assurance as to whether and when any specific transaction relating to the Commercial Business will be authorized or consummated and that no timetable has been set for the completion of any such transaction.

Effects of the Stock Sale and of Not Consummating the Stock Sale (page 2)

If the Stock Sale Proposal is approved by our stockholders and the Stock Sale is consummated, we expect to focus our operations and business exclusively on our Commercial Business. However, following the Stock Sale, our ability to generate, in the short-term, the level of total revenue and net income that we generated prior to the Stock Sale will be reduced.

Recognizing that the revenue from the Government Solutions Business covered a portion of TechTeam's selling, general and administrative expenses, TechTeam took action in the first quarter of 2010 to reduce the expense structure of its Commercial Business to become better aligned with TechTeam's expected post-closing revenue. However, uncertainty remains regarding TechTeam's future performance, including, but not necessarily limited to:

TechTeam's ability to continue to generate new business from new and existing customers;

TechTeam's ability to maintain existing revenue from current customers; and

the costs of continuing to be a public reporting company, which will not be significantly reduced in either the short-term or long-term.

In addition, under the Stock Purchase Agreement, we have agreed to indemnify Jacobs for a period of up to 36 months after the closing of the Stock Sale for losses resulting from the breach of our representations, warranties and covenants contained in the Stock Purchase Agreement, and various other specified matters. We have also agreed to indemnify Jacobs for losses resulting from specified matters, such as for taxes, fraud and intentional misrepresentation, for periods that continue after the expiration of the 36-month period described above. These indemnification obligations could cause us to be liable to Jacobs under certain circumstances, which could decrease the cash available for distribution to us from the escrow account used to secure the payment of certain indemnification claims that may be made by Jacobs during such 36-month period, as well as our general cash on hand and other corporate assets. See The Stock Purchase Agreement - Purchase Price; Escrow.

There are also serious risks and uncertainties to both the Government Solutions Business and the Commercial Business if the Stock Sale Proposal is not approved by our stockholders and the Stock Sale is therefore not consummated. These risks and uncertainties include the following:

the Government Solutions Business could continue to be adversely affected by a number of unfavorable conditions in the U.S. government information technology services market, including a trend of the U.S. government to in-source certain information technology services and the challenge of competing against small disadvantaged businesses and large contractors for the award of new business.

the short- and long-term prospects of the Government Solutions Business could continue to decline under the ownership of TechTeam, and TechTeam's continued ownership and management of the Government Solutions Business could impair or otherwise limit TechTeam's ability to realize the short- and long-term prospects of the Commercial Business;

management's focus would be divided between two substantially unrelated, relatively independent and sub-scale businesses which do not have any significant synergies between them and require significant investment to succeed, grow and thrive;

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given that we do not have the financial flexibility or capital resources to appropriately invest in and grow both the Commercial Business and the Government Solutions Business, retaining both business segments would entail an allocation of resources that either sub-optimizes one business in favor of the other, or sub-optimizes both businesses;

we may not be able to fully take advantage of the opportunities available to the Commercial Business;

the purchase price attainable for the Government Solutions Business in the future could be significantly less than that proposed in the Stock Sale, if performance of the Government Solutions Business does not improve from its performance during the past three quarters, and thus our ability to sell the Government Solutions Business on terms and conditions that are attractive to us may be adversely affected;

the other strategic alternatives available to us could be adversely affected;

we may have more difficulty complying with our debt covenants, which could result in an event of default under our credit facility; and

there could be substantial uncertainty regarding the direction and prospects for each of our business units.

Use of Proceeds of the Stock Sale (page _)

We estimate that the net cash proceeds to be received by us from the Stock Sale at closing will be approximately \$38.6 million, after deducting the amounts to be paid into escrow and estimated fees and expenses payable by us related to the Stock Sale. We intend to use the net cash proceeds from the Stock Sale for, among other things, to pay off our current outstanding indebtedness under our existing credit facility of approximately \$12.7 million. The net cash proceeds that we receive from the Stock Sale would also enable our Board to consider, from time to time, repurchasing Common Stock for cash as market and business conditions warrant. Further, the remaining net cash proceeds of the Stock Sale will be used for working capital, general corporate purposes and to selectively invest in the growth of our Commercial Business. While we may use some of the net cash proceeds to be received by us from the Stock Sale to pursue strategic business acquisitions related to the growth of our Commercial Business, no specific acquisition targets have been identified at this time. See Post-Closing Strategies.

Appraisal Rights (page _)

Under Delaware law, stockholders are not entitled to any appraisal or dissenters' rights with respect to either the Stock Sale Proposal or the Adjournment Proposal.

The Stock Purchase Agreement

Purchase Price; Escrow (page _)

In exchange for the sale of all of the stock of TTGSI, we will be paid by Jacobs a net purchase price of \$59,000,000, consisting of a base cash payment of \$41,479,706 to be received at closing, plus a cash payment of \$17,520,294 to be placed in escrow, each subject to such additions, subtractions and other adjustments provided for by, and the other terms and provisions set forth in, the Stock Purchase Agreement and the Escrow Agreement. Of the \$17,520,294 to be deposited into escrow, \$14,750,000 will be held in escrow to secure the payment of any future indemnification claims that may be made by Jacobs against us during the 36-month period after the closing date, and \$2,770,294 will be used to secure the payment to Jacobs by us of any post-closing net tangible book value adjustment that has the effect of

reducing the purchase price, as described below.

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Potential Post-Closing Adjustment to the Purchase Price (page 2)

The aggregate cash purchase price paid by Jacobs in the Stock Sale may be adjusted based upon the difference, if any, between the final closing net tangible book value of the Government Solutions Business as of the close of business on the closing date of the Stock Sale and the target net tangible book value amount, which is \$12,189,759. The net tangible book value of the Government Solutions Business means the net book value of the assets of the Government Solutions Business (excluding goodwill, intangibles and intercompany balances), minus the liabilities of the Government Solutions Business (excluding intercompany balances), and excluding certain deferred tax assets, deferred tax liabilities and other specified tax liabilities.

Within 90 days after the closing date, Jacobs will prepare an unaudited balance sheet of the Government Solutions Business as of the closing date, including a preliminary unaudited statement of the closing net tangible book value. The amount by which the finally determined closing net tangible book value exceeds \$12,189,759 will be paid by Jacobs to us and, given that, in such case, no payment will be due to Jacobs from us as a result of the net tangible book value adjustment, the amount held in escrow to secure such payment will be released and paid to us. If such closing net tangible book value is less than \$12,189,759, the amount of such resulting shortfall will be paid to Jacobs from the amount held in escrow to secure such payment from us to Jacobs. Should the shortfall exceed the aggregate amount so held in escrow, we have agreed to pay Jacobs the amount of such excess.

The amount that will be held in escrow to secure any post-closing net tangible book value purchase price adjustment that would result in a payment from us to Jacobs will be \$2,770,294. As noted above, this amount does not represent a maximum limit on our potential liability to Jacobs for a post-closing net tangible book value adjustment. Due to the uncertainty relating to the ultimate amount of the post-closing net tangible book value adjustment, we cannot currently predict the exact amount of the purchase price or the net cash proceeds that we will receive in connection with the Stock Sale.

Agreements Related to the Interim Conduct of the Government Solutions Business (page 3)

Under the Stock Purchase Agreement, we have agreed that, except as otherwise contemplated by the Stock Purchase Agreement and subject to certain other exceptions, between June 3, 2010 and the closing of the Stock Sale, we will conduct the Government Solutions Business, and will cause TTGSI to conduct the Government Solutions Business, in the ordinary course of business consistent, in all material respects, with past practice and custom. During this period, subject to such exceptions, we have also agreed to use our best efforts to preserve intact, in all material respects, the present business organization and assets of the Government Solutions Business. Further, from June 3, 2010 to the closing of the Stock Sale (or the earlier termination of the Stock Purchase Agreement) we have agreed not to take specified actions with respect to TTGSI and the Government Solutions Business. See The Stock Purchase Agreement Agreements Related to the Interim Conduct of the Government Solutions Business.

Access; Notices of Certain Events (page 4)

Between June 3, 2010 and the closing, subject to certain limitations and exceptions, we have agreed to, and to cause TTGSI to, cooperate with Jacobs reasonable requests in its investigation of TTGSI and the Government Solutions Business, and to notify Jacobs of specified events or circumstances promptly.

Other Covenants and Agreements (page 5)

Escrow Agreement. We, Jacobs and JPMorgan Chase Bank, National Association, as escrow agent, will enter into the Escrow Agreement at the closing of the Stock Sale. Under the terms of the Escrow Agreement, upon closing of the Stock Sale, the escrow agent will receive from the aggregate

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amount of the purchase price, subject to the terms and conditions of the Stock Purchase Agreement and the Escrow Agreement:

\$14,750,000, which will be held to secure the payment of any future indemnification claims against us by Jacobs; and

\$2,770,294, which will be held to secure any post-closing net tangible book value purchase price adjustment that would result in a reduction of the purchase price and a payment from us to Jacobs.

Amounts used to secure the payment of future indemnification claims against us by Jacobs will be released to Jacobs as required by the terms and conditions of the Stock Purchase Agreement with respect to our indemnification obligations. On the first business day following the 24-month anniversary of the closing, the escrow agent will distribute to us an amount equal to \$4,916,667, reduced by all amounts previously paid with respect to indemnity claims and reduced by the amount of any pending escrow claims. On the first business day following the 36-month anniversary of the closing, the escrow agent will distribute to us an amount, if any, equal to the sum of the amount remaining in such indemnification escrow fund minus the amount of all pending escrow claims.

Amounts used to secure the payment to Jacobs by us of any post-closing net tangible book value purchase price adjustment will be paid upon the final determination of the net tangible book value adjustment to the purchase price in accordance with the Stock Purchase Agreement. See Proposal 1 The Stock Purchase Agreement Potential Post-Closing Adjustment to the Purchase Price.

Non-Compete Agreement. At or prior to the closing of the Stock Sale, we will execute a non-compete agreement with TTGSI and Jacobs. Until the earlier of the fifth anniversary of the closing of the Stock Sale or such time thereafter when we may undergo a change of control, other than the Stock Sale, we will agree not to:

directly or indirectly participate or engage in the Government Solutions Business or acquire, own, invest or provide credit or other financial accommodation (other than to our customers in the ordinary course of business) to any person (other than Jacobs or TTGSI) that engages in the Government Solutions Business anywhere in the United States;

directly or indirectly solicit employees or customers of TTGSI or the Government Solutions Business or otherwise interfere in the relationship between TTGSI and such employees or customers for the purpose of inducing any employee to leave the employ of TTGSI or inducing any customer to cease doing business in whole or in part with TTGSI;

hire any employee formerly employed in the Government Solutions Business within six months after the termination of such employee's employment; and

interfere with any relationship between TTGSI and any of its suppliers.

The non-compete agreement further provides that, subject to customary exceptions, we may not disclose after the closing any confidential information relating to the Government Solutions Business or TTGSI other than to representatives of Jacobs.

Transition Services Agreement. At or prior to the closing of the Stock Sale, we will execute a Transition Services Agreement with Jacobs Technology. Under the Transition Services Agreement, we will provide certain transition services to Jacobs Technology for no additional consideration.

Other Actions and Agreements. The parties have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable law to consummate the Stock Sale. We have also agreed, among other things, to:

have each officer or member of the board of directors of TTGSI who is also an employee or officer of TechTeam resign as of the closing date, except as otherwise requested by Jacobs;

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cause the release of all liens on the shares of TTGSI capital stock and on the assets of TTGSI pursuant to any of our or our affiliates' indebtedness;

have TTGSI take any actions necessary to terminate TTGSI's 401(k) plan;

guarantee the collectability within 18 months of the closing date of all accounts receivable of TTGSI, both billed and unbilled, that are included in the closing net tangible book value of TTGSI, as finally determined (net of certain allowances and deductions); and

pay up to \$235,000 towards the procurement by Jacobs of professional liability tail insurance and extended reporting period/run-off coverage for employment practices liability insurance, directors' and officers' liability insurance and fiduciary liability insurance.

Except as otherwise provided in the Stock Purchase Agreement, Jacobs has agreed that it intends to cause TTGSI to initially retain all employees that were employed by TTGSI as of the closing date, including David A. Kriegman, TTGSI's President and Chief Executive Officer. The parties also agreed to a cross license with respect to certain know-how of TTGSI and the Commercial Business for certain limited purposes.

Conditions to Completion of the Stock Sale (page 2)

The parties' obligations to complete the Stock Sale are subject to the satisfaction or waiver of specified closing conditions, which include, for example:

the absence of any applicable law in effect which would restrain, enjoin, prohibit or make illegal the consummation of the Stock Sale;

the absence of any pending or threatened proceeding (other than one brought or threatened by Jacobs or its affiliates) which challenges or seeks to restrain, enjoin or prohibit the Stock Sale;

the approval by our stockholders of the Stock Sale Proposal;

each of our representations and warranties contained in the Stock Purchase Agreement being true and correct in all material respects when made and as of the closing date; and

neither TechTeam nor Jacobs becoming aware of any organizational conflict of interest, as defined under the Federal Acquisition Regulations, or similar impact on TTGSI or Jacobs, that would result from the consummation of the Stock Sale.

In addition, the obligations of Jacobs Technology to complete the Stock Sale are subject to our satisfaction (or Jacobs Technology's waiver) of specified conditions, including the following:

making our closing deliveries, and otherwise performing and complying in all material respects with all of our other covenants and obligations under the Stock Purchase Agreement;

receiving all consents and governmental approvals to the transaction required to be obtained under the Stock Purchase Agreement;

no material adverse effect having occurred with respect to the Government Solutions Business, us or Jacobs;

the absence of any pending or threatened proceedings which could reasonably be expected to have a material adverse effect on us or the Government Solutions Business or could reasonably be expected to materially and adversely affect the Government Solutions Business, TTGSI or Jacobs;

the payment, satisfaction or discharge of all non-permitted liens on the assets and properties of TTGSI;

TTGSI not entering into teaming agreements or similar contracts or government bids which

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Jacobs reasonably believes would materially and adversely affect Jacobs, its affiliates or TTGSI following the consummation of the Stock Sale; and

retaining the employment of certain TTGSI employees identified in the schedules to the Stock Purchase Agreement.

Furthermore, our obligations to complete the Stock Sale are subject to the satisfaction by Jacobs (or our waiver) of specified conditions, including the following:

each of Jacobs' representations and warranties contained in the Stock Purchase Agreement being true and correct as of the closing date, except for breaches or inaccuracies that would not, individually or in the aggregate, have a material adverse effect with respect to Jacobs;

Jacobs making all of its closing deliveries and performing and complying in all material respects with each of its other covenants and obligations under the Stock Purchase Agreement; and

no material adverse effect having occurred with respect to Jacobs, us or the Government Solutions Business.

Subsequent to the signing of the Stock Purchase Agreement, two employees of TTGSI, who were included in the schedules to the Stock Purchase Agreement as being among those employees of TTGSI who needed to remain with TTGSI following the closing of the Stock Sale, notified us that they were resigning from TTGSI to pursue other opportunities. Accordingly, at least one of the conditions to the obligations of Jacobs Technology to complete the Stock Sale will not be satisfied at the closing and, in the absence of Jacobs Technology executing a waiver of this condition as it relates to these resignations, Jacobs Technology has both the right not to consummate the Stock Sale and the right, at any time, to terminate the Stock Purchase Agreement. As of the date of this Proxy Statement, while we have requested such a waiver from Jacobs Technology, no such waiver has been granted and no assurances can be given as to whether Jacobs Technology will ultimately agree to waive this condition.

Indemnification; Survival of Indemnification Obligations (page 2)

After the closing of the Stock Sale, we have agreed to indemnify and hold Jacobs, its affiliates, and each of their respective officers, directors, stockholders, employees and agents, harmless from losses or claims arising out of, among other things:

any breach of a representation or warranty in the Stock Purchase Agreement by us;

any breach or non-fulfillment by us of any covenant or undertaking contained in the Stock Purchase Agreement or any ancillary document;

any third party claim arising out of, connected with or related to any act, error, omission or conduct of the Government Solutions Business prior to the closing of the Stock Sale except as included in the closing date balance sheet;

any claim arising out of, connected with or related to TTGSI violating or not complying with the provisions of any applicable law prior to the closing;

any liability for any taxes owed by TTGSI for periods prior to the closing;

any failure by Jacobs to collect any accounts receivable of TTGSI for which TechTeam has guaranteed collectability under the Stock Purchase Agreement; and

any claim arising out of, connected with, incident or relating to our annual incentive plan or TTGSI's government incentive plan.

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Subject to certain exceptions set forth in the Stock Purchase Agreement, our indemnity obligations have certain limitations, including:

a \$25,000 individual claim threshold;

a \$250,000 aggregate claims threshold;

a maximum liability of \$14,750,000 for certain claims for indemnification for the first 24 months after the closing date and \$9,833,333 for the period beginning on the first day of the 25th month and ending on the last day of the 36th month after the closing (less the amount of claims in excess of \$4,916,667 applied against the foregoing cap within the first 24 months after the closing); and

a maximum liability for all indemnification claims equal to the purchase price, as adjusted pursuant to the Stock Purchase Agreement; and

that our indemnification obligations are Jacobs' sole remedy for any claims relating to breaches of representations, warranties, covenants and undertakings contained in the Stock Purchase Agreement.

Also, Jacobs has agreed to indemnify us for losses arising out of, among other things, any breach of any representation or warranty of Jacobs in the Stock Purchase Agreement, any breach or non-fulfillment of any covenant or undertaking of Jacobs in the Stock Purchase Agreement or in any related agreement, and the operation of TTGSI after the closing date.

Termination of the Stock Purchase Agreement; Termination Fee and Reimbursement of Expenses (page 2)

We and Jacobs may by mutual written consent terminate the Stock Purchase Agreement at any time prior to the closing date of the Stock Sale. In addition, upon providing written notice, the Stock Purchase Agreement may be terminated:

by us or Jacobs, if the Stock Sale has not been completed on or before October 1, 2010, unless the failure of the closing to have occurred by that date is attributable to a failure by such party to act as required under the Stock Purchase Agreement;

by us or Jacobs, if a governmental authority has permanently restrained, enjoined or prohibited the Stock Sale and such order was not primarily due to a failure by such party to act as required under the Stock Purchase Agreement;

by us or Jacobs, if any closing condition cannot be satisfied, which was not due to such party's failure to do so;

by Jacobs, if a material adverse effect has occurred with respect to the Government Solutions Business or any event or circumstance has occurred which could reasonably be expected to have a material adverse effect with respect to the Government Solutions Business or TechTeam;

by us, if a material adverse effect has occurred with respect to Jacobs, TechTeam or the Government Solutions Business or any event or circumstance has occurred which could reasonably be expected to have a material adverse effect with respect to Jacobs, TechTeam or the Government Solutions Business;

by Jacobs, in the event:

of certain breaches of our representations, warranties or covenants such that the closing condition with respect thereto would not be satisfied;

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that TTGSI enters into certain types of contracts that impermissibly restrict TTGSI's ability to compete, and which Jacobs reasonably believes would materially and adversely affect it or TTGSI after the closing; or

that any proceeding is initiated, threatened or pending which could reasonably be expected to materially and adversely affect the Government Solutions Business, TTGSI or Jacobs (including, without limitation, any such proceeding relating to any alleged violation of, or non compliance with, any applicable law or any allegation of fraud or intentional misrepresentation); or

by us, in the event of:

certain breaches of Jacobs' representations, warranties or covenants such that the closing condition with respect thereto would not be satisfied; and

any of our representations and warranties becoming inaccurate after June 3, 2010 such that the closing condition with respect thereto would not be satisfied.

Moreover, the Stock Purchase Agreement may be terminated by us or Jacobs, upon providing written notice, if we hold the Special Meeting and our stockholders vote on the Stock Sale Proposal but do not approve it. However, under such circumstances we would be required to pay Jacobs up to \$750,000 of all reasonable documented out-of-pocket fees and expenses that have been paid or that may become payable by Jacobs or on its behalf in connection with the preparation and negotiation of the Stock Purchase Agreement and in connection with the Stock Sale.

The Stock Purchase Agreement may also be terminated under the following circumstances, subject to us paying Jacobs a termination fee of \$2,360,000, in addition to the reimbursement of Jacobs' expenses as described above:

by us, subject to certain conditions set forth in the Stock Purchase Agreement, immediately prior to entering into a definitive agreement with respect to a superior proposal;

by Jacobs if any of the following triggering events have occurred:

our Board fails to recommend that our stockholders vote to approve the Stock Sale Proposal;

our Board withdraws or modifies its recommendation as to the Stock Sale Proposal in a manner adverse to Jacobs;

our Board or any of our directors takes any other action that is or becomes disclosed publicly or to a third party and which can reasonably be interpreted to indicate that our Board or the director does not support the Stock Sale or that the Stock Sale is not in the best interests of our stockholders;

we fail to hold the Special Meeting in accordance with the Stock Purchase Agreement;

our Board fails to reaffirm, unanimously and without qualification, its recommendation as to the Stock Sale Proposal when requested by Jacobs;

our Board has approved, endorsed or recommended a competing transaction proposal;

we, TTGSI or any of our or its representatives fail to comply with our or its obligations regarding competing transaction proposals;

a tender or exchange offer relating to our securities has been commenced, which tender or exchange offer contemplates that TTGSI or the Government Solutions Business shall remain with us or be sold to another person other than Jacobs as a part thereof, and we have not have sent to our stockholders, within ten business days after the commencement

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of such tender or exchange offer, a statement disclosing that our Board recommends rejection of such tender or exchange offer;

we have entered into a letter of intent, memorandum of understanding, term sheet, agreement in principle, merger agreement, asset or stock purchase agreement, option agreement, share exchange agreement, or other similar agreement related to any competing transaction proposal or our Board resolves or agrees to take any such action;

a competing transaction proposal is publicly announced, and we fail to issue a press release announcing our opposition to such competing transaction proposal within five business days after such proposal is announced; or

by us as a result of any of our representations and warranties becoming inaccurate as of a date subsequent to June 3, 2010 (as if made on such subsequent date) such that the closing condition with respect thereto would not be satisfied, and we enter into a definitive agreement with respect to a superior proposal on or before October 1, 2010;

by us, if a material adverse effect has occurred with respect to us or the Government Solutions Business, or if any event or circumstance has occurred which could reasonably be expected to have a material adverse effect with respect to us or the Government Solutions Business, and we enter into a definitive agreement with respect to a Superior Proposal on or before October 1, 2010; or

if the closing of the Stock Sale does not occur on or before October 1, 2010 for any reason, in each case concurrently with or following the occurrence of a change of control of TechTeam (as defined in the Stock Purchase Agreement), except in cases where the Stock Purchase Agreement is terminated or the closing of the Stock Sale does not occur as a result of a failure on the part of Jacobs to perform a material obligation to be performed by Jacobs at or prior to the closing of the Stock Sale.

Subsequent to the signing of the Stock Purchase Agreement, two employees of TTGSI, who were included in the schedules to the Stock Purchase Agreement as being among those employees of TTGSI who needed to remain with TTGSI following the closing of the Stock Sale, notified us that they were resigning from TTGSI to pursue other opportunities. Accordingly, at least one of the conditions to the obligations of Jacobs Technology to complete the Stock Sale will not be satisfied at the Closing and, in the absence of Jacobs Technology executing a waiver of this condition as it relates to these resignations, Jacobs Technology has both the right not to consummate the Stock Sale and the right, at any time, to terminate the Stock Purchase Agreement. As of the date of this Proxy Statement, while we have requested such a waiver from Jacobs Technology, no such waiver has been granted and no assurances can be given as to whether Jacobs Technology will ultimately agree to waive this condition.

Material U.S. Federal Income Tax Consequences (page)

The sale of the stock of TechTeam Government Solutions, Inc. to Jacobs Technology will be a taxable transaction for us. We will realize gain or loss measured by the difference between the proceeds received by us on such sale and our tax basis in such stock. For purposes of calculating gain, the proceeds received by us will include the cash and any other consideration we receive in the transaction.

The sale of the stock of TechTeam Government Solutions, Inc. will not result in any direct U.S. federal income tax consequences to our stockholders. For a more detailed explanation of the U.S. federal income tax consequences of the sale, see Material U.S. Federal Income Tax Consequences.

Tax matters are complex, and the tax consequences of the Stock Sale and their effect on you will depend on the facts of your particular situation. You are urged to consult with your own tax advisor with respect to your own individual tax consequences.

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Regulatory Matters (page _)

Under the Federal Acquisition Regulations, there may be issues related to the change in ownership of a contractor that appropriately should be addressed in a formal agreement between the contractor and the U.S. government, such as when a contractor asks the U.S. government to recognize a successor in interest. Under those circumstances, additional notifications and U.S. government consents would be necessary.

TTGSI maintains a Top Secret facility clearance that permits it to maintain personnel security clearances needed to perform contracts requiring personnel to access classified information or facilities. TTGSI is required to report to the U.S. Department of Defense's Defense Security Service any change of ownership, including stock transfers that affect control of TTGSI. TTGSI must also disclose any change to the information previously submitted for key management personnel including, as appropriate, the names of the individuals it is replacing.

Security Ownership of Certain Beneficial Owners and Management (page _)

As of July 1, 2010, our directors and executive officers beneficially owned 3,119,915 shares of Common Stock representing approximately 27.9% of the outstanding Common Stock. We believe that each of our directors and executive officers will vote **FOR** the approval of the Stock Sale Proposal and **FOR** approval of the Adjournment Proposal.

Voting Agreements (page _)

In order to induce Jacobs to enter into the Stock Purchase Agreement, Costa Brava Partnership III L.P. and Emancipation Capital, LLC, which beneficially own in the aggregate approximately 18.3% of our outstanding Common Stock, have entered into separate voting agreements with Jacobs. Under these voting agreements, each of these stockholders has agreed to, among other things, vote our Common Stock held by them **FOR** the Stock Sale Proposal. They have also agreed to vote their shares against the approval of a competing transaction proposal or any proposal made in opposition to or in competition with the Stock Sale, and against any actions intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Stock Sale. Costa Brava Partnership III L.P. is an affiliate of Seth W. Hamot, a member of our Board. Emancipation Capital, LLC is an affiliate of Charles Frumberg, a member of our Board. See The Stock Purchase Agreements Other Covenants and Agreements Voting Agreements.

Interests of Certain Persons in the Stock Sale (page _)

In considering the recommendation of our Board that you should vote **FOR** the approval of the Stock Sale Proposal, you should be aware that some of our directors and executive officers have personal interests in the Stock Sale that are, or may be, different from, or in addition to, your interests. These interests, to the extent material, are described in Proposal 1 Interests of Certain Persons in the Stock Sale. Our Board was aware of such interests and considered them, among other matters, in evaluating the Stock Purchase Agreement and the Stock Sale.

The following table summarizes the total quantifiable severance benefits and other amounts that would be payable to each executive officer in accordance with the terms of change of control agreements we have entered into with each executive officer. The table assumes that the termination of the executive officer's employment occurred effective as of July 1, 2010, the hypothetical consummation date of the Stock Sale. We have presented this table for illustrative purposes only as if the Stock Sale would constitute a change of control, a sale of all or substantially all of the assets or a sale of the majority of the assets with respect to TechTeam or TTGSI (or events of similar nature), as defined under

the applicable change of control agreement. However, our Board has not made any such specific determination or finding with respect to TechTeam and has not otherwise concluded that the Stock Sale would, if coupled with a termination of the executive officer's employment without cause or a termination of employment by the

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executive officer for good reason, constitute an event that would trigger a severance payment with respect to TechTeam under any of these agreements.

Executive Officer	Aggregate Amount That Could Be Received Under Applicable Change of Control Agreements
Kevin P. Burke	\$ 572,116
Gary J. Cotshott	610,365
Christopher E. Donohue	597,864
David A. Kriegman	619,247
Margaret M. Loebl	685,736
Armin Pressler	321,547
Michael A. Sosin	392,448

Furthermore, TTGSI has entered into a two-year employment agreement with Mr. Kriegman, at a base salary of \$300,000 per year, which will take effect upon the completion of the Stock Sale. Pursuant to this employment agreement, Mr. Kriegman would be entitled to receive a \$300,000 retention payment to be made by Jacobs after the closing, if he remains employed by TTGSI or Jacobs Technology, or one of their affiliates, for two years.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE STOCK SALE

The following questions and answers briefly address some commonly asked questions about the Special Meeting and the Stock Sale. These questions and answers may not address all questions that may be important to you as a stockholder. You should still carefully read this entire Proxy Statement, including each of the exhibits hereto.

This Proxy Statement is being furnished to the holders of our Common Stock in connection with our solicitation of proxies for use at the Special Meeting.

The Special Meeting

Why am I receiving these materials?

We sent you this Proxy Statement because you held shares of our Common Stock as of _____, 2010, the record date for the Special Meeting, and our Board is soliciting your proxy to vote at the Special Meeting. This Proxy Statement summarizes the information you need to vote at the Special Meeting. You do not need to attend the Special Meeting to vote your shares. This Proxy Statement and the accompanying proxy card are being made available to stockholders beginning on or about _____, 2010. Please read this entire Proxy Statement, including each of the exhibits to the Proxy Statement, as it contains important information you need to know to vote at the Special Meeting.

When and where will the Special Meeting be held?

The Special Meeting will be held at ____:00____.m., local time, on _____, _____, 2010, at _____, _____, _____.

What proposals will be voted on at the Special Meeting?

Our stockholders will be asked to:

adopt and approve the Stock Purchase Agreement and the consummation of the Stock Sale pursuant to the Stock Purchase Agreement (the Stock Sale Proposal);

approve one or more adjournments of the Special Meeting, if necessary, to facilitate the approval of the Stock Sale Proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Sale Proposal (the Adjournment Proposal); and

transact such other business as may properly come before the Special Meeting.

All holders of our Common Stock as of the close of business on _____, 2010, the record date for the Special Meeting, will be eligible to vote on all matters submitted to a vote of stockholders at the Special Meeting.

May I attend the Special Meeting?

All stockholders and properly appointed proxy holders may attend the Special Meeting. Stockholders who plan to attend the meeting must present valid photo identification. If you hold your shares through a broker, bank, fiduciary, agent, custodian or other nominee, you should also bring proof of your share ownership, such as a broker's statement

showing that you owned shares of Common Stock on the record date, or a legal proxy from the nominee. A properly completed, executed and dated legal proxy is also required if you hold your shares through a nominee and you plan to vote in person at the Special Meeting. Stockholders of record will be verified against an official list available at the Special Meeting. We reserve the right to deny admittance to anyone who cannot adequately show proof of ownership of our Common Stock as of the record date. No cameras, recording equipment, large bags, briefcases or packages will be permitted into the Special Meeting.

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What is a proxy?

A proxy is your legal designation of another person, called a proxy, to vote your shares on your behalf. By properly signing and returning the enclosed proxy or voting instruction card or by voting by the Internet or telephone, you are giving the persons who our Board of Directors has designated as the proxies the authority to vote your shares in the manner that you indicate on your proxy card. Our Board has designated Gary J. Cotshott and Margaret M. Loebel to serve as the proxies for the Special Meeting.

Who is entitled to vote at the Special Meeting?

Only stockholders of record, as shown on the transfer books of the Company, holding Common Stock at the close of business on the record date will be entitled to notice of, and to vote at, the Special Meeting. On the record date, there were [] shares of Common Stock outstanding. The Common Stock is the only outstanding class of capital stock of the Company with voting rights. A stockholder is entitled to cast one vote for each share of Common Stock held of record on the record date on all matters to be considered at the Special Meeting.

How does the Board recommend that I vote on the proposals?

Our Board unanimously recommends that you vote your shares:

 FOR the approval of the Stock Sale Proposal; and

 FOR the approval of the Adjournment Proposal.

All proxies that are properly signed and returned to the Company prior to the Special Meeting or timely voted by the Internet or telephone, and which have not been revoked, will, unless otherwise directed by the stockholder, be voted in accordance with the recommendations of our Board set forth in this Proxy Statement.

How many votes must be present to hold the Special Meeting?

A quorum is the number of shares of Common Stock that must be present, in-person or by proxy, in order for business to be transacted at the Special Meeting. The required quorum for the Special Meeting is a majority of the shares of Common Stock outstanding and entitled to vote at the Special Meeting. All stockholders present in person or represented by completed and signed proxy cards, Internet votes and telephone votes, whether representing a vote FOR, AGAINST, abstained, or a broker non-vote (if any), will be counted toward the presence of a quorum.

How do I vote my shares?

If your Common Stock is registered in your name, you are considered to be a record owner. All record owners may vote by the Internet, telephone, mail or in person at the Special Meeting, in accordance with the instructions provided in this Proxy Statement for voting by record owners. The deadline for stockholders of record to vote by telephone or electronically through the Internet is 11:59 p.m., Eastern Daylight Time, on _____, 2010.

If your shares are held in street name, you will need to instruct the nominee as to how to vote your shares. You should have received information from the nominee with this Proxy Statement as to how to transmit your voting instructions. Under applicable rules, a broker with respect to shares held in street name may not be permitted to cast votes on any of the proposals to be brought at the Special Meeting unless the broker has timely received your voting instructions.

Whether or not you plan to attend the Special Meeting, we urge you to vote promptly using one of the methods described above to ensure your vote is received and counted. If you vote by telephone or electronically through the Internet, you do not need to return your proxy or voting instruction card.

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How do I vote if I hold Common Stock in my TechTeam 401(k) account?

If you are a TechTeam employee who is a stockholder through TechTeam's Retirement Savings Plan (the Plan), you will receive a form of proxy with respect to all of your shares so registered. You have the right to direct the Trustee of the Plan how to vote the shares allocated to your account. If no instructions are given, your shares will not be voted.

If I give a proxy, how will my shares be voted?

Proxy cards received by us before the Special Meeting will be voted at the Special Meeting in accordance with the instructions contained on the proxy card. The proxy card provides a way for you to direct how your shares will be voted. If the Special Meeting is postponed, adjourned or rescheduled, a stockholder's proxy will remain valid and may be voted at the postponed, adjourned or rescheduled meeting. A stockholder still will be able to revoke the stockholder's proxy until it is voted.

What if I submit a signed proxy card but I do not specify how I want my shares voted?

If you submit a signed proxy card or vote by the Internet or telephone, but do not indicate how you want your shares voted, the persons named in the enclosed proxy will vote your shares of Common Stock **FOR** the approval of the Stock Sale Proposal and **FOR** the approval of the Adjournment Proposal in accordance with the recommendation of our Board.

If I own shares through a broker in street name, will my shares be voted if I do not provide instructions to my broker?

No. Generally, brokers will not have the authority to vote your shares with respect to the Stock Sale Proposal or the Adjournment Proposal without your instruction.

What vote is required to approve each proposal?

Our Board has not made any determination as to whether stockholder approval of the Stock Sale Proposal is required by applicable Delaware law, and such approval is not required by our Certificate of Incorporation, as amended, our Amended and Restated Bylaws or other governing documents. However, the parties to the Stock Purchase Agreement have agreed that, as a condition to the consummation of the Stock Sale, our stockholders must approve the Stock Sale Proposal to the same extent as if stockholder approval of the Stock Sale Proposal was required by applicable Delaware law.

Pursuant to the terms of the Stock Purchase Agreement, the approval of the Stock Sale Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote thereon at the Special Meeting. The approval of the Adjournment Proposal will require the affirmative vote of the holders of a majority of shares of the Common Stock present, in person or represented by proxy, at the Special Meeting and entitled to vote on the matter.

As of the date of this Proxy Statement, the beneficial owners of approximately 18.3% of the outstanding Common Stock have agreed to vote **FOR** the approval of the Stock Sale Proposal, subject to the terms and conditions of a Voting Agreement entered into between each such holder and Jacobs.

Under applicable Delaware law, in determining whether the proposals have received the requisite number of affirmative votes, abstentions on either of these proposals will be considered present at the Special Meeting and will have the same effect as a vote **AGAINST** these proposals. Broker non-votes (if any) will be considered present at the

Special Meeting. As to the approval of the Stock Sale Proposal, a broker non-vote will have the same effect as a vote AGAINST the proposal. As to the Adjournment Proposal, a broker non-vote will be disregarded and will have no effect on the outcome of the vote.

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Can I revoke my proxy or change my vote?

Yes, the proxy is revocable. After voting, you may change your vote one or more times by completing and returning a new proxy card to the Company, by delivering to our Corporate Secretary a written instrument revoking the proxy or by voting in person at the Special Meeting. If you are permitted to vote by the Internet or telephone, as described below, you may also change your vote electronically by the Internet or telephone by following the procedures used to submit your initial vote. The last vote received chronologically will supersede any prior votes. You may request a new proxy card from the Company's Corporate Secretary.

You may revoke a proxy before its exercise by filing a written notice of revocation with the Company's Corporate Secretary at 27335 West 11 Mile Road, Southfield, Michigan 48033 before the Special Meeting. If your shares are held in street name, the above-described options for revoking your proxy do not apply and instead you must follow the instructions of your nominee to revoke a previously given proxy.

What if other matters are presented for my consideration at the Special Meeting?

As of the date of this Proxy Statement, we know of no matters that will be presented for determination at the Special Meeting other than the Stock Sale Proposal and the Adjournment Proposal. If any other matters properly come before the Special Meeting calling for a vote of stockholders, proxies returned to us or voted by telephone or through the Internet will be voted in accordance with the recommendation of our Board or, in the absence of such recommendation, in the discretion of the proxy holders. The designated proxy holders are Gary J. Cotshott and Margaret M. Loebel.

What does it mean if I receive more than one proxy or voting instruction card?

If your shares are registered differently or you hold your shares in more than one account, you will receive a proxy or voting instruction card for each account. To ensure that all of your shares are voted, please use all the proxy and voting instruction cards you receive to vote your shares by the Internet or telephone and complete, sign, date and return a proxy or voting instruction card for each account.

Who will solicit proxies on behalf of the Board?

Proxies may be solicited on behalf of our Board, without additional compensation, by members of our Board, certain of our executive officers and certain other employees. The original solicitation of proxies by mail may be supplemented by telephone, fax, Internet and personal solicitation by our directors, officers or other regular employees. We may also solicit stockholders through press releases, advertisements in periodicals and postings on our website. Brokers, banks, fiduciaries, agents, custodians and other nominees have been requested to forward soliciting material to the beneficial owners of Common Stock held of record by them, and we will reimburse such persons for their reasonable expenses incurred in doing so.

We have retained The Altman Group to solicit proxies on our Board's behalf. We estimate that The Altman Group will receive fees of approximately \$9,500, plus reasonable out-of-pocket expenses incurred on our behalf, to assist in the solicitation of proxies. The Altman Group has advised the Company that approximately 15 of its employees will be involved in the solicitation of proxies by it on our behalf. In addition, The Altman Group and certain related persons will be held harmless and indemnified against certain liabilities arising out of or in connection with the engagement.

Who will bear the cost of the solicitation of proxies?

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this Proxy Statement and the proxy card and any additional soliciting materials furnished to stockholders, will be borne by the Company. If asked, we will reimburse brokers, nominees, fiduciaries and

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other custodians holding shares in their names for the reasonable expenses they incur in forwarding solicitation materials to beneficial owners.

Do the stockholders have any appraisal or dissenters' rights with regard to the Stock Sale Proposal?

No. Under Delaware law, stockholders are not any entitled to appraisal or dissenters' rights with respect to either the Stock Sale Proposal.

What happens if the Special Meeting is adjourned?

If it is necessary to adjourn the Special Meeting to a later date or time, no notice of the adjourned meeting is required to be given to stockholders, other than an announcement at the Special Meeting of the time and place to which the Special Meeting is adjourned, so long as the meeting is adjourned for 30 days or less and no new record date is fixed for the adjourned meeting. Unless the polls have closed, your proxy will still be in effect and may be voted at any reconvened Special Meeting. You will still be able to change or revoke your proxy with respect to any item until the polls have closed for voting on such item.

How can I access this Proxy Statement and the related materials electronically?

You can access a copy of this Proxy Statement and the related materials through our web site, at <http://www.techteam.com/investors>, or through the SEC's web site, at <http://www.sec.gov>.

Unless expressly indicated otherwise, information contained on our website is not part of this Proxy Statement. In addition, none of the information on the other websites listed in this Proxy Statement is part of this Proxy Statement. These website addresses are intended to be inactive textual references only.

How can I obtain additional copies of these materials?

Stockholders who wish to receive, free of charge, a separate written copy of this Proxy Statement should submit a written request to TechTeam Global, Inc., Attention: Investor Relations, 27335 West 11 Mile Road, Southfield, Michigan 48033; by calling (248) 357-2866; or by visiting our Web site at <http://www.techteam.com/investors>. Please note that you may incur long-distance telephone charges in placing a telephonic request.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These reports, statements and other information are available to the public on the Internet at the SEC's website at <http://www.sec.gov> or at its Public Reference Room, located at 100 F Street, N.E., Washington, D.C. 20549. The Company's filings with the SEC are also available free of charge at <http://www.techteam.com/investors>.

Stockholders may also obtain separate written copies of this Proxy Statement, free of charge, by contacting The Altman Group, the firm assisting us in the solicitation of proxies, toll-free at (877) 283-0320. Banks and brokerage firms can call collect at (201) 806-7300.

The Stock Sale

What is the proposed transaction?

If our stockholders approve the Stock Sale Proposal and the other conditions to the closing of the Stock Sale are satisfied or waived, Jacobs will purchase from us all of the outstanding shares of capital stock of TTGSI for a net purchase price of \$59,000,000, consisting of a base cash payment of \$41,479,706 to be received at closing, plus a cash

payment of \$17,520,294 to be placed into escrow, each subject to such additions, subtractions and other adjustments provided for by, and the other terms and provisions set forth in, the Stock Purchase Agreement and the Escrow Agreement.

Of this amount deposited into escrow, \$14,750,000 will be held in escrow to secure the payment by us to Jacobs of any indemnification claims that may be made by Jacobs during the 36-month period after the closing date, subject to the limitations and exclusions contained in the Stock Purchase Agreement. In

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addition, \$2,770,294 will be placed in escrow to secure the payment by us to Jacobs of any post-closing net tangible book value adjustment that results in a reduction in the purchase price. All amounts deposited into escrow shall be held, invested and distributed only as provided in the Escrow Agreement.

Why are we asking for a stockholder vote?

Our Board has not made any determination as to whether stockholder approval of the Stock Sale Proposal is required by applicable Delaware law, and such approval is not required by our Certificate of Incorporation, as amended, our Amended and Restated Bylaws, or other governing documents. However, the parties to the Stock Purchase Agreement have agreed that, as a condition to the consummation of the Stock Sale, the Stock Sale Proposal must be approved by our stockholders.

What is the purpose of the Stock Sale?

The purpose of the Stock Sale is to separate the Government Solutions Business from the Commercial Business, realize the maximum value of the Government Solutions Business and thereby enable us to focus our resources on the Commercial Business. The Stock Sale, if approved by our stockholders and consummated, would result in the Government Solutions Business being sold to Jacobs Technology.

What are the estimated net cash proceeds from the Stock Sale?

Jacobs Technology will purchase from us all of the outstanding shares of capital stock of TTGSI for a net purchase price of \$59,000,000, consisting of a base cash payment of \$41,479,706 to be received at closing, plus a cash payment of \$17,520,294 to be placed into escrow, each subject to such additions, subtractions and other adjustments provided for by, and the other terms and provisions set forth in, the Stock Purchase Agreement and the Escrow Agreement. Of this amount deposited into escrow, \$14,750,000 will be held in escrow to secure any indemnification claims that may be made by Jacobs during the 36-month period after the closing date, subject to the limitations and exclusions contained in the Stock Purchase Agreement. Moreover, \$2,770,294 will be held in escrow to secure any post-closing net tangible book value adjustment to the purchase price. Consequently, we estimate that the net proceeds to be received by us from the Stock Sale at closing will be approximately \$38.6 million, after deducting the amounts to be paid into escrow and estimated fees and expenses payable by us related to of the Stock Sale. Costs and expenses directly attributable to the Stock Sale are estimated to be approximately \$3.9 million. The actual amount of net cash proceeds from the Stock Sale will vary from this estimate. See Proposal 1 Use of Proceeds of the Stock Sale.

How does the Company plan to use the net cash proceeds from the Stock Sale?

We intend to use the net proceeds from the Stock Sale for, among other things, to pay off our current outstanding indebtedness under our existing credit facility of approximately \$12.7 million. Further, the remaining net proceeds of the Stock Sale will be used for working capital, general corporate purposes and to selectively invest in the growth of our Commercial Business. While we may use some of the net proceeds received by us from the Stock Sale to pursue strategic business acquisitions related to the growth of our Commercial Business, no specific acquisition targets have been identified at this time. See Proposal 1 Post-Closing Strategies.

Will any of the net proceeds from the Stock Sale be distributed to me as a stockholder?

No. Currently, we do not intend to distribute any portion of the net cash proceeds received by us from the Stock Sale to our stockholders.

What will happen if the Stock Sale Proposal is approved?

If our stockholders approve the Stock Sale Proposal, we anticipate that we will consummate the Stock Sale promptly following the Special Meeting and the satisfaction or waiver of all other conditions to the Stock Sale set forth in the Stock Purchase Agreement.

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What will happen if the Stock Sale Proposal is not approved?

If our stockholders do not approve the Stock Sale Proposal, we will not be able to satisfy one of the conditions to Jacobs' obligation to consummate the Stock Sale. Additionally, failure to obtain such stockholder approval could result in a termination of the Stock Purchase Agreement, which would require us to reimburse Jacobs for up to \$750,000 of reasonable and documented out-of-pocket fees and expenses paid or payable by Jacobs in connection with the Stock Purchase Agreement and the Stock Sale.

There are also serious risks and uncertainties to both the Government Solutions Business and the Commercial Business if the Stock Sale Proposal is not approved by our stockholders and the Stock Sale is therefore not consummated. See Proposal 1 Effects of the Stock Sale and of Not Consummating the Stock Sale.

What are the material U.S. federal income tax consequences of the Stock Sale?

The sale of the stock of TechTeam Government Solutions, Inc. to Jacobs Technology will be a taxable transaction for us. We will realize gain or loss measured by the difference between the proceeds received by us on such sale and our tax basis in such stock. For purposes of calculating gain, the proceeds received by us will include the cash and any other consideration we receive in the transaction.

The sale of the stock of TechTeam Government Solutions, Inc. will not result in any direct federal income tax consequences to our stockholders. For a more detailed explanation of the U.S. federal income tax consequences of the sale, see Proposal 1 Material U.S. Federal Income Tax Consequences.

Will I retain my stock certificates?

Yes. The Stock Sale does not affect any of your rights as a stockholder of the Company, and you are not being asked to tender or submit your stock certificates to us as part of the Stock Sale. As of the closing of the Stock Sale, the Common Stock will continue to remain quoted on the NASDAQ Global Market under the ticker symbol TEAM and TechTeam will continue to be required to file annual, quarterly and current reports with the SEC.

Who can help answer additional questions?

If you have additional questions about the Special Meeting or the Stock Sale or require assistance in submitting your proxy, you should contact us, as follows:

TechTeam Global, Inc.
Attention: Investor Relations
27335 West 11 Mile Road
Southfield, Michigan 48033
Telephone: (248) 357-2866

or

The Altman Group, Inc.
1200 Wall Street West
Lyndhurst, New Jersey 07071

Stockholders Call Toll-Free: (877) 283-0320
Banks and Brokerage Firms Call Collect: (201) 806-7300

Your vote is important, regardless of how many or how few shares you own. Whether or not you plan to attend the Special Meeting, please complete, sign and date the enclosed proxy or voting instruction card and return it in the enclosed postage-paid envelope today or vote by the Internet or telephone.

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THE SPECIAL MEETING

Date, Time and Place of the Special Meeting

The Special Meeting will be held at _____, _____, _____, _____, , at ___:00 ___ (local time) on _____, _____, 2010. The approximate date of which this Proxy Statement and the enclosed proxy card will first be sent to stockholders of record is _____, _ 2010.

Purpose of the Special Meeting

At the Special Meeting, we will ask our stockholders to consider and approve the Stock Sale Proposal. You will also be asked to approve a proposal to adjourn the Special Meeting from time to time, if necessary, to facilitate the approval of the Stock Sale Proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Sale Proposal.

After careful consideration, our Board has unanimously determined that the Stock Sale is expedient and in the best interests of TechTeam and our stockholders and has unanimously approved the Stock Purchase Agreement and the Stock Sale. Our Board unanimously recommends that you vote **FOR** the approval of the Stock Sale Proposal and **FOR** the approval of the Adjournment Proposal.

You are urged to review carefully the information contained in the enclosed Proxy Statement prior to deciding how to vote your shares at the Special Meeting.

Record Date, Voting and Quorum

Only stockholders of record, as shown on the transfer books of the Company, holding Common Stock as of the close of business on _____, 2010 will be entitled to receive notice of and to vote at the Special Meeting. On the record date, there were _____ shares of outstanding Common Stock entitled to vote. Each holder of record of Common Stock on the record date is entitled to cast one vote per share.

There must be a quorum present for the Special Meeting to be held. The required quorum for the Special Meeting is a majority of the shares of Common Stock outstanding and entitled to vote at the Special Meeting. All stockholders present in person or represented by completed and signed proxy cards, Internet votes and telephone votes, whether representing a vote **FOR**, **AGAINST**, abstained or a broker non-vote, will be counted toward the presence of a quorum. Once a share is represented for any purpose at the Special Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment, postponement, continuation or rescheduling of the Special Meeting, unless a new record date is set).

Attendance at the Special Meeting

All stockholders and properly appointed proxy holders may attend the Special Meeting. Stockholders who plan to attend the meeting must present valid photo identification. If you hold your shares in street name through a broker, bank, fiduciary, agent, custodian or other nominee, please also bring proof of your share ownership, such as a broker's statement showing that you owned shares of the Company on the record date, or a legal proxy from your or nominee. A legal proxy will also be required if you hold your shares through a nominee and you plan to vote in person at the Special Meeting. Stockholders of record will be verified against an official list available at the Special Meeting. The Company reserves the right to deny admittance to anyone who cannot adequately show proof of share ownership as of

the record date. No cameras, recording equipment, large bags, briefcases or packages will be permitted into the Special Meeting.

Required Vote

Our Board has not made any determination as to whether stockholder approval of the Stock Sale Proposal is required by applicable Delaware law, and such approval is not required by our Certificate of

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Incorporation, as amended, our Amended and Restated Bylaws or other governing documents. However, the parties to the Stock Purchase Agreement have agreed that, as a condition to the consummation of the Stock Sale, our stockholders must approve the Stock Sale Proposal to the same extent as if stockholder approval of the Stock Sale Proposal was required by applicable Delaware law.

Pursuant to the terms of the Stock Purchase Agreement, the approval of the Stock Sale Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote thereon. The approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of shares of the Common Stock present, in person or represented by proxy, at the Special Meeting and entitled to vote thereon.

Under applicable Delaware law, in determining whether the proposals have received the requisite number of affirmative votes, abstentions on either of these proposals will be considered present at the Special Meeting and will have the same effect as a vote **AGAINST** these proposals. Broker non-votes (if any) will be considered present at the Special Meeting. As to the approval of the Stock Sale Proposal, a broker non-vote will have the same effect as a vote **AGAINST** this proposal. As to the approval of the Adjournment Proposal, a broker non-vote will be disregarded and will have no effect on the outcome of the vote.

Voting

As described in more detail below, stockholders may vote their shares of Common Stock:

through the Internet at http://www.____ and following the instructions printed on their proxy or voting instruction card;

by using the telephone number printed on their proxy or voting instruction card;

by completing, signing and dating the enclosed proxy or voting instruction card, and returning it in the enclosed postage-prepaid envelope; or

by attending the Special Meeting and voting their shares in person.

Set forth below is a summary of the voting methods which stockholders of record may utilize to submit their votes by proxy:

Voting by the Internet or Telephone. If you are a registered stockholder (that is, if your stock is registered in your name), you may vote by the Internet or telephone by following the instructions included with your proxy or voting instruction card. If your shares are held in street name, please check your voting instruction card, or contact your broker, bank, fiduciary, agent, custodian or other nominee to determine whether you will be able to vote by the Internet or telephone. You are encouraged to vote by the Internet or telephone. The procedures for each of these voting methods are set forth below.

Vote by the Internet. Use the Internet to vote your shares 24 hours a day, 7 days a week. Have your proxy card in hand when you access our Internet voting web site at http://www.____. You will be prompted to enter your control number, which is located on your proxy card, and then follow the directions given to vote your shares. If you received a voting instruction card, follow the instructions, if any, provided to vote your shares through the Internet.

Vote by Telephone. Use any touch-tone telephone to vote your shares 24 hours a day, 7 days a week. Have your proxy card in hand when you call. You will be prompted to enter your control number which is located on your proxy card and then follow the directions given. If you received a voting instruction card, follow the instructions, if any, provided

to vote your shares through by telephone.

Please note that although there is no charge to you for voting by telephone or through the Internet, there may be costs associated with Internet or telephonic access, such as usage charges of Internet service providers and telephone companies. We do not cover these costs; they are solely your

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responsibility. Please note, the telephone and Internet voting procedures available to you are valid forms of granting proxies under the General Corporation Law of the State of Delaware.

Voting by Mail. To vote by mail, please complete, sign, date and return as soon as possible the enclosed proxy or voting instruction card. An envelope with postage paid, if mailed in the United States, is provided for this purpose. Properly executed proxies that are received in time and not subsequently revoked will be voted as instructed on the proxies. If you vote by the Internet or by telephone as described above, you need not also mail a proxy to the Company.

Voting at the Special Meeting. You may vote in person by ballot at the Special Meeting. If you want to vote by ballot, and you hold your shares in street name, you must first obtain a legal proxy from your broker, bank, fiduciary, agent, custodian or other nominee and bring it to the Special Meeting. Follow the instructions from your broker, bank, fiduciary, agent, custodian or other nominee included with these proxy materials, or contact your broker, bank, fiduciary, agent, custodian or other nominee to request a legal proxy.

Sending in a signed proxy or voting by the Internet or telephone will not affect your right to attend the Special Meeting and vote in person since the proxy is revocable. If you vote in person at the Special Meeting, you will revoke any prior proxy you may have submitted.

Proxies

Our Board is asking for your proxy. A proxy is your legal designation of another person, called a proxy, to vote your shares on your behalf. Giving our Board your proxy means you authorize it to vote your shares at the Special Meeting in the manner you direct. You may vote **FOR** or **AGAINST** each of the proposals or abstain from voting. All valid proxies received prior to the Special Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted **FOR** the approval of the Stock Sale Proposal and **FOR** the approval of the Adjournment Proposal and as the proxy holders may determine in their discretion with respect to any other matters that may properly come before the Special Meeting.

Stockholders who hold their shares in street name must either direct the record holder of their shares to vote their shares or obtain a proxy from the record holder to vote their shares at the Special Meeting.

Stockholders who have questions about the Special Meeting or the Stock Sale or need assistance in completing or submitting proxy cards should contact TechTeam Global, Inc., Attention: Investor Relations, 27335 West 11 Mile Road, Southfield, Michigan 48033, or by calling us at (248) 357-2866; or The Altman Group, Inc., the firm assisting us in the solicitation of proxies, 1200 Wall Street West, Lyndhurst, New Jersey 07071, toll-free at (877) 283-0320. Banks and brokerage firms can call The Altman Group collect at (201) 806-7300.

Revocability of Proxies

A stockholder giving a proxy has the power to revoke his or her proxy, at any time prior to the time it is voted, by:

filing a written notice of revocation with the Company's Corporate Secretary at 27335 West 11 Mile Road, Southfield, Michigan 48033, before the Special Meeting;

submitting another properly completed proxy with a later date; or

attending the Special Meeting and voting in person.

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Simply attending the Special Meeting will not constitute revocation of your proxy. If your shares are held in street name, the above-described options for revoking your proxy do not apply and you must instead follow the instructions of your broker, bank, fiduciary, agent, custodian or other nominee to revoke a previously given proxy.

The form of proxy accompanying this Proxy Statement confers discretionary authority upon the named proxy holders with respect to any other matters which may properly come before the Special Meeting. As of the date of this Proxy Statement, management knows of no such matters expected to come before the Special Meeting which are not referred to in the accompanying Notice of Special Meeting.

Solicitation of Proxies; Expenses of Solicitation

Proxies may be solicited on behalf of our Board, without additional compensation, by the members of our Board, certain executive officers and employees. The original solicitation of proxies by mail may be supplemented by telephone, fax, Internet and personal solicitation by our directors, officers or other regular employees. We may also solicit stockholders through press releases, advertisements in periodicals and postings on our website. Brokers, banks, fiduciaries, agents, custodians or other nominees have been requested to forward soliciting material to the beneficial owners of Common Stock held of record by them, and we will reimburse such persons for their reasonable expenses incurred in doing so.

We have retained The Altman Group to solicit proxies on our Board's behalf. We estimate that The Altman Group will receive from the Company fees of approximately \$9,500, plus reasonable out-of-pocket expenses incurred on our behalf, to assist in the solicitation of proxies. The Altman Group has advised us that approximately 15 of its employees will be involved in the solicitation of proxies by The Altman Group on our behalf. In addition, The Altman Group and certain related persons will be held harmless and indemnified against certain liabilities arising out of or in connection with the engagement.

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this Proxy Statement and the proxy card and any additional soliciting materials furnished to stockholders, will be borne by the Company.

Proposal to Approve Adjournment of the Special Meeting

We are submitting the Adjournment Proposal for your consideration at the Special Meeting to authorize the named proxies to approve one or more adjournments of the Special Meeting, if necessary, to facilitate the approval of the Stock Sale Proposal, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Sale Proposal. For example, even though a quorum may be present at the Special Meeting, it is possible that we may not have received sufficient votes to approve the Stock Sale Proposal by the time of the Special Meeting. In that event, we would seek to obtain the approval of the stockholders to adjourn the Special Meeting in order to solicit additional proxies. The Adjournment Proposal relates only to one or more adjournments of the Special Meeting to facilitate the approval of the Stock Sale Proposal. Any other adjournment of the Special Meeting (e.g., an adjournment required because of the absence of a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy. We currently do not intend to propose to adjourn the Special Meeting if there are sufficient votes to approve the Stock Sale Proposal.

Our Board unanimously recommends that you vote **FOR** the approval of the Adjournment Proposal so that proxies may be used for that purpose, should it be necessary to facilitate the approval of the Stock Sale Proposal. Properly executed proxy cards will be voted **FOR** the approval of the Adjournment Proposal, unless otherwise noted on the proxy cards.

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If the Special Meeting is adjourned, we are not required to give notice of the time and place of the adjourned meeting unless the adjournment is for more than 30 days or a new record date is fixed for the adjourned meeting. If our Board fixes a new record date for stockholders entitled to vote at the adjourned meeting, it must fix a new record date for notice of such adjourned meeting. At the adjourned meeting, only such business shall be transacted as might have been transacted at the original meeting.

Other Business

We are not currently aware of any business to be acted upon at the Special Meeting other than the matters discussed in this Proxy Statement. If other matters do properly come before the Special Meeting, we intend that shares of our outstanding Common Stock represented by properly submitted proxy cards will be voted by and at the discretion of the persons named as proxies on the proxy card. In addition, the grant of a proxy will confer discretionary authority on the persons named as proxies on the proxy card to vote in accordance with their best judgment on procedural matters incident to the conduct of the Special Meeting.

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CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

In addition to historical information, this Proxy Statement, including the exhibits attached hereto, contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. The forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our business and industry, and our beliefs and assumptions. Words such as anticipate, believe, estimate, expect, intend, assume, may, seek to, will, would, should, could, guidance, project, forecast, confident, prospects, projections and plan, and variations of these words and similar expressions identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described under the headings Summary Term Sheet, Questions and Answers About the Special Meeting and the Stock Sale, Proposal 1 The Stock Purchase Agreement and the Stock Sale, The Stock Purchase Agreement, Material Considerations Relating to the Stock Sale Proposal, and elsewhere in this Proxy Statement. Factors, risks and uncertainties that may affect our ability to complete the Stock Sale and that could adversely affect our business, financial condition and operating results include, but are not limited to:

the failure to satisfy any of the conditions to completing the Stock Sale, including with respect to the retention of TTGSI's employees and the receipt of the required approval of our stockholders and other third parties;

the occurrence of any event, change or other circumstances, including, but not limited to, a material adverse effect on the Government Solutions Business, Jacobs or us, that could result in the Stock Sale not being consummated;

the restrictions and limitations on the conduct of the Government Solutions Business prior to the consummation of the Stock Sale, which may delay or prevent us from pursuing business opportunities or other actions that could benefit us or the Government Solutions Business pending completion of the Stock Sale;

restrictions on our Board's ability to solicit or engage in discussion or negotiations with, or provide information to, a third party regarding alternative transactions involving TTGSI;

the outcome of any legal proceedings instituted against us and others in connection with the proposed Stock Sale;

the failure of the Stock Sale to close for any other reason;

the termination fee and out-of-pocket expense reimbursements that we would be required to pay to Jacobs in the event of a termination of the Stock Purchase Agreement under certain circumstances;

uncertainty as to the amount of the net tangible book value adjustment to the purchase price for the acquisition of TTGSI, including our potential liability to Jacobs in the event of a net tangible book value adjustment that results in a reduction of this purchase price;

the amount of the costs, fees, expenses and charges relating to the Stock Sale;

uncertainties related to the amount of our future indemnification obligations and other liabilities under the Stock Purchase Agreement, including our inability to receive some or all of the portion of the purchase price that will be escrowed to secure our payment to Jacobs of such indemnification obligations, and that in certain cases the cap on our potential indemnification liability to Jacobs is equal to the full purchase price;

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uncertainties as to how the Stock Sale and the terms of the Stock Purchase Agreement, including the escrow and the indemnification provisions, may affect our ability to explore various strategic alternatives with respect to our Commercial Business;

our inability to recognize the anticipated benefits of the Stock Sale;

uncertainties related to our proposed strategy of separating the Government Solutions Business from the Commercial Business;

uncertainties regarding our Board's review of potential strategic alternatives for the Commercial Business, the timing of such review and the outcome of such review;

our inability to successfully operate the Commercial Business after the Stock Sale on a stand-alone basis;

the fact that the Stock Sale will leave us as a significantly smaller public company, with fewer revenue-producing assets and a less-diversified business;

uncertainties as to the amount, if any, of our cash that our stockholders may receive in the future;

the implementation of our strategic repositioning and market acceptance of our refocused strategy;

quarterly fluctuations in our financial results;

our ability to exploit fully the value of our technology outsourcing services;

delays in the implementation of our business strategy or the development of new service offerings;

changes in a customer's business or requirements thereof;

difficulties in providing service solutions for our customers;

the global economic recession and financial crisis;

the performance of our contracts by suppliers, customers and partners;

the difficulty of aligning expense levels with revenue changes;

complexities of global, national, regional and local political and economic developments; and

other risks that are described herein, including but not limited to the items discussed in "Material Considerations Relating to the Stock Sale Proposal" and "Item 1A Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the "2009 Form 10-K"), a copy of which is reproduced as *Exhibit F* to this Proxy Statement.

Unpredictable or unknown factors could also have material adverse effects on us. Forward-looking statements that were believed to be true at the time made may ultimately prove to be incorrect or false. All forward-looking statements included in this Proxy Statement, or in the documents to which we refer you in this Proxy Statement, are expressly qualified in their entirety by the foregoing cautionary statements. You should not place undue reliance upon our forward-looking statements. Our forward-looking statements are based on the information available to us as of the

date of this Proxy Statement, or, in the case of forward-looking statements included in any referenced documents, as of the date of the filing thereof. We undertake no obligation to update or revise, or to publicly release the results of, or any update or revision to, these forward-looking statements.

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SUMMARY SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following tables present selected historical consolidated financial information for us and TTGSI and our selected pro forma consolidated financial information giving effect to the consummation of the sale of the Government Solutions Business to Jacobs Technology pursuant to the Stock Sale, as more fully described below.

Our selected audited historical consolidated financial information as of December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 presented below was derived from our audited consolidated financial statements included in the 2009 Form 10-K, a copy of which is reproduced as *Exhibit F* to this Proxy Statement. Our selected audited historical consolidated balance sheet as of December 31, 2007 was derived from our audited consolidated balance sheet included in our Annual Report for the year ended December 31, 2008, as filed with the SEC on March 16, 2009 (the 2008 Form 10-K), a copy of which is not included in this Proxy Statement. Our selected unaudited historical consolidated financial information as of March 31, 2010 and for the three months ended March 31, 2010 and 2009 presented below was derived from our unaudited consolidated financial statements included in our Form 10-Q for the quarter ended March 31, 2010, which was filed with the SEC on May 10, 2010, a copy of which is reproduced as *Exhibit G* to this Proxy Statement (the March 31, 2010 Form 10-Q).

The selected unaudited historical consolidated financial information of TTGSI presented below as of and for each of the years ended December 31, 2009, 2008 and 2007, and as of and for the three months ended March 31, 2010 and 2009, was derived from the available financial information contained in the accounting records of TTGSI and its subsidiaries and is substantially representative of the financial results of the Government Solutions Business to be sold to Jacobs Technology in the Stock Sale as of such dates and for such periods.

The unaudited pro forma consolidated financial information was derived from our unaudited pro forma consolidated financial statements, a copy of which is reproduced as *Exhibit H* to this Proxy Statement, and the historical financial information provided herein. The unaudited pro forma consolidated statement of operations information presented below for the three months ended March 31, 2010, and for each of the years ended December 31, 2009, 2008 and 2007, assumes that the Stock Sale had occurred as of January 1, 2010, 2009, 2008 and 2007, respectively. The unaudited pro forma consolidated balance sheet information as of March 31, 2010 presented below was prepared to give effect to the consummation of the Stock Sale, as if it had occurred on that date.

The following selected historical and pro forma financial information should be read in conjunction with:

our audited historical consolidated financial statements as of December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 and the notes thereto contained in the 2009 Form 10-K, a copy of which is reproduced as *Exhibit F* to this Proxy Statement;

our audited historical consolidated balance sheet as of December 31, 2007 contained in the 2008 Form 10-K, a copy of which is not provided in this Proxy Statement;

our unaudited historical consolidated financial statements as of and for the three months ended March 31, 2010 and for the three months ended March 31, 2009, and the notes thereto contained in the March 31, 2010 Form 10-Q, a copy of which is reproduced as *Exhibit G* to this Proxy Statement;

our unaudited pro forma consolidated financial statements as of March 31, 2010 and for the three months ended March 31, 2010 and March 31, 2009, and for each of the years ended December 31, 2009, 2008 and 2007, and the adjustments provided therewith, which is included in *Exhibit H* to this Proxy Statement;

the unaudited historical consolidated financial statements of TTGSI as of March 31, 2010 and

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for the three months ended March 31, 2010 and 2009, and as of and for each of the years ended December 31, 2009, 2008 and 2007, and the notes thereto, a copy of which is included in *Exhibit I* to this Proxy Statement; and

Part II, Item 7 of the 2009 Form 10-K and Part I, Item 2 of the March 31, 2010 Form 10-Q entitled Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following selected financial information is being provided for information purposes only. It is not intended to represent or be indicative of the results of operations or financial position that would have been reported if TTGSI had been operated as a separate entity as of the respective dates presented and during the periods ended on such dates, or if the Stock Sale had been completed as of the dates presented. The following selected financial information may not be representative of the future financial position or results of operations of us or TTGSI.

Statement of Operations Information (Unaudited): (in thousands, except per share information)	For the Three Months Ended March 31, 2010			For the Three Months Ended March 31, 2009		
	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical
Revenue						
Commercial	\$ 32,854	\$ 32,854	\$ --	\$ 35,887	\$ 35,887	\$ --
Government Technology Services	15,156	--	15,156	20,218	--	20,218
Total revenue	\$ 48,010	\$ 32,854	\$ 15,156	\$ 56,105	\$ 35,887	\$ 20,218
Gross profit						
Commercial	\$ 7,409	\$ 7,409	\$ --	\$ 8,495	\$ 8,495	\$ --
Government Technology Services	3,045	--	3,045	5,433	--	5,433
Total gross profit	\$ 10,454	\$ 7,409	\$ 3,045	\$ 13,928	\$ 8,495	\$ 5,433
Operating income (loss)	\$ (3,327)	\$ (3,019)	\$ (1,323)	\$ 3,336	\$ 932	\$ 1,587
Income (loss) before income taxes	\$ (3,318)	\$ (2,831)	\$ (1,502)	\$ 2,790	\$ 691	\$ 1,281
Net income (loss)	\$ (2,653)	\$ (2,389)	\$ (924)	\$ 1,650	\$ 329	\$ 798
Basic earnings (loss) per common share	\$ (0.25)	\$ (0.22)		\$ 0.16	\$ 0.03	
Diluted earnings (loss) per common share	\$ (0.25)	\$ (0.22)		\$ 0.16	\$ 0.03	
Weighted average number of common shares outstanding -- basic	10,662	10,662		10,588	10,588	
Weighted average number of common shares outstanding -- diluted	10,662	10,662		10,613	10,613	

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	For the Year Ended December 31, 2009			For the Year Ended December 31, 2008			For the Year Ended December 31, 2007		
	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical
Revenue	\$ 134,801	\$ 134,801	\$ --	\$ 171,340	\$ 171,340	\$ --	\$ 152,942	\$ 152,942	\$ --
Cost of sales	76,440	--	76,440	88,615	--	88,615	69,254	--	69,254
Gross profit	\$ 211,241	\$ 134,801	\$ 76,440	\$ 259,955	\$ 171,340	\$ 88,615	\$ 222,196	\$ 152,942	\$ --
Operating expenses	\$ 30,049	\$ 30,049	\$ --	\$ 36,204	\$ 36,204	\$ --	\$ 30,903	\$ 30,903	\$ --
Goodwill impairment	20,437	--	20,437	24,232	--	24,232	18,867	--	18,867
Operating income	\$ 50,486	\$ 30,049	\$ 20,437	\$ 60,436	\$ 36,204	\$ 24,232	\$ 49,770	\$ 30,903	\$ --
Other income (loss)	\$ (20,201)	\$ (6,211)	\$ (16,831)	\$ 7,797	\$ (2,217)	\$ 7,473	\$ 10,295	\$ 2,900	\$ (1,000)
Income before taxes	\$ (21,894)	\$ (6,912)	\$ (17,823)	\$ 7,150	\$ (1,328)	\$ 5,937	\$ 9,639	\$ 3,100	\$ (1,000)
Income tax expense	\$ (18,633)	\$ (6,411)	\$ (14,038)	\$ 2,968	\$ (2,293)	\$ 3,653	\$ 6,296	\$ 2,300	\$ (1,000)
Net income	\$ (1.75)	\$ (0.60)	\$ (1.75)	\$ 0.28	\$ (0.22)	\$ 0.28	\$ 0.61	\$ 0.28	\$ (0.22)
Weighted average shares outstanding	\$ (1.75)	\$ (0.60)	\$ (1.75)	\$ 0.28	\$ (0.22)	\$ 0.28	\$ 0.60	\$ 0.28	\$ (0.22)
Number of shares outstanding at year end	10,618	10,618	10,618	10,529	10,529	10,529	10,355	10,355	10,355
Number of shares outstanding at beginning of year	10,618	10,618	10,618	10,555	10,555	10,555	10,506	10,506	10,506

Sheet Information: (Thousands)	March 31, 2010 (Unaudited)			December 31, 2009		December 31, 2008		December 31,	
	TechTeam Historical	TechTeam Pro Forma	TTGSI Historical	TechTeam Historical	TTGSI Historical	TechTeam Historical	TTGSI Historical	TechTeam Historical	T His
cash equivalents	\$ 14,210	\$ 52,770	\$ 1	\$ 15,969	\$ --	\$ 16,881	\$ 3	\$ 19,431	\$
capital	\$ 33,838	\$ 60,574	\$ 8,302	\$ 36,954	\$ 12,143	\$ 42,427	\$ 18,090	\$ 43,173	\$
and other intangible									
et	\$ 46,770	\$ 8,496	\$ 38,274	\$ 47,270	\$ 38,794	\$ 77,361	\$ 62,340	\$ 76,686	\$
ets	\$ 119,367	\$ 113,940	\$ 61,508	\$ 122,520	\$ 66,338	\$ 167,363	\$ 93,705	\$ 182,169	\$
rent liabilities	\$ 28,463	\$ 20,609	\$ 11,376	\$ 27,095	\$ 11,612	\$ 38,474	\$ 12,579	\$ 51,175	\$
g-term liabilities	\$ 10,617	\$ 10,504	\$ 21,029	\$ 11,796	\$ 24,699	\$ 30,156	\$ 37,061	\$ 33,963	\$
reholders equity	\$ 80,287	\$ 82,827	\$ 29,103	\$ 83,629	\$ 30,027	\$ 98,733	\$ 44,065	\$ 97,031	\$

As of March 31, 2010, the Company's unaudited book value per share on a consolidated historical and pro forma basis was \$7.15 and \$7.38, respectively.

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MATERIAL CONSIDERATIONS RELATING TO THE STOCK SALE PROPOSAL

You should carefully review the considerations described below as well as the other information provided to you or referenced in this Proxy Statement in deciding how to vote on the Stock Sale Proposal. For a discussion of additional considerations, we refer you to the documents we file from time to time with the SEC, particularly the 2009 Form 10-K, a copy of which is reproduced as Exhibit F to this Proxy Statement. Additional considerations not presently known to us or that we currently believe are immaterial may also adversely affect our business and operations. If any of the following considerations actually occur, our business, financial condition or results of operations could be materially and adversely affected, the value of our common shares could decline, and you may lose all or part of your investment. Please note that the considerations discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in those forward-looking statements. See Cautionary Statements Regarding Forward-Looking Information.

There is no assurance that the Stock Sale will be completed, and our inability to consummate the Stock Sale could harm the market price of our Common Stock and our business, results of operations and financial condition.

We cannot assure you that the Stock Sale will be consummated. The consummation of the Stock Sale is subject to the satisfaction or waiver of a number of conditions, including, among others, the requirement that we obtain stockholder approval of the Stock Sale Proposal, the requirement to obtain certain government and other approvals, requirements with respect to the accuracy of our representations and warranties, requirements with respect to the satisfaction or waiver of our closing covenants and the requirement that certain employees will continue to be employed by TTGSI. In addition, Jacobs may terminate the Stock Purchase Agreement if, among other things, such closing conditions are not satisfied by October 1, 2010 and if we do not cure breaches occurring after June 3, 2010, if any, of our representations and warranties contained in the Stock Purchase Agreement within five business days of notice of such breach.

We cannot guarantee that we will be able to meet all of the closing conditions of the Stock Purchase Agreement. For example, subsequent to the signing of the Stock Purchase Agreement, two employees of TTGSI, who were included in the schedules to the Stock Purchase Agreement as being among those employees of TTGSI who needed to remain with TTGSI following the closing of the Stock Sale, notified us that they were resigning from TTGSI to pursue other opportunities. Accordingly, at least one of the conditions to the obligations of Jacobs Technology to complete the Stock Sale will not be satisfied at the closing. As of the date of this Proxy Statement, while we have requested such a waiver from Jacobs Technology, no such waiver has been granted and no assurances can be given as to whether Jacobs Technology will ultimately agree to waive this condition.

If we are unable to meet all of the closing conditions, Jacobs would not be obligated to close the Stock Sale. In addition, as a result of our failure to meet the condition described above with respect to the retention of TTGSI's employee, Jacobs has the right, at any time, to terminate the Stock Purchase Agreement. We also cannot be sure that other circumstances, for example, a material adverse effect, will not arise that would also allow Jacobs to terminate the Stock Purchase Agreement prior to closing. If the Stock Sale is not approved by stockholders or does not close, our Board will be forced to evaluate other alternatives, which may be less favorable to us than the proposed Stock Sale.

As a result of the execution of the Stock Purchase Agreement, employees of the Government Solutions Business may become concerned about the future of the Government Solutions Business and seek other employment. Also, as a result of our execution of the Stock Purchase Agreement and the announcement of the Stock Sale, third parties may be unwilling to enter into material agreements with us with respect to the Government Solutions Business. New or

existing customers may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers may perceive that such new relationships are likely to be more stable. The failure to maintain these relationships may give Jacobs the right to terminate the Stock Purchase Agreement and the Stock

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Sale. If we fail to complete the proposed Stock Sale, the failure to maintain existing business relationships or enter into new ones could adversely affect our business, results of operations and financial condition.

In addition, if the Stock Sale is not consummated, our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction and we will have incurred significant transaction costs, in each case, without any commensurate benefit. After focusing on the potential sale of the Government Solutions Business for an extended period, if the Stock Sale is not consummated, we may not be able to develop and implement a strategy for the future growth and development of the Government Solutions Business that would generate a return similar to or better than the return which would be generated by the Stock Sale. Furthermore, the perception of our continuing business could potentially result in a loss of customers, business partners and employees if the Stock Sale is not consummated. The occurrence of one or more of the foregoing circumstances could likely have a material and adverse effect on our business, stock price, results of operations and financial condition.

The Stock Purchase Agreement imposes substantial restrictions on our ability to operate the Government Solutions Business, which may delay or prevent us from undertaking business opportunities that may be beneficial to the Government Solutions Business, pending completion of the Stock Sale.

The Stock Purchase Agreement contains significant restrictions on our ability to operate the Government Solutions Business prior to the closing described under The Stock Purchase Agreement Agreements Related to the Interim Conduct of the Government Solutions Business. For example, we are subject to restrictions on our ability to discuss and negotiate with, and provide information to, a potential acquirer regarding any competing proposals to the Stock Sale, and our ability to, among other things:

- transfer or issue any stock of, or liquidate, recapitalize or change the organizational documents of, TTGSI;
- hire any new senior-level employees, into TTGSI, except as provided in the Stock Purchase Agreement; and
- change TTGSI's accounting methods or practices;
- enter into a merger or consolidation of TTGSI;
- sell any portion of the Government Solutions Business or the assets of TTGSI;
- enter into certain material contracts; or
- incur, assume, guarantee or extend any indebtedness.

Our ability to comply with these provisions before completion of the Stock Sale or termination of the Stock Purchase Agreement is subject to various risks and uncertainties. Any failure by us to comply with all applicable covenants in the Stock Purchase Agreement could result in a breach of the terms of the Stock Purchase Agreement, which may result in the termination of the Stock Purchase Agreement and a failure to complete the Stock Sale. Even if we are able to comply with all of the applicable provisions and restrictions on the operation of the Government Solutions Business, these restrictions could harm us by, among other things, prohibiting, limiting or restricting our ability to take advantage of mergers, acquisitions and other corporate opportunities with respect to the Government Solutions Business or to take certain actions that management may deem to be necessary or desirable to operate or grow the Government Solutions Business or to increase its profitability. Thus, such prohibitions, limitations and restrictions could have a material adverse effect upon the Government Solutions Business and our financial condition and results

of operations.

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If our stockholders do not approve the Stock Sale Proposal, we may not receive an offer from another potential acquirer of the Government Solutions Business on satisfactory terms or at all.

If our stockholders do not approve the Stock Sale and the Stock Purchase Agreement is subsequently terminated, we may decide to seek another strategic transaction with respect to the Government Solutions Business. However, we may not be able to find a potential acquirer of the Government Solutions Business willing to pay an equivalent or more attractive price than that which would be paid pursuant to the Stock Sale, and in fact any purchase price that we do find may be less.

We are not permitted to terminate the Stock Purchase Agreement except in limited circumstances, and we may be required to pay a substantial termination fee to Jacobs if the Stock Purchase Agreement is terminated.

The Stock Purchase Agreement does not generally allow us to terminate it, except in certain limited circumstances. If the Stock Purchase Agreement is terminated under certain circumstances for specified reasons, we would be obligated to:

pay Jacobs a termination fee of \$2,360,000, and

reimburse Jacobs for up to \$750,000 of its reasonable and documented out-of-pocket fees and expenses related to the preparation and negotiation of the Stock Purchase Agreement and the Stock Sale.

We would be required to pay to Jacobs the expense reimbursement and termination fee in the event of, among other things:

our termination of the Stock Purchase Agreement upon the receipt of a superior proposal (as defined in the Stock Purchase Agreement) that results in, immediately after the termination of the Stock Purchase Agreement, us entering into a definitive agreement with respect thereto in compliance with the terms of the Stock Purchase Agreement;

concurrently or after a change of control of TechTeam, the Stock Purchase Agreement is terminated for any reason or the closing does not occur by October 1, 2010; or

Jacobs' termination of the Stock Purchase Agreement upon the occurrence of certain triggering events, as discussed in more detail in The Stock Purchase Agreement Termination.

See The Stock Purchase Agreement No Negotiations and The Stock Purchase Agreement Termination Fee and Reimbursement of Expenses. We would also be required to pay Jacobs this expense reimbursement (without the termination fee) if the Stock Purchase Agreement is terminated by any party after the Special Meeting has been held and the stockholders do not approve the Stock Sale Proposal.

Any payment of the termination fee or the expense reimbursement would substantially increase the cost of completing any alternative transaction involving the Government Solutions Business and would effectively reduce any net proceeds available to us resulting from the consummation of such an alternative transaction.

The Stock Purchase Agreement may expose us to contingent liabilities, and we may never ultimately receive any of the cash portion of the purchase price deposited into escrow for indemnification purposes.

Under the Stock Purchase Agreement, we have agreed to indemnify Jacobs for any breach or violation of any representation, warranty, covenant or undertaking made by us in the Stock Purchase Agreement and for other matters,

subject to certain limitations and exceptions. Of the total cash purchase price of \$59,000,000, \$14,750,000 will be deposited into escrow to secure our indemnification obligations to Jacobs for a period of up to 36 months after closing. However, Jacobs' right to seek indemnification from us for certain indemnification claims may not be limited by this 36-month time period or to any time limitations at all and may not be limited by any amounts contained in the indemnification escrow fund. As a result,

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significant successful indemnification claims by Jacobs could have an adverse effect on our results of operations and financial condition. Furthermore, it is possible that we may not ultimately receive any of the escrowed portion of the purchase price. Moreover, these uncertainties may make it difficult for a potential acquirer of the Commercial Business to value the Commercial Business, including, but not limited to, our interest in the indemnification escrow fund. Given these uncertainties, you should not place disproportionate emphasis on the amount of the purchase price that is paid into escrow to satisfy our post-closing indemnification obligations.

Furthermore, the Stock Sale may be completed without us being released from certain guarantees that we have provided with respect to the obligations of TTGSI. While Jacobs has agreed to use its best efforts to cause it to be substituted for us with respect to such guarantees and to indemnify us and our affiliates against any loss if such substitution does not occur, we cannot assure you that we will be substituted by Jacobs with respect to such guarantees or that Jacobs' obligation to indemnify us will ultimately make us whole for any loss or expense we may ultimately incur in connection with such guarantees.

The terms of the Stock Purchase Agreement, including the indemnification and escrow provisions, may adversely affect our ability to explore various strategic alternatives with respect to our Commercial Business.

Our Board believes that the sale of the Government Solutions Business may enhance interest by potential acquirers of the Commercial Business, as the Commercial Business could potentially be acquired by a company that would no longer be required to address the security concerns of the U.S. federal government associated with foreign ownership of suppliers with top-secret cleared services and facilities. Notwithstanding any enhanced interest that potential acquirers may have in the Commercial Business, certain terms of the Stock Purchase Agreement, including, but not limited to, the indemnification and escrow provisions, may adversely affect our ability to explore various strategic alternatives with respect to our Commercial Business.

As noted above, under the Stock Purchase Agreement, TechTeam has agreed to indemnify Jacobs for various matters, including any breach or violation of any representation, warranty, covenant or undertaking made by us in the Stock Purchase Agreement, subject to certain limitations and exceptions. There is significant uncertainty as to the amount, if any, that we will ultimately have to pay to Jacobs to resolve indemnification claims and, accordingly, there is significant uncertainty as to the amount of the indemnification escrow fund that will ultimately be returned to us. These uncertainties may make it difficult for a potential acquirer of the Commercial Business to appropriately value the Commercial Business, including, but not limited to, its contingent liabilities and our interest in the indemnification escrow fund.

Stockholders are reminded that, other than the sale of the Government Solutions Business to Jacobs Technology pursuant to the Stock Sale, they are not being asked to consider or approve any strategic proposals, alternatives or transactions at this time. In addition, stockholders are cautioned that there can be no assurance as to whether and when any specific transaction relating to the Commercial Business will be authorized or consummated and that no timetable has been set for the completion of any such transaction.

The amount of consideration we ultimately receive in the Stock Sale may vary depending on the outcome of a post-closing net tangible book value adjustment.

Of the total cash purchase price of \$59,000,000, \$2,770,294 will be deposited into escrow to secure our obligation to make a payment to Jacobs in the event that the post-closing net tangible book value adjustment results in a reduction of the purchase price. If after closing it is determined that the net tangible book value of the Government Solutions Business as of the close of business on the closing date of the Stock Sale is less than the target net tangible book value amount, which is \$12,189,759, the purchase price will be adjusted downward in an amount equal to the difference. However, to the extent that

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this differential exceeds the amount in the post-closing adjustment escrow fund, we will be required to pay the shortfall to Jacobs, in addition to the amount contained in the post-closing adjustment escrow fund.

As noted above, the amount that will be held in escrow to secure any post-closing net tangible book value purchase price adjustment does not represent a maximum limit on our potential liability to Jacobs for a post-closing net tangible book value adjustment. Due to the uncertainty relating to the ultimate amount of the post-closing net tangible book value adjustment, we cannot currently predict the exact amount of the purchase price or the net cash proceeds that we will receive in connection with the Stock Sale.

If the Stock Sale is consummated, we will be a smaller public company with continuing public company reporting expenses and ongoing operating expenses, all of which may be disproportionate to our size and scope of operations.

Once the Stock Sale is completed, we will remain a publicly traded company and will continue to be subject to SEC rules and regulations applicable to such companies, including the periodic and current reporting requirements under the Exchange Act and the Sarbanes-Oxley Act of 2002. We will also be a company with significantly fewer operating assets. As a result, we will continue to incur expenses associated with us being a publicly-traded company and additional ongoing operating expenses which may be viewed to be excessive in relation to the size and scope of our operations. Further, a number of our fixed and other expenses will not be reduced or eliminated after the Stock Sale is completed, even though we will have fewer revenue-producing assets. As a result, we may be required to seek further reductions of our costs and expenses, which we cannot assure you may be implemented in a timely manner or at all, or even if implemented will achieve the desired outcome. Our failure in successfully implementing such measures may adversely affect our results of operations and financial condition.

You will not receive any of the net cash proceeds from the Stock Sale, and we could spend or invest the net cash proceeds from the Stock Sale in ways in which our stockholders may not agree.

The purchase price for the Stock Sale (other than amounts placed into escrow) will be paid directly to us. Currently, we do not intend to distribute any portion of the net cash proceeds from the Stock Sale to our stockholders and we intend to use such net cash proceeds to repay our outstanding indebtedness under our existing credit facility and to invest in the growth of our Commercial Business. Ultimately, however, we may use all or a portion of the net cash proceeds from the Stock Sale for other purposes. The net cash proceeds that we receive from the Stock Sale would also enable our Board to consider, from time to time, repurchasing Common Stock for cash as market and business conditions warrant. We could spend or invest the net cash proceeds from the Stock Sale in ways with which our stockholders may not agree. The investment of these proceeds may not yield a favorable return.

If we consummate the Stock Sale, we will be dependent on a less diversified business.

The Business we propose to sell constitutes a significant portion of our operations and assets. As such, our revenues and net income following the closing of the Stock Sale will decrease significantly from those existing prior to the Stock Sale. If we consummate the Stock Sale, our results of operations and financial condition will be dependent solely on the operations of our Commercial Business, which would be comprised of our three remaining operating segments. Accordingly, our operations will be less diversified and we believe that the effect on our future results of operations and financial condition of the risks pertaining to our Commercial Business will be magnified. See Item 1A Risk Factors in the 2009 Form 10-K, a copy of which is reproduced as *Exhibit F* to this Proxy Statement. We cannot assure you that, after the Stock Sale, we can grow the revenues of our Commercial Business or maintain its profitability.

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A significant portion of our working capital could be expended in pursuing business acquisitions that are not consummated.

We may use some of the net cash proceeds received by us from the Stock Sale to selectively invest in the growth of our Commercial Business which may include the pursuit of specific business acquisitions. The investigation of subsequent specific business acquisitions and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial time and attention and substantial costs for accountants, attorneys and others. In addition, we may opt to make down payments or pay exclusivity or similar fees in connection with structuring and negotiating a business acquisition. If a decision is made not to complete a specific business acquisition, the costs incurred up to that point in connection with the abandoned transaction, potentially including down payments or exclusivity or similar fees, will not be recoverable. Furthermore, even if an agreement is reached relating to a specific acquisition target, we may fail to consummate the transaction for any number of reasons including those beyond our control. Any such event will result in a loss to us of the related costs incurred, which could materially and adversely affect our subsequent attempts to locate and combine with another business. While we may use some of the net cash proceeds received by us from the Stock Sale to pursue specific business acquisitions related to the growth of our Commercial Business, no specific acquisition targets have been identified at this time.

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INFORMATION ABOUT THE PARTIES TO THE STOCK SALE

TechTeam Global, Inc.

We are a leading provider of information technology outsourcing and business process outsourcing services to large and medium sized businesses, as well as to governmental organizations. Our primary services include service desk, technical support, desk-side support, security administration, infrastructure management and related professional services. Our business consists of two main components – our Commercial Business and our Government Solutions Business. Together, our IT Outsourcing Services segment, IT Consulting and Systems Integration segment and Other Services segment comprise our Commercial Business. Our Government Technology Services segment comprises our Government Solutions Business. In addition to managing our Commercial Business by service line, we also manage this business by the following geographic markets: the Americas (defined as North America excluding our government-based subsidiaries), Europe and Latin America, and Asia.

TechTeam was incorporated under the laws of the State of Delaware in 1987. Our principal executive offices are located at 27335 West 11 Mile Road, Southfield, Michigan 48033, and our telephone number is (248) 357-2866. The Common Stock is traded on the NASDAQ Global Market under the ticker symbol TEAM.

TechTeam Government Solutions, Inc. is one of our wholly owned subsidiaries through which we principally own and operate our Government Solutions Business that we intend to sell to Jacobs Technology. TechTeam Government Solutions, Inc. was incorporated under the laws of the Commonwealth of Virginia in 1984. TTGSI has two wholly owned subsidiaries: Sytel, Inc., a Maryland corporation and R.L. Phillips, Inc., a Delaware corporation. TTGSI's principal executive offices are located at 3863 Centerview Drive, Suite 150, Chantilly, Virginia, and its telephone number is (703) 956-8200.

Jacobs Engineering Group Inc.

Jacobs Engineering is one of the largest technical professional services firms in the United States, providing a broad range of technical, professional and construction services through offices and subsidiaries located principally in North America, Europe, the Middle East, Asia and Australia. Jacobs Engineering's principal executive offices are located at 1111 South Arroyo Parkway, Pasadena, California 91105, and its telephone number is (626) 578-3500.

Jacobs Engineering was incorporated under the laws of the State of Delaware in 1987, succeeding by merger to the business and assets of Jacobs Engineering Group Inc., a California corporation that, in 1974, had succeeded to a business organized originally by that company's founder, Dr. Joseph J. Jacobs, in 1947. The common stock of Jacobs Engineering is currently listed on the New York Stock Exchange under the ticker symbol JEC.

Jacobs Technology Inc.

Jacobs Technology, formerly Sverdrup Technology, Inc., was incorporated under the laws of the State of Tennessee in 1950. Jacobs Technology, a wholly owned subsidiary of Jacobs Engineering, provides technical professional services to government and commercial clients. Jacobs Technology's principal executive offices are located at 600 William Northern Boulevard, Tullahoma, Tennessee 37388, and its telephone number is (931) 455-6400.

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**PROPOSAL 1 ADOPTION AND APPROVAL OF THE STOCK PURCHASE AGREEMENT
AND THE CONSUMMATION OF THE STOCK SALE**

The following is a description of the material aspects of the Stock Sale, including background information relating to the proposed Stock Sale. While we believe that the following description covers the material terms of the Stock Sale and other arrangements between Jacobs and us, the description may not contain all of the information that is important to you. You should carefully read this Proxy Statement and the other documents to which we refer, including the Stock Purchase Agreement, a copy of which is attached hereto as *Exhibit A*, for a complete understanding of the terms of the Stock Sale.

Background of the Stock Sale

The following is a chronological description of the material contacts and events leading up to or relating to the Stock Sale. For a more complete understanding of this description, we encourage you to read the entire Proxy Statement, including, but not limited to, the Stock Purchase Agreement attached as *Exhibit A* to this Proxy Statement.

On September 24, 2008, our Board convened a meeting to discuss various matters, including, but not limited to, reviewing with our management its strategies for our two principal businesses, the Government Solutions Business and the Commercial Business. One or more representatives of our senior management were also present for this meeting. Management provided our Board with an assessment of the state of the Government Solutions Business and the Commercial Business. Management discussed with our Board various trends in the government information technology services market, the competitors in this market, and how the Government Solutions Business was positioned relative to its competitors as well as an assessment of the Government Solutions Business strengths, weaknesses, opportunities and challenges. Among the challenges facing the Government Solutions Business that management noted were the significant contracts that would be eligible to be re-competed in 2009 (including the contract with the Air National Guard that would eventually expire on September 30, 2009 and which accounted for approximately 16.0% of the revenue for the Government Solutions Business for the fiscal year ended December 31, 2008 and accounted for approximately 17.8% of the revenue for the Government Solutions Business for the nine months ended September 30, 2009). Management also noted that mid-tier businesses, such as the Government Solutions Business, are being increasingly subject to challenge by larger competitors bidding on smaller projects. Accordingly, management noted growth in the Government Solutions Business was important for it to be successful in competing against these larger competitors. At this meeting, management also discussed with our Board potential strategic alternatives to enhance stockholder value, including continuing to execute TechTeam's current strategies for operating both the Government Solutions Business and the Commercial Business, exploring the sale of the Government Solutions Business in order to support additional investments in the Commercial Business, and exploring the sale of the entirety of the Company. Following discussion, our Board agreed to continue the discussion at a meeting of our Board to be held on September 29, 2008.

On September 29, 2008, our Board convened a meeting to continue the discussion of various strategic alternatives that had begun at the meeting of our Board held on September 24, 2008. One or more representatives of our senior management were also present for this meeting. At this meeting, management again discussed with our Board potential strategic alternatives to enhance stockholder value, including, without limitation, executing on TechTeam's current strategies for operating the Government Solutions Business and the Commercial Business, exploring the sale of the Government Solutions Business in order to support additional investments in the Commercial Business, and exploring the sale of the entirety of the Company. Our Board and our senior management discussed the potential risks and benefits of attempting to execute on the current strategies for operating both the Government Solutions Business and the Commercial Business, and the potential benefits and effects of separating the Government Solutions Business

from the Commercial Business. There was also a discussion of the potential risks of attempting to divest the Government Solutions Business, including, but not limited to, the disruption to TechTeam of initiating a sales process for the Government Solutions Business.

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On October 31, 2008, Charles Frumberg, Emancipation Capital, LLC and various affiliates thereof (collectively, Emancipation Capital) filed an initial Schedule 13D with the SEC to report that, as of October 30, 2008, they were deemed to beneficially own, in the aggregate, approximately 6.17% of TechTeam s outstanding shares. In its Schedule 13D, Emancipation Capital indicated that it believed that TechTeam should take certain actions to maximize stockholder value, as communicated over time by Emancipation Capital to several members of TechTeam s management and our Board. Specifically, Emancipation Capital indicated that it believed that TechTeam should sell the Government Solutions Business and use the proceeds of the sale to retire indebtedness and repurchase up to 50% of TechTeam s outstanding shares. Emancipation Capital indicated that it believed that these actions would substantially strengthen TechTeam s balance sheet and improve the strategic position of its core business and that the results of these actions would be a stronger and more focused business.

On November 25, 2008, our Board convened a meeting to continue its prior discussions of TechTeam s strategic alternatives that had begun in September 2008. One or more representatives of our senior management were also present for this meeting. At this meeting, our Board discussed with our senior management the investments necessary to achieve optimal scale in both the Government Solutions Business and the Commercial Business and the limited ability of TechTeam to borrow money to provide funding for these investments due to, in part, the global economic crisis. Our Board also discussed with our senior management the recent correspondence received from Emancipation Capital recommending, among other things, that TechTeam should sell the Government Solutions Business. Following a discussion on the process that would need to be undertaken to evaluate various strategic alternatives and the timing of such a process, our Board determined to continue its discussions with respect to strategic alternatives at the meeting of our Board scheduled for December 10, 2008.

On December 10, 2008, our Board convened a meeting and continued its prior discussions of various strategic alternatives that may be available to TechTeam. One or more representatives of our senior management were also present for this meeting. To assist our Board members in their consideration of various strategic alternatives, a number of investment banking firms were considered by our Board to serve as TechTeam s financial advisor. Our Board discussed with these prospective financial advisors the state of the credit and equity markets, the ability of companies to raise capital in the current market environment, the mergers and acquisitions market for federal contracting companies focused on information technology services, and whether potential acquirers of the Government Solutions Business would have access to capital to close a transaction. Our Board and our senior management also discussed the potential risks of attempting to divest the Government Solutions Business.

On January 15, 2009, our Board convened a meeting and continued its prior discussions of TechTeam s strategic alternatives. One or more representatives of our senior management were also present for this meeting. At this meeting, our Board again discussed with our senior management potential strategic alternatives to enhance stockholder value, including, without limitation, potentially divesting the Government Solutions Business in order to support additional investments in the Commercial Business as well as a sale of TechTeam in its entirety. Our Board and our senior management also discussed the rationale for divesting the Government Solutions Business, including, but not limited to, the different strategies needed to operate the Government Solutions Business and the Commercial Business, that TechTeam lacked the internal financial resources to support both strategies and the investments required for both businesses to achieve the necessary scale. At this meeting, our senior management indicated that they believed strongly in the Commercial Business and recommended that our Board explore the divestiture of the Government Solutions Business so that the proceeds derived from such sale could be used to grow the Commercial Business via possible strategic acquisitions. Our Board and our senior management discussed the potential benefits and risks of the various strategies being considered to enhance stockholder value. In light of the foregoing, our Board directed our senior management to move forward with the strategy of exploring the sale of the Government Solutions Business.

On February 11, 2009, our Board convened a meeting and, among other things, discussed recent correspondence received from Seth W. Hamot, Costa Brava Partnership III, LP and various affiliates thereof (collectively, Costa Brava) requesting that our Governance and Nominating Committee consider the

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following persons as nominees for directors of our Board at the 2009 annual meeting of TechTeam's stockholders: Seth W. Hamot, Andrew R. Siegel, Charles Frumberg, James A. Lynch and Dov H. Scherzer, and indicating that if these individuals were not nominated, Costa Brava would submit a slate for consideration by our stockholders at our 2009 annual meeting of stockholders. One or more representatives of our senior management were also present for this meeting. Upon recommendation by our Board's Governance & Nominating Committee and after consideration of the qualifications of the individuals who had been proposed, our Board increased the size of our Board to ten members, and appointed Seth W. Hamot, Charles Frumberg and James A. Lynch to our Board effective as of the close of business, Eastern time, on February 11, 2009. In addition, in an effort to help our senior management facilitate a possible review of strategic alternatives, including, but not limited to, the sale of the Government Solutions Business, our Board formed a strategy committee composed of non-employee directors (the "Strategy Committee") and which was authorized, in consultation with management, to:

review, assess and recommend to the full Board merger, acquisition, and/or divestiture transactions ("M&A Transactions");

provide guidance to management in the identification, consideration, selection, negotiation and execution of any such M&A Transactions; and

review and analyze, in collaboration with management, and report to the full Board regarding, other strategic alternatives available to TechTeam for enhancing stockholder value.

Effective as of the close of business, Eastern time, on February 11, 2009, our Board appointed the following non-employee members of our Board to serve on the Strategy Committee: Andrew R. Siegel, Charles Frumberg and James A. Lynch. Messrs. Siegel and Frumberg were also named co-chairman of the Strategy Committee. The Strategy Committee was not formed in anticipation of any potential conflict issues that could arise in connection with our Board's review of various strategic alternatives and that could require the formation of a special committee but rather was formed strictly as an advisory committee to work with and assist management with the strategic review process and, at all times, our Board retained authority with respect to key transaction decisions and approvals. At this meeting, our management updated our Board on its discussions with a possible financial advisor and the Board delegated to the Strategy Committee the authority to finalize the terms of any such engagement.

On February 18, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value, including the sale of the Government Solutions Business. A representative of our senior management was also present for this meeting.

On March 10, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value, including, but not limited to, the sale of the Government Solutions Business. Most of the other members of our Board were also present for this meeting. In addition, our senior management and a representative of our legal counsel, Blank Rome LLP ("Blank Rome"), were also present for this meeting. At this meeting, the Strategy Committee discussed with our senior management and the other members of our Board that were present a process by which all acquisition inquiries would be referred to the Strategy Committee. The Blank Rome representative provided to the members of the Strategy Committee and the other directors who were present an overview of their fiduciary duties as directors in connection with our Board's review of various strategic alternatives to enhance stockholder value.

Thereafter, we retained Houlihan Lokey to serve as TechTeam's financial advisor to assist TechTeam in exploring potential transactions involving TechTeam, including, but not limited to, the exploration of the sale of the Government Solutions Business. Between April 2009 and early May 2009, our senior management, with the assistance of our financial advisor, developed a list of parties that might be potentially interested in acquiring the Government Solutions

Business. This list of potentially interested parties included strategic and financial buyers. In addition, our senior management, with the assistance of

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our financial advisor, assembled information and materials relating to the Government Solutions Business and developed a strategy to conduct an organized competitive process for the sale of the Government Solutions Business. At this time, our senior management and financial advisor began holding regular conference calls with Messrs. Frumberg and Siegel, the Co-Chairs of the Strategy Committee, to review the status of the proposed process and the proposed list of potentially interested parties. Also during this time, our senior management started preparing an electronic data room containing materials and information relating to the Government Solutions Business.

Beginning in May 2009 and continuing until October 2009, a total of 97 parties were contacted regarding the potential sale of the Government Solutions Business, including 56 strategic and 41 financial buyers. Of the 97 parties approached during this period, 62 parties executed confidentiality agreements and thereafter received additional information and materials relating to the Government Solutions Business.

On May 6, 2009, our Board convened a meeting to discuss various matters. One or more representatives of our senior management were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the process to explore the sale of the Government Solutions Business.

On May 8, 2009, Party C-A, a foreign strategic buyer, executed a confidentiality agreement with TechTeam and thereafter received additional information and materials relating to the Commercial Business.

On May 15, 2009, Jacobs Engineering executed a confidentiality agreement with TechTeam and thereafter received additional information and materials relating to the Government Solutions Business.

On May 18, 2009, a representative of Party C-A indicated that Party C-A was interested in evaluating an acquisition of TechTeam that would involve substantially all of TechTeam's current operations.

On May 27, 2009, Party G-A executed a confidentiality agreement with TechTeam and thereafter received additional information and materials relating to the Government Solutions Business.

Beginning in June 2009 and continuing until October 2009, representatives of the senior management of the Government Solutions Business made presentations to representatives of 20 of the parties that had executed a confidentiality agreement, including Jacobs Engineering and Party G-A, and provided further information relating to the Government Solutions Business.

On June 10, 2009, Jacobs Engineering submitted an initial indication of interest for the acquisition of the Government Solutions Business. In its initial indication of interest, Jacobs Engineering indicated that, based upon the due diligence materials that had been provided to date, it proposed a purchase price in the range of \$83.1 million to \$95 million to acquire the Government Solutions Business on a cash-free, debt-free basis. Jacobs Engineering noted that its valuation of the Government Solutions Business was subject to verification of the financial information for the Government Solutions Business that was presented to Jacobs, and completion of its due diligence review. In addition, Jacobs Engineering indicated that the purchase price would be paid in cash from existing resources.

Also, on June 10, 2009, Party G-A submitted an initial indication of interest with respect to the acquisition of the Government Solutions Business. In its initial indication of interest, Party G-A indicated that, based upon its preliminary review of the Government Solutions Business to date (primarily achieved through a review of the due diligence materials that it had been provided with) and its knowledge of the government services industry, it was prepared to pay \$75 to \$85 million to acquire the Government Solutions Business on a cash-free, debt-free basis. Party G-A also indicated that it was interested in engaging in further due diligence review of the Government Solutions Business with the intention of submitting a definitive proposal to acquire the Government Solutions Business. In addition, Party G-A indicated that its definitive proposal to acquire the Government Solutions Business, if and when

made, would not be contingent upon financing.

In addition, on June 10, 2009, two parties, Party W-A and Party C-A, both strategic buyers based overseas, that had been contacted regarding their potential interest in acquiring either the Government

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Solutions Business or the Commercial Business, and that were provided with various due diligence materials with respect to each of these businesses, submitted indications of interest for the entirety of the Company.

Party W-A's indication of interest contemplated the acquisition of the entirety of the Company in the range of \$8.50 to 10.00 per outstanding share in cash or for an aggregate cash consideration in the range of approximately \$93.6 million to \$110.1 million (based on 11,011,460 shares of Common Stock outstanding on a fully diluted basis as of March 31, 2009). In its indication of interest, Party W-A indicated that its proposed purchase price may be further refined based upon the outcome of its due diligence review of TechTeam. In addition, Party W-A indicated that the consummation of its acquisition of TechTeam would not be subject to a financing contingency.

Party C-A's indication of interest contemplated the acquisition of the entirety of the Company for \$7.07 per outstanding share or for an aggregate consideration of approximately \$77.9 million (based on 11,011,460 shares of Common Stock outstanding on a fully diluted basis as of March 31, 2009). In its indication of interest, Party C-A included the following additional terms:

the transaction structure would be in the form of an all-cash tender offer for all issued and outstanding shares of Common Stock which would be followed by a merger of TechTeam with and into a subsidiary or affiliate of Party C-A;

the proposed purchase price would be subject to deductions for any extraordinary change of control payments as well as changes in certain balance sheet items (e.g., accounts receivable); and

the purchase price would be financed with internal funds and, accordingly, the consummation of its acquisition of TechTeam would not be subject to a financing contingency.

Party C-A also indicated that that the consummation of its acquisition of TechTeam would be conditioned upon the satisfaction or waiver of the following closing conditions, among others:

TechTeam having a reasonable level of working capital necessary to operate its businesses;

the receipt of all governmental and/or regulatory consents and approvals required with respect to its acquisition of TechTeam;

the receipt of all material third-party consents and approvals with respect to its acquisition of TechTeam;

the absence of pending or threatened litigation or proceedings seeking to enjoin, prohibit or materially impact its acquisition of TechTeam or any other material impediments to its acquisition of TechTeam;

the execution and delivery of employment agreements by certain members of TechTeam's management; and

no material adverse change affecting TechTeam or its financial condition, business, properties, assets, liabilities, results of operations or prospects since March 31, 2009.

Party C-A indicated that its willingness to execute definitive acquisition agreements would be conditioned upon the completion by Party C-A and its representatives of their due diligence review of TechTeam and that it contemplated the execution of a definitive acquisition agreement by August 7, 2009.

Given that agencies within the U.S. Department of Defense, including the Air National Guard (which contract was then subject to being re-competed and would expire on September 30, 2009), accounted for a significant percentage of the revenue generated by the Government Solutions Business, TechTeam was concerned that any transaction that would result in a foreign buyer owning the Government

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Solutions Business would be subjected to review by (i) the Committee on Foreign Investment in the United States (CFIUS), an inter-agency committee of the U.S. government that reviews the national security implications of foreign investments in U.S. companies or operations, and (ii) the Defense Security Service (DSS), an agency of the U.S. Department of Defense that is responsible for clearing facilities, personnel and associated information systems that provide services to agencies and instrumentalities of the U.S. Department of Defense, and that such reviews could potentially delay the closing of any acquisition of TechTeam by a foreign buyer. Neither the proposal submitted by Party C-A nor the proposal submitted by Party W-A addressed how it intended to address any potential governmental approval issues.

On June 12, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board s consideration of various strategic alternatives to enhance stockholder value. Present at this meeting were various representatives of our senior management and our legal and financial advisors. At this meeting, Houlihan Lokey updated the Strategy Committee on the process to solicit initial indications of interest with respect to the acquisition of the Government Solutions Business and discussed with the Strategy Committee the 10 indications of interest that had been received as of the date of this meeting from potential buyers of the Government Solutions Business. Houlihan Lokey also reported that two parties, Party C-A and Party W-A, had expressed interest in acquiring the entirety of the Company.

On June 23, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board s consideration of various strategic alternatives to enhance stockholder value. One or more representatives of our senior management were also present for this meeting. At this meeting, the Strategy Committee discussed with management that, in connection with the process to explore the sale of the Government Solutions Business, a number of parties had indicated their potential interest in the Commercial Business, including Party C-A. Accordingly, the Strategy Committee considered whether TechTeam should commence a formal process to explore the sale of the Commercial Business and actively solicit indications of interest therefor. Given the significant and broad array of differences between the Government Solutions Business and the Commercial Business, including, but not limited to, the different markets and customers served, and taking into account the CFIUS and DSS issues discussed above, it was the belief of our Board that the optimal path to enhancing value for stockholders, were it to determine that selling the entirety of the Company was in the best interest of TechTeam s stockholders, would be to sell the Government Solutions Business and the Commercial Business in two separate transactions to two separate buyers. Accordingly, the goal of the two separate concurrent processes would be to identify the optimal pairing of buyers for the Government Solutions Business and the Commercial Business. The Strategy Committee discussed with our senior management the potential risks and benefits of commencing a process to explore the sale of the Commercial Business, which process would generally be separate from, but be conducted on as much a parallel timetable as possible with, the process to explore the sale of the Government Solutions Business. There was also a discussion of the risks to TechTeam of attempting to manage two separate processes. Notwithstanding the potential risks and challenges of conducting two separate but concurrent processes, the Strategy Committee concluded that a process to explore the sale of the Commercial Business would provide our Board with additional and relevant data by which to evaluate the various strategic alternatives available to it to increase stockholder value.

In connection with the process to explore the sale of the Commercial Business, our senior management, with the assistance of our financial advisor, developed a list of parties that might be interested in acquiring the Commercial Business. This list of potentially interested parties included strategic and financial buyers. In addition our senior management, with the assistance of our financial advisor, assembled information and materials relating to the Commercial Business and developed a strategy to conduct an organized competitive process for the sale of the Commercial Business. At this time, our senior management started preparing an electronic data room containing materials and information relating to the Commercial Business.

On July 7, 2009, in accordance with our Board's directives, representatives of Houlihan Lokey discussed with representatives of Party W-A the potential interest of Party W-A in acquiring either the Commercial Business or the entirety of the Company. Thereafter, in accordance with our Board's

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instructions, the representatives of Houlihan Lokey relayed to the representatives of Party W-A the following:

TechTeam's views as to the value of the Government Solutions Business based on the initial indications of interest that it had received to date;

that our Board would give serious consideration to any pre-emptive offer presented by Party W-A for the Commercial Business or the entirety of the Company;

that before proceeding further with Party W-A regarding any proposal to acquire the entirety of the Company, our Board would need Party W-A to detail how, given its status as a foreign entity, it would intend to address any CFIUS and other governmental approval issues related to its acquisition and ownership of the Government Solutions Business and what would justify TechTeam moving forward with Party W-A given the possibility of a transaction either being unduly delayed or not consummated due to issues related to CFIUS or other governmental approval processes, particularly given that TechTeam had already identified qualified buyers for the Government Solutions Business that would not present such issues;

that Party W-A needed to provide an updated indication of interest for the entirety of the Company with separate valuations for the Government Solutions Business and the Commercial Business based on the due diligence information already provided to Party W-A with respect to both businesses; and

given that our Board was already contemplating initiating a competitive process to explore the sale of the Commercial Business, Party W-A would need to propose a purchase price that contemplated a significant premium if it wanted to preempt a competitive process.

On July 23, 2009, a financial buyer (Party W-B) that had been contacted regarding its potential interest in acquiring either the Government Solutions Business or the Commercial Business, and that had been provided with due diligence materials with respect to both the Government Solutions Business and the Commercial Business, indicated that it was interested in exploring the acquisition of the entirety of the Company. In its indication of interest, Party W-B indicated that, based on the due diligence information that had been reviewed to date and other publicly available information, it was prepared to discuss an acquisition of the entirety of the Company for \$10.55 per outstanding share or for an aggregate consideration of approximately \$116.2 million (based on 11,011,460 shares of Common Stock outstanding on a fully diluted basis as of March 31, 2009). Party W-B also indicated that it would need to perform additional due diligence of TechTeam, including, but not limited to, a review of TechTeam's financial, operational, legal and regulatory systems. In addition, Party W-B indicated that it would need third-party financing to consummate any acquisition of TechTeam.

In late July 2009, in accordance with our Board's directives, a representative of Houlihan Lokey responded to Party W-B and indicated that TechTeam's strategic review process contemplated that interested parties submit separate proposals for the Government Solutions Business and the Commercial Business so that our Board could determine the optimum mix of bids for these two businesses. Accordingly, Party W-B was requested to revise its indication of interest to include separate valuations for the Government Solutions Business and the Commercial Business.

On August 5, 2009, Party C-A submitted an initial indication of interest for the acquisition of the Commercial Business. Party C-A's indication of interest contemplated a purchase price for the Commercial Business of \$48 million. In its indication of interest, Party C-A indicated that it was no longer interested in acquiring the Government Solutions Business and its indication of interest contemplated the acquisition of all of the issued and outstanding shares of Common Stock for cash following TechTeam's sale or spin-off of the Government Solutions Business. Party C-A's indication of interest also included the following additional terms:

the proposed purchase price would be subject to deductions for any extraordinary change of

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control payments as well as changes in certain balance sheet items (e.g., accounts receivable); and

the purchase price would be financed with internal funds and, accordingly, the consummation of its acquisition of the Commercial Business would not be subject to a financing contingency.

Party C-A also indicated that that the consummation of its acquisition of the Commercial Business would be conditioned upon the satisfaction or waiver of the following closing conditions, among others:

the Commercial Business having a reasonable level of working capital necessary to operate its businesses;

the receipt of all governmental and/or regulatory consents and approvals required with respect to its acquisition of the Commercial Business;

the receipt of all material third-party consents and approvals with respect to its acquisition of the Commercial Business;

the absence of pending or threatened litigation or proceedings seeking to enjoin, prohibit or materially impact its acquisition of the Commercial Business or any other material impediments to its acquisition of the Commercial Business;

the execution and delivery of employment agreements by certain members of the Commercial Business management; and

no material adverse change affecting the Commercial Business or its financial condition, business, properties, assets, liabilities, results of operations or prospects since March 31, 2009.

Party C-A indicated that its willingness to execute definitive acquisition agreements would be conditioned upon the completion by Party C-A and its representatives of their due diligence review of the Commercial Business and that it contemplated the execution of a definitive acquisition agreement by October 31, 2009.

On August 12, 2009, the Strategy Committee convened a meeting (the August 12 Strategy Committee Meeting) to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. The entire Board was present at this meeting, either in person or via teleconference. Our senior management and representatives of our legal and financial advisors were also present for this meeting. At this meeting, our Board and management were updated on the current status of the process to explore the sale of the Government Solutions Business and the process to separately explore the sale of the Commercial Business. At this meeting, the Blank Rome representative discussed with our Board an overview of its fiduciary duties in connection with its review of various strategic alternatives.

At the August 12 Strategy Committee Meeting, a representative from Houlihan Lokey discussed with our Board and management that, as of the date of this meeting, 54 strategic buyers and 38 financial buyers had been contacted regarding their potential interest in acquiring the Government Solutions Business. It was noted that, of those contacted, 10 parties continued to express interest in pursuing a potential transaction, nine of which had submitted indications of interest for the acquisition of the Government Solutions Business on a cash-free, debt-free basis with proposed purchase prices ranging from \$75 million to \$95 million. At this meeting, our Board discussed various factors that could affect the purchase prices that would be proposed for the Government Solutions Business, including, but not limited to:

the financial outlook for the remainder of the fiscal year ended December 31, 2009;

the outcome of the process by which the contract between the Government Solutions Business and the Air National Guard (the ANG Contract) was being re-competed;

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whether the sale of the Government Solutions Business is structured as a stock purchase transaction with:

terms more customarily associated with sales of a public company, as opposed to a division (e.g., no escrow, limited representations and warranties, no survival of representations and warranties after closing and no post-closing indemnification of the buyer, etc.); or

terms more customarily associated with the sale of a private company (e.g., escrow, detailed representations and warranties, survival of representations and warranties for a period following closing, post-closing indemnification of the buyer, etc.).

Our Board also discussed how best to manage the process and timing for exploring the sale of the Government Solutions Business given the uncertainty surrounding whether the ANG Contract would be renewed prior to its expiration on September 30, 2009 and whether it would be renewed on substantially similar terms, taking into account, the following considerations, among others:

the likely significance that a potential buyer would attach to a decision by the Air National Guard not to renew the ANG Contract or not to renew the ANG Contract on substantially similar terms given that the ANG Contract accounted for approximately 16.0% of the revenue for the Government Solutions Business for the fiscal year ended December 31, 2008; and

that any decision by the Air National Guard with respect to the re-competition of the ANG Contract may not be known until the end of September 2009.

Also at the August 12 Strategy Committee Meeting, a representative from Houlihan Lokey updated our Board and management, noting that, as of the date of this meeting, 61 strategic buyers and 25 financial buyers had been contacted regarding their potential interest in acquiring the Commercial Business and, of those contacted, four parties had provided initial indications of interest for the Commercial Business and additional companies were in some form of dialogue with Houlihan Lokey regarding their potential interest in the Commercial Business. At this meeting, our Board also discussed various factors that could affect the purchase price that would be proposed for the Commercial Business as well as the interest of potential buyers in continuing to participate in the process, including, but not limited to, the near-term and long-term financial outlook for the Commercial Business.

The initial indications of interest for the acquisition of the Commercial Business proposed material terms and conditions, including, without limitation, the proposed purchase price for the Commercial Business (ranging from \$40 million to \$60 million), financing conditions and exclusivity. Most of the parties that submitted initial indications of interest with respect to the Commercial Business were invited to visit with our senior management and to receive further information and materials relating to the Commercial Business, or participate in a conference call with our senior management to review such information and materials. Each party that participated in these meetings was requested to either confirm its initial indication of interest or to submit a revised non-binding indication of interest relating to the sale of the Commercial Business.

Also at the August 12 Strategy Committee Meeting, our Board discussed the extent to which some of the potential buyers for the Commercial Business may have an interest in the Government Solutions Business. Of the 61 strategic buyers contacted regarding their interest in the Commercial Business, more than two-thirds were based overseas. Accordingly, as noted above, given that agencies within the U.S. Department of Defense, including the Air National Guard (which contract was then subject to being re-competed and would expire on September 30, 2009), accounted for a significant percentage of the revenue generated by the Government Solutions Business, it was expected that any

acquisition of the Government Solutions Business by a foreign buyer would be subjected to CFIUS review as well as review by DSS, and that such reviews, and the potential information production demands and delays that such reviews may entail, could discourage a potential foreign buyer from pursuing the acquisition of the Government Solutions

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Business. It was also noted that four of the parties that had been contacted regarding their interest in the Commercial Business had expressed interest in acquiring the entirety of the Company, including Party W-A and Party W-B, with proposed purchase prices ranging from \$8.75 to \$10.55 per outstanding share or proposed aggregate purchase price consideration ranging from approximately \$96.4 million to \$116.2 million (based on 11,011,460 shares of Common Stock outstanding on a fully diluted basis as of March 31, 2009). Given that two separate exploratory processes were concurrently undertaken with respect to the sale of the Government Solutions Business and the sale of the Commercial Business, and given the goal of our Board to be able to appropriately compare indications of interest for the Government Solutions Business and the Commercial Business and determine the optimal pairing of indications of interest for the two businesses that could enhance value for stockholders, our Board was of the view that potential buyers for the Company in its entirety should be asked to submit separate indications of interest for the Government Solutions Business and the Commercial Business. In addition to being able to appropriately compare indications of interest, it was also the belief of our Board that, due to concerns with CFIUS and DSS clearances and given the significant and broad array of differences between the Government Solutions Business and the Commercial Business, the optimal path to enhancing value for stockholders, were it to determine that selling the entirety of the Company was in the best interest of stockholders, would likely be to sell the Government Solutions Business and the Commercial Business in two separate transactions to two separate buyers.

On September 11, 2009, TechTeam's management gave a management presentation with respect to the Commercial Business to representatives of Party C-A.

On September 30, 2009, the ANG Contract expired and the Air National Guard in-sourced the majority of the work that the Government Solutions Business performed under the ANG Contract. While the Air National Guard awarded a new contract to Harris Corporation, with the Government Solutions Business remaining as a subcontractor to Harris Corporation, which covered the work under the expiring contract that was not in-sourced and additional positions, the new contract was of significantly smaller scope and contemplated significantly less revenue and gross margin for the Government Solutions Business than the expiring ANG Contract. Specifically, had the Government Solutions Business been delivering service under the new contract for the entire fiscal year ended December 31, 2009, total U.S. federal government revenue would have been reduced on a net basis by approximately 11.7%.

Also, on September 30, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. The entire Board was present at this meeting. Our management and representatives of our legal and financial advisors were also present for this meeting. At this meeting, our Board and management were updated on the current status of the process to explore the sale of the Government Solutions Business and the process to separately explore the sale of the Commercial Business.

In October 2009, potential buyers of the Government Solutions Business were updated on the Government Solutions Business, including, but not limited to, the outlook for the Government Solutions Business for the remainder of the fiscal year ended December 31, 2009, and the results of the ANG Contract re-compete process.

On October 2, 2009, representatives of TechTeam met with representatives of Party C-A and its financial advisor to discuss Party C-A's potential interest in TechTeam. During the course of the meeting, Party C-A indicated that it was not interested in acquiring the Government Solutions Business, but that it remained interested in acquiring the Commercial Business at a purchase price of \$48 million. TechTeam indicated to Party C-A that it believed that such a purchase price undervalued the Commercial Business and that Party C-A would need to increase its purchase price if it wanted to acquire the Commercial Business.

On October 8 and October 9, 2009, at the direction of our Board, representatives of Houlihan Lokey had a conference call with representatives of Party G-A and Jacobs Engineering, respectively, to discuss the current status of each

party's interest in acquiring the Government Solutions

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Business and assess its timeline for submitting its final indication of interest. Party G-A and Jacobs Engineering each received an update on the Government Solutions Business.

On October 9, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. All of the non-employee members of our Board were present at this meeting. A representative of Blank Rome was also present for this meeting. Messrs. Frumberg and Siegel discussed with the other members of our Board the status of the process to explore the sale of the Commercial Business and indicated that the purchase prices that had been proposed by the parties that submitted indications of interest were significantly lower than expected. Later that day, our Board convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. One or more representatives of our senior management were also present for this meeting. Messrs. Frumberg and Siegel of the Strategy Committee recommended to our Board that, given the disappointing valuations attributed to the Commercial Business by potential buyers, and for the other reasons discussed below, the process to explore the sale of the Commercial Business should be suspended. Following discussion, our Board determined to suspend the process to explore the sale of the Commercial Business.

In deciding to suspend the process to explore the sale of the Commercial Business, our Board considered a number of factors, including, but not limited to, the following:

that 61 strategic buyers and 25 financial buyers had been contacted regarding their potential interest in acquiring the Commercial Business;

that of the potential buyers contacted, only 4 parties had submitted initial indications of interest;

that the price ranges of the submitted initial indications of interest had been in the range of \$45 million to \$60 million;

that our Board believed that, even at the high end of \$60 million, the initial indications of interest undervalued the Commercial Business and did not appropriately reflect the future prospects and intrinsic value of the Commercial Business;

that, after asking the prospective buyers to increase their proposed valuations, none of the prospective buyers elected to do so;

that the process to explore the sale of the Commercial Business, undertaken concurrently with the process to explore the sale of the Government Solutions Business, was consuming a significant amount of management time, attention and focus;

that it was increasingly difficult to effectively conduct two parallel exploratory sales processes while simultaneously seeking to successfully manage both businesses;

that suspending the process to explore the sale of the Commercial Business might make it more likely that a successful outcome would be achieved with respect to the sale of the Government Solutions Business;

that our Board could recommence the process to explore the sale of the Commercial Business at any appropriate time;

that the prospective buyers which had submitted initial indications of interest for the Commercial Business had indicated that they would continue to have potential interest in the Commercial Business if the sale

process was suspended and would like to be contacted if our Board determined to revisit the possibility of selling the Commercial Business;

that completing the process to explore the sale of the Government Solutions Business first could make it easier to later revisit the sale of the Commercial Business since a number of the potential buyers for the Commercial Business either did not want to acquire the Government

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Solutions Business or could have faced regulatory approval challenges due to their status as foreign buyers;

that it may not have been the optimal time to explore the sale of the Commercial Business; and

that suspending the process to explore the sale of the Commercial Business did not preclude our Board from considering any offers that it received for the Commercial Business thereafter.

On October 15, 2009, Party C-A submitted a revised indication of interest for the acquisition of the Commercial Business. Party C-A's indication of interest contemplated an enterprise value for the Commercial Business, based on the due diligence information that had been reviewed to date and subject to further financial review of the Commercial Business, of between \$61,199,500 and \$67,854,000. Party C-A's indication of interest made clear that it was not interested in acquiring the Government Solutions Business and, accordingly, its indication of interest provided that its acquisition of the Commercial Business would be conditioned upon TechTeam first selling or otherwise divesting the Government Solutions Business.

On October 23, 2009, our Board convened a meeting to discuss various matters relating to the process to explore the sale of the Government Solutions Business. Representatives of our senior management and legal and financial advisors were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the process to explore the sale of the Government Solutions Business. Mr. Siegel noted that process letters detailing the requirements for the submission of final indications of interest had been sent to potential buyers of the Government Solutions Business and that the deadline for the receipt of such final indications of interest was November 11, 2009. In addition, Mr. Siegel noted that a draft stock purchase agreement had been prepared and it was expected that potential buyers of the Government Solutions Business would provide comments on the draft stock purchase agreement along with their final indications of interest. The representative of Blank Rome reviewed with our Board the draft stock purchase agreement and various provisions thereof, including, but not limited to, those relating to the survival period for the representations and warranties made by TechTeam, the cap on indemnity payments to be made by TechTeam, the definition of material adverse effect, the conditions to the parties' respective obligations to close the transactions contemplated by the stock purchase agreement, the circumstances under which TechTeam would be permitted to terminate the stock purchase agreement to accept a superior proposal, and the amount of the termination fee that would be payable in such an event. Following discussion, our Board authorized the distribution of the draft stock purchase agreement to potential buyers of the Government Solutions Business substantially in the form presented to our Board.

On November 2, 2009, in accordance with our Board's directives, representatives of Houlihan Lokey had a conference call with representatives of Party G-A to discuss the current status of its interest in acquiring the Government Solutions Business.

Also, on November 2, 2009, Party W-B indicated that it would not be submitting a final indication of interest for the Government Solutions Business as it did not believe that it sufficiently understood the sector and believed that the Government Solutions Business would be a difficult first platform for it to enter the sector. While Party W-B indicated that it had a continued interest in acquiring the entirety of the Company or the Commercial Business, Party W-B did not provide an updated indication of interest for the entirety of the Company or any other data with respect to how it currently valued the entirety of the Company or the Commercial Business.

On November 5, 2009, our Board convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. TechTeam's management was also present for this meeting. Our legal and financial advisors were also present for part of the meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the process to explore the sale of the

Government Solutions Business. Mr. Siegel indicated that the Strategy Committee was still expecting final indications of interest to be received by November 11, 2009. At this meeting, Mr. Siegel also discussed with the other members of our Board the indication of

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interest that had been received from Party C-A contemplating the acquisition of the Commercial Business (subject to the Government Solutions Business first being disposed of) and how best to respond to such indication of interest.

On November 9, 2009, in accordance with our Board's directives, a representative of Houlihan Lokey sent a letter, on behalf of TechTeam, to a representative of Party C-A acknowledging receipt of Party C-A's indication of interest dated October 15, 2009 for the Commercial Business and requesting that Party C-A provide any additional information relating to its indication of interest that it believed would be relevant to our Board in its evaluation of such indication of interest.

On November 18, 2009, Jacobs Engineering submitted its final indication of interest proposing the acquisition of the Government Solutions Business for \$81 million. The final indication of interest was in the form of a proposed letter of intent and contemplated the execution thereof by both Jacobs Engineering and TechTeam. Jacobs Engineering's final indication of interest contemplated that its acquisition of the Government Solutions Business would be structured as a stock acquisition by either it or a wholly-owned subsidiary, that the purchase price consideration would be all-cash, that the acquisition of the Government Solutions Business would be on a cash-free, debt-free basis, and the purchase price would be subject to a post-closing net asset adjustment, based on a definition of net assets and a target level of net assets to be agreed upon. In addition, Jacobs Engineering indicated that the purchase price would be paid in cash from internal funds and that there would be no need for any other financing and, accordingly, the acquisition would not be conditioned upon the receipt of any financing. Jacobs Engineering's final indication of interest also proposed the following additional terms, among others:

25% of the purchase price, or \$20.25 million, would be placed in an escrow account to secure the indemnification obligations of TechTeam to Jacobs Engineering to be retained until 36 months after the closing date;

the escrow would serve as a non-exclusive source of indemnification for Jacobs Engineering under the stock purchase agreement;

the representations and warranties made by TechTeam in the stock purchase agreement, including both non-fundamental and fundamental representations and warranties, would survive the closing until 60 days following the expiration of the applicable statute of limitations;

the claim-based threshold for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to \$25,000;

the threshold or tipping basket for indemnity claims against TechTeam in respect of non-fundamental representations and warranties would be equal to \$150,000;

the cap for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to 100% of the purchase price or \$81 million;

there would be no threshold or cap for:

indemnity claims against TechTeam in respect of breaches of fundamental representations and warranties or covenants, or

fraud, intentional misrepresentation and willful misconduct;

the definition of fundamental representations and warranties would include, among others, representations and warranties relating to consents and approvals, government contracts, compliance with laws, title and sufficiency of assets, taxes, no indebtedness, and absence of certain business practices;

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TechTeam would guarantee the collectability of the accounts receivable acquired by Jacobs Engineering, both billed and unbilled, for work performed prior to the closing date;

TechTeam would procure, at its cost and expense, run-off coverage and/or tail insurance having such coverage limits as Jacobs Engineering deems advisable;

TechTeam would agree not to compete with the Government Solutions Business or solicit or hire any employee of Jacobs Engineering or the Government Solutions Business for a period of five years following the closing;

the stock purchase agreement would provide that all key employees of the Government Solutions Business would enter into employment agreements with Jacobs Engineering (to become effective after the closing) with terms of up to three years after the closing date; and

TechTeam would permit Jacobs Engineering and the Government Solutions Business to continue to utilize the name TechTeam in connection with the Government Solutions Business for a reasonable period following the closing.

In addition, Jacobs Engineering indicated that its obligation to consummate the acquisition of the Government Solutions Business would be conditioned on there being no material adverse change to the Government Solutions Business (as such term would be defined in the stock purchase agreement), including any material adverse change to the prospects of the Government Solutions Business. Jacobs Engineering also requested an exclusivity period through December 31, 2009 to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence.

Also, on November 18, 2009, Party G-A submitted its final indication of interest proposing the acquisition of the Government Solutions Business for \$52.5 million. Party G-A's final indication of interest contemplated that its acquisition of the Government Solutions Business would be structured as a stock acquisition by a newly-created entity, that the purchase price consideration would be all-cash, that the acquisition of the Government Solutions Business would be on a cash-free, debt-free basis, and the purchase price would be subject to a post-closing net working capital adjustment based on a definition of closing net working capital and a target level of net working capital to be agreed upon. In addition, Party G-A indicated that, upon the signing of a definitive stock purchase agreement, its obligation to consummate the acquisition of the Government Solutions Business would not be subject to financing. Party G-A's final indication of interest also proposed the following additional terms, among others:

10% of the purchase price, or \$5.25 million, would be placed in an escrow account to secure the indemnification obligations of TechTeam to Party G-A to be retained until 15 months after the closing date;

the claim-based threshold for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to \$50,000;

the deductible for indemnity claims against TechTeam in respect of non-fundamental representations and warranties would be equal to 1% of the purchase price or \$525,000;

the cap for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to 10% of the purchase price or \$5.25 million;

there would be no threshold, deductible or cap for:

indemnity claims against TechTeam in respect of breaches of fundamental representations or covenants, or

TechTeam's tax indemnity;

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a termination fee would be payable by TechTeam equal to 2% of the purchase price or \$1.05 million, and/or the reimbursement by TechTeam of Party G-A's reasonable expenses (with no cap on such expenses specified), based upon the occurrence of certain agreed-upon events (including post-termination closing of an alternative transaction); and

if requested, prior to the closing, TechTeam would make an election under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended (the Code).

In its final indication of interest, Party G-A indicated that its proposal would expire at the close of business on November 25, 2009.

On November 20, 2009, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's exploration of the sale of the Government Solutions Business. Representatives from our management and legal and financial advisors were also present for this meeting. At this meeting, the representatives from Houlihan Lokey reviewed with the Strategy Committee the final indications of interest that had been received for the Government Solutions Business and the process that had been followed in exploring the possible sale of the Government Solutions Business. It was noted that 55 strategic and 42 financial buyers were contacted regarding their potential interest in acquiring the Government Solutions Business and, of those contacted, 24 strategic and 11 financial buyers decided not to proceed prior to reviewing the various due diligence materials, and 31 strategic and 31 financial buyers had executed confidentiality agreements and received copies of various due diligence materials.

Of the 62 parties that executed confidentiality agreements and received copies of various due diligence materials with respect to the Government Solutions Business, 22 parties submitted non-binding initial indications of interest relating to the sale of the Government Solutions Business. The initial indications of interest proposed material terms and conditions relating to the sale of the Government Solutions Business, including, without limitation, the proposed purchase price for the Government Solutions Business (ranging from \$42 million to \$95 million) and exclusivity. Most of the parties that submitted initial indications of interest with respect to the Government Solutions Business were invited to visit with our senior management and to receive further information and materials relating to the Government Solutions Business, or participate in one or more conference calls with our senior management to review such information and materials. Each party that participated in these meetings was requested to either confirm its initial indication of interest or to submit a revised non-binding indication of interest relating to the sale of the Government Solutions Business.

Of the 22 parties that submitted initial indications of interest with respect to the Government Solutions Business, no party confirmed its initial indication of interest and only six parties submitted final non-binding indications of interest relating to the sale of the Government Solutions Business. The 16 parties that declined to confirm their initial indications of interest and did not submit final indications of interest indicated that they were not interested in pursuing a purchase of the Government Solutions Business because of the uncertainty of the Government Solutions Business short- and long-term prospects as either a stand-alone enterprise or as an integrated business unit of a larger organization, including, but not limited to, its ability to achieve forecasted revenue and EBITDA (particularly as it related to new business), the potential for organizational conflicts of interest, the uncertainty regarding near-term re-competes and the integration challenges that the Government Solutions Business could present for strategic buyers.

The six final indications of interest that were received proposed material terms and conditions relating to the sale of the Government Solutions Business, including, without limitation, proposed purchase prices for the Government Solutions Business (ranging from \$45 million to \$81 million) and exclusivity.

Jacobs Engineering's final indication of interest proposing a purchase price of \$81 million, the high-end of the range of the final indications of interest, was deemed by the Strategy Committee to represent the most attractive offer for the Government Solutions Business.

On November 25, 2009, Jacobs Engineering was provided with various revisions proposed by TechTeam to the terms and provisions that were included in the initial draft of the letter of intent provided by

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Jacobs Engineering on November 18, 2009. The proposed revisions included, but were not limited, to the following:

the representations and warranties made by TechTeam in the stock purchase agreement would survive the closing until 18 months following the closing, other than fundamental representations and warranties which would survive the closing until the expiration of the applicable statute of limitations;

15% of the proposed purchase price, or \$12.15 million, would be placed in an escrow account to secure the indemnification obligations of TechTeam to Jacobs Engineering, with 50% of such amount to be released 12 months after the closing date and the remainder to be released 18 months after the closing date;

in lieu of a tipping basket, there would be a deductible for indemnity claims against TechTeam in respect of non-fundamental representations and warranties equal to \$600,000;

the cap for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to 25% of the purchase price or \$20.25 million;

TechTeam's maximum liability for breaches of all representations and warranties (including all fundamental representations and warranties) would not exceed 100% of the purchase price of \$81 million, except in the case of fraud;

TechTeam would agree not to compete with the Government Solutions Business or solicit or hire any employee of Jacobs Engineering or the Government Solutions Business for a period of five years following the closing but such restrictive covenants would terminate upon a change of control of TechTeam;

the stock purchase agreement would provide that all key employees of the Government Solutions Business would enter into employment agreements with Jacobs Engineering (to become effective after the closing) with terms of up to two years after the closing date; and

the stock purchase agreement would include fiduciary out provisions that would allow TechTeam to terminate the stock purchase agreement under certain circumstances.

In addition, the proposed revisions to the draft letter of intent rejected the following proposals of Jacobs Engineering:

that TechTeam guarantee the collectability of the accounts receivable acquired by Jacobs Engineering, both billed and unbilled, for work performed prior to the closing date;

that TechTeam procure, at its cost and expense, run-off coverage and/or tail insurance having such coverage limits as Jacobs Engineering deems advisable; and

that the obligation of Jacobs Engineering to consummate the acquisition of the Government Solutions Business would be conditioned on there being no material adverse change to the Government Solutions Business (as such term would have been defined in the definitive stock purchase agreement), including any material adverse change to the prospects of such Government Solutions Business.

On December 1, 2009, in accordance with our Board's directives, representatives of Houlihan Lokey held a conference call with representatives of Jacobs Engineering to discuss the initial draft of the letter of intent provided by Jacobs Engineering on November 18, 2009.

On the afternoon of December 3, 2009, TechTeam, together with its legal and financial advisors, held a conference call with Jacobs Engineering and its outside legal counsel, Paul, Hastings, Janofsky & Walker LLP (Paul Hastings), to discuss the letter of intent that had been proposed by Jacobs Engineering

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with respect to the acquisition of the Government Solutions Business. Among those participating in this conference call were (i) representing TechTeam, Messrs. Frumberg and Siegel, and (ii) representing Jacobs Engineering, John McLachlan, its Senior Vice President for Acquisitions and Strategy, Jeff Goldfarb, its Vice President and Controller for M&A and Public Sector, Mike Udovic, its Vice President and Corporate Secretary. During the course of this conference call, TechTeam emphasized the importance of several factors, including that any transaction to sell the Government Solutions Business: (i) not unduly encumber our Board's ability to explore various strategic alternatives for the Commercial Business, (ii) provide for a fiduciary out for TechTeam to consider competing acquisition proposals with respect to the Government Solutions Business as well as the entirety of the Company (including the Government Solutions Business), (iii) have limited conditionality and, accordingly, maximum certainty of closing, and (iv) contemplate an expeditious timeline both for the execution of a definitive acquisition agreement and the closing of the transaction.

On December 4, 2009, Jacobs Engineering circulated a revised draft letter of intent. In its revised letter of intent, Jacobs Engineering proposed the following revisions:

the representations and warranties made by TechTeam in the stock purchase agreement would survive the closing until 24 months following the closing, other than fundamental representations and warranties which would survive the closing until sixty days following the expiration of the applicable statute of limitations;

15% of the proposed purchase price, or \$12.15 million, would be placed in an escrow account to secure the indemnification obligations of TechTeam to Jacobs Engineering to be retained until 24 months after the closing date;

the threshold or tipping basket for indemnity claims against TechTeam in respect of non-fundamental representations and warranties would be equal to \$250,000;

the cap for indemnity claims against TechTeam in respect of breaches of non-fundamental representations and warranties would be equal to 50% of the purchase price or \$40.5 million;

TechTeam's maximum liability for breaches of all representations and warranties (including all fundamental representations and warranties) would not exceed 100% of the purchase price of \$81 million, except in the case of fraud, intentional misrepresentation or willful misconduct;

there would be no threshold or cap for indemnity claims against TechTeam in respect of:

breaches of any covenants, or

fraud, intentional misrepresentation and willful misconduct;

TechTeam would agree not to compete with the Government Solutions Business or solicit or hire any employee of Jacobs Engineering or the Government Solutions Business for a period of five years following the closing but such restrictive covenants would terminate upon a change of control of TechTeam;

the stock purchase agreement would provide that all key employees of the Government Solutions Business would enter into employment agreements with Jacobs Engineering (to become effective after the closing) with terms of up to two years after the closing date;

TechTeam would make an election under Section 338(h)(10) of the Code with respect to the tax treatment of the sale of the Government Solutions Business; and

to the extent that TechTeam determines that approval of the sale of the Government Solutions Business is required by its stockholders, the stock purchase agreement would

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include fiduciary out provisions and, related to that, Jacobs Engineering would be entitled to a termination fee equal to 5% of the purchase price, or \$4,050,000 million, and reimbursement of its expenses in the event that the stock purchase agreement is terminated under certain circumstances.

Jacobs Engineering also requested an exclusivity period through January 31, 2010 to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence.

On December 9, 2009, our Board convened a meeting to discuss various matters. Our senior management was also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the process to explore the sale of the Government Solutions Business. Mr. Siegel noted that, of the six final indications of interest that were received, the one submitted by Jacobs Engineering, which proposed a purchase price of \$81 million, contemplated the highest purchase price for the Government Solutions Business. Mr. Siegel informed our Board that TechTeam was in the process of negotiating a letter of intent with Jacobs Engineering.

On the afternoon of December 10, 2009, representatives of Blank Rome held a conference call with representatives of Paul Hastings as well as Mr. Udovic to discuss various matters related to the letter of intent that had been proposed by Jacobs Engineering with respect to the acquisition of the Government Solutions Business.

On the morning of December 12, 2009, Mr. Siegel circulated a letter to John McLachlan, the Senior Vice President, Acquisitions and Strategy, for Jacobs Engineering. In his letter, Mr. Siegel indicated to Mr. McLachlan that the letter of intent proposed by Jacobs Engineering contained numerous provisions which were troubling to our Board and raised significant doubt as to whether a transaction with Jacobs Engineering could be completed. As an example of such provisions, Mr. Siegel pointed to Jacobs Engineering's request to categorize various representations and warranties to be made by TechTeam in the stock purchase agreement as fundamental representations, including the representation and warranty with respect to government contracts. The effect of including such a representation and warranty within the definition of fundamental representations would have been to provide Jacobs Engineering the right to seek indemnification from TechTeam for up to 100% of the purchase price paid for the Government Solutions Business with respect to indemnification claims arising out of a breach of the government contracts representation. While Mr. Siegel indicated that, based on the framework proposed by Jacobs Engineering, it might be futile for the parties to continue any further discussions, he also indicated that if the impasse could be resolved with an in-person meeting, TechTeam and its representatives were prepared to meet as soon as logistically practicable to address the open issues regarding the proposed letter of intent.

On December 15, 2009, Mr. McLachlan requested that the respective representatives of TechTeam and Jacobs Engineering meet on December 18, 2009 to discuss the open issues relating to the letter of intent proposed by Jacobs Engineering.

On December 17, 2009, Party G-A submitted a revised indication of interest for the acquisition of the Government Solutions Business for \$60 million, which represented an increase of \$7.5 million from its previous indication of interest dated November 18, 2009. Party G-A's revised indication of interest contained many of the same terms as were contained in its final indication of interest other than (i) the revised purchase price of \$60 million, (ii) escrow deposit of \$6 million (as opposed to \$5.25 million in its final indication of interest) to secure the indemnification obligations of TechTeam to Party G-A; and (iii) a term of escrow of 12 months after the closing date (as opposed to 15 months in the final indication of interest submitted by Party G-A). In addition, as with its earlier indications of interest, Party G-A indicated that, upon the signing of a definitive stock purchase agreement, its obligation to consummate the acquisition of the Government Solutions Business would not be subject to financing. In its revised indication of interest, Party G-A indicated that its proposal would expire at the close of business on December 23, 2009.

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On the morning of December 18, 2009, the respective representatives of TechTeam and Jacobs Engineering met to discuss the open issues relating to the letter of intent proposed by Jacobs Engineering. Messrs. Frumberg and Siegel attended on behalf of TechTeam as did representatives of our legal and financial advisors. Jacobs Engineering was represented at this meeting by George A. Kunberger, its Executive Vice President, Messrs. Goldfarb and Udovic, and a representative of Paul Hastings. At this meeting, TechTeam and Jacobs Engineering discussed various issues relating to the proposed letter of intent, including, but not limited to:

the effect of a transaction between TechTeam and Jacobs Engineering on our Board's ability to explore various strategic alternatives for the Commercial Business;

the ability of Jacobs Engineering to claw-back the purchase price for the Government Solutions Business through indemnification or other provisions;

the definition of fundamental representations and warranties ;

the survival period for the representations and warranties that would be made by TechTeam in the stock purchase agreement;

whether TechTeam's indemnification obligations pursuant to a stock purchase agreement with Jacobs Engineering would be limited to the amount held in an escrow account;

the extent to which the parties would share the costs of an election made by TechTeam to have the sale of the Government Solutions Business treated as an asset sale under Section 338(h)(10) of the Code;

the extent to which TechTeam would be required to guarantee the accounts receivable balance that are recorded on the closing balance sheet of the Government Solutions Business;

the extent to which TechTeam would fund retention arrangements with key employees of the Government Solutions Business;

whether the execution of employment agreements with key employees of the Government Solutions Business would be a condition to the obligation of Jacobs Engineering to consummate a transaction;

the definition of material adverse effect and whether the absence of a material adverse effect with respect to the Government Solutions Business would be a condition to the obligation of Jacobs Engineering to consummate the acquisition of the Government Solutions Business;

other issues affecting certainty of the closing of a transaction with Jacobs Engineering; and

the contemplated timeline for the signing of a stock purchase agreement with Jacobs Engineering.

At the conclusion of this day-long meeting, it was the understanding of the parties that, rather than attempt to continue to negotiate a letter of intent, they would focus their efforts on negotiating a stock purchase agreement.

Following the conclusion of the meeting, TechTeam viewed the following points, among others, as having been agreed to in principle:

the cap on TechTeam's indemnification obligations pursuant to the stock purchase agreement would be equal to 25% of the purchase price;

the escrow to secure TechTeam's indemnification obligations pursuant to the stock purchase agreement would be equal to 25% of the purchase price and would be the sole recourse for all indemnification obligations except for taxes and fraud (subject to reaching agreement on the definition of fraud);

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TechTeam would guarantee the accounts receivable of the Government Solutions Business as they exist on the date of closing of the transaction but such guarantee would fall under the 25% cap on TechTeam's indemnification obligations discussed above;

if Jacobs Engineering requests that TechTeam make an election pursuant to Section 338(h)(10) of the Code, the parties would share equally the incremental costs of such an election; and

the purchase price to be paid by Jacobs would be netted against \$2 million to fund retention payments that would be made to TTGSI employees by Jacobs following the closing of the Stock Sale.

Among the points that TechTeam viewed as open were the following:

the duration of the period during which the representations and warranties of TechTeam would survive the closing of the transaction;

the duration of the period during which a portion of the purchase price paid for the Government Solutions Business would be held in escrow; and

the extent to which Jacobs Engineering could assert claims for fraud, intentional misrepresentation or similar claims against TechTeam outside of the escrow and in excess of the 25% indemnification cap and how fraud would be defined by the parties in the stock purchase agreement.

On the evening of December 22, 2009, a representative of Paul Hastings circulated to representatives of Blank Rome a revised draft of the stock purchase agreement that had been provided to Jacobs Engineering in October 2009 for review and comment in connection with the solicitation of Jacobs Engineering's final indication of interest.

On December 23, 2009, representatives of Blank Rome and Paul Hastings held a conference call to discuss various issues relating to the revised draft of the stock purchase agreement, including, but not limited to, the circumstances under which TechTeam could be liable for indemnification claims in excess of the indemnification escrow amount as well as indemnification claims asserted more than three years after the closing of the transaction. In connection with that discussion, the representatives discussed the carve-outs that Jacobs Engineering was seeking to the cap on TechTeam's obligations to indemnify Jacobs Engineering pursuant to the stock purchase agreement, particularly the carve-outs for fraud, intentional misrepresentation and similar claims, which would have no limit in amount or duration.

Also, on December 23, 2009, TechTeam indicated to Jacobs Engineering its disappointment with the revised draft of the stock purchase agreement and that, given the presence of other parties potentially interested in pursuing the acquisition of the Government Solutions Business, Jacobs Engineering would need to move quickly to resolve the issues presented by its draft stock purchase agreement.

On the evening of December 23, 2009, a representative of Party G-A submitted a draft exclusivity agreement that contemplated TechTeam granting Party G-A an exclusive period of 30 days to negotiate the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence.

On December 24, 2009, Messrs. Frumberg and Siegel held a telephone call with Mr. Kunberger to discuss the status of Jacobs Engineering's interest in pursuing the acquisition of the Government Solutions Business. Mr. Kunberger indicated that Jacobs Engineering continued to be interested in acquiring the Government Solutions Business. Messrs. Frumberg and Siegel indicated to Mr. Kunberger that the carve-outs that Jacobs Engineering was seeking to

the cap on TechTeam's obligations to indemnify Jacobs Engineering pursuant to the stock purchase agreement, particularly the carve-outs for fraud, intentional misrepresentation and similar claims, which would have no limit in amount of duration, would be difficult for TechTeam to agree to, particularly given their possible effect on TechTeam's ability to explore strategic alternatives for the Commercial Business. Mr. Kunberger indicated that he would discuss this issue with the other members of his management team.

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On the morning of December 29, 2009, Messrs. Frumberg and Siegel held a conference call with a senior representative of Party G-A. Also participating in the conference call were representatives of TechTeam's and Party G-A's respective advisors. The conference call focused on various issues related to Party G-A's potential interest in acquiring the Government Solutions Business, including, but not limited to:

the effect of a transaction between TechTeam and Party G-A on our Board's ability to explore various strategic alternatives for the Commercial Business;

the ability of Party G-A to claw-back the purchase price for the Government Solutions Business through indemnification or other provisions;

the definition of fundamental representations and warranties ;

the survival period for the representations and warranties that would be made by TechTeam in the stock purchase agreement;

that TechTeam's indemnification obligations pursuant to a stock purchase agreement with Party G-A needed to be limited to the amount held in an escrow account;

the definition of material adverse effect and whether the absence of a material adverse effect with respect to the Government Solutions Business would be a condition to the obligation of Party G-A to consummate the acquisition of the Government Solutions Business;

other issues affecting certainty of closing of a transaction with Party G-A; and

the contemplated timeline for the signing of a stock purchase agreement with Party G-A.

On December 30, 2009, Mr. Kunberger telephoned Mr. Siegel to inform him that Jacobs Engineering was no longer interested in pursuing the acquisition of the Government Solutions Business.

On January 4, 2010, a representative of Blank Rome circulated to a representative of Party G-A's legal counsel a revised draft of its proposed exclusivity agreement. The representatives subsequently exchanged various additional revised drafts of the exclusivity agreement that day and held a conference call to negotiate various provisions of the exclusivity agreement, including, but not limited to, that the exclusivity agreement not restrict the ability of TechTeam to encourage, solicit, initiate or engage in discussions or negotiations with any person, or encourage or solicit proposals from any person, with respect to either (a) any purchase, sale or other disposition of the Commercial Business, or (b) any merger, acquisition, consolidation or similar business combination involving the sale of TechTeam subsequent to a sale of the Government Solutions Business to Party G-A.

On January 6, 2010, Party G-A was provided with an update on the Government Solutions Business and, thereafter, held a conference call to discuss such update with a senior management representative of the Government Solutions Business. Following the conference call, the representative from Party G-A expressed concern with the financial outlook for the Government Solutions Business and indicated that it would need time to digest the information provided.

On January 8, 2010, Party G-A submitted a revised indication of interest for the acquisition of the Government Solutions Business for \$55 million. Party G-A's revised indication of interest contained many of the same terms as were contained in its prior indication of interest other than (i) that the revised proposed purchase price would be \$55 million, and (ii) the amount of the escrow deposit would be \$5 million (as opposed to \$6 million in its final

indication of interest) to secure the indemnification obligations of TechTeam to Party G-A. In addition, as with its earlier indications of interest, Party G-A indicated that, upon the signing of a definitive stock purchase agreement, its obligation to consummate the acquisition of the Government Solutions Business would not be subject to financing. In its revised indication of interest, Party G-A indicated that its proposal would expire at the close of business on January 11, 2010.

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On January 10, 2010, our Board convened a meeting to discuss various matters relating to the process to explore the sale of the Government Solutions Business. TechTeam's senior management and a representative of Blank Rome were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the process to explore the sale of the Government Solutions Business. Mr. Siegel discussed with our Board the terms of Party G-A's most recently revised indication of interest which contemplated a purchase price of \$55 million for the Government Solutions Business (reflecting a reduction from the \$60 million proposed purchase price contained in Party G-A's previous indication of interest dated December 17, 2009). Mr. Siegel also noted that Party G-A was seeking an exclusivity period of 30 days (ending on February 10, 2010) to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence. Mr. Siegel indicated that, notwithstanding the reduced purchase price, Party G-A's most recent indication of interest represented the most attractive bid then received to date and not withdrawn for the Government Solutions Business, taking into account:

the proposed purchase price;

the proposed transaction terms such as escrow amount, indemnification, and the limitations on the ability of Party G-As to make indemnification claims post-closing against the escrowed amount and beyond the escrowed amount;

certainty of closing;

timing of closing; and

the effect that a transaction with Party G-A would have on the ability of our Board to explore various strategic alternatives with respect to the Commercial Business.

Mr. Siegel also informed our Board that the Strategy Committee had requested that Houlihan Lokey confirm with Jacobs Engineering that it was no longer interested in pursuing the acquisition of the Government Solutions Business and that such confirmation would be obtained from Jacobs Engineering prior to executing an exclusivity agreement with Party G-A. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, recommended that our Board authorize TechTeam to enter into the exclusivity agreement as negotiated with Party G-A. Our Board discussed the meaning and consequences of granting exclusivity to Party G-A upon and subject to the terms of the proposed exclusivity agreement. In considering the proposed exclusivity agreement, our Board considered various factors, including, but not limited to:

our Board's understanding that Jacobs Engineering was no longer interested in pursuing the acquisition of the Government Solutions Business (which would be confirmed prior to executing the exclusivity agreement with Party G-A);

that Party G-A had indicated that it would not continue discussions and negotiations without an executed exclusivity agreement; and

the view of our Board that (assuming Jacobs Engineering was no longer interested in pursuing the acquisition of the Government Solutions Business), and taking into account the competitive process used to explore the sale of the Government Solutions Business, the terms proposed by Party G-A in its most recent indication of interest represented the best transaction attainable with respect to the sale of Government Solutions Business.

Following such discussion, and subject to obtaining the confirmation from Jacobs Engineering that it was no longer interested in pursuing the acquisition of the Government Solutions Business, our Board approved, and authorized TechTeam's management to execute, an exclusivity agreement with Party G-A as recommended by Messrs. Frumberg and Siegel.

On January 11, 2010, at the request of the Strategy Committee, a representative of Houlihan Lokey held a telephone call with Jeff Goldfarb, Vice-President & Controller for M&A and Public Sector at

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Jacobs Engineering. During the course of such call, Mr. Goldfarb confirmed that Jacobs Engineering was no longer interested in pursuing the acquisition of the Government Solutions Business.

Also, on January 11, 2010, at the request of the Strategy Committee, a representative of Houlihan Lokey held a telephone call with a representative of Party W-B to inquire whether Party W-B was still interested in acquiring the entirety of the Company on the terms contained in the indication of interest that it had submitted on July 23, 2009. During the course of that telephone conversation, Party W-B was updated as to the financial condition and outlook of TechTeam since the prior summer. Following such discussion, the representative of Party W-B indicated that, while it may still be interested in exploring the acquisition of the entirety of the Company, given the significant deterioration in TechTeam's financial condition and outlook, Party W-B would not be willing to reaffirm the proposed purchase price contemplated by its July 23, 2009 indication of interest.

On January 12, 2010, TechTeam and Party G-A executed an exclusivity agreement that granted Party G-A exclusivity through February 10, 2010 to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence.

Also, on January 12, 2010, TechTeam and Party G-A executed an amendment to the confidentiality agreement that the parties had executed on May 27, 2009. The purpose of the amendment, among other things, was to permit Party G-A to share with one of its affiliates certain of the information and materials relating to the Government Solutions Business. TechTeam also executed on this same date a similar amendment to the confidentiality agreement that it had executed with an affiliate of Party G-A on June 2, 2009.

On the afternoon of January 18, 2010, a representative of Party G-A's legal counsel circulated to a representative of Blank Rome a detailed issues list relating to the draft stock purchase agreement that had been provided to Party G-A in October 2009 for review and comment in connection with the solicitation of Party G-A's final indication of interest. In the detailed issues list, Party G-A's legal counsel indicated that Party G-A was not willing to provide an unconditional representation in the stock purchase agreement that it had or would have sufficient funds for the closing, but would only represent that it would have sufficient funds if its third-party financing was consummated in accordance with the terms of a financing commitment letter, a copy of which would be provided to TechTeam prior to the execution of a stock purchase agreement. In addition, Party G-A's legal counsel indicated in the detailed issues list that if TechTeam terminated the stock purchase agreement because of a material breach by Party G-A, TechTeam would not be able to bring an action against Party G-A for specific performance and the only recourse of TechTeam would be to collect a reverse termination fee in an amount to be determined, as liquidated damages, from an affiliate of Party G-A. The issues list also provided that Party G-A would not be a party to the stock purchase agreement and, except for the obligation to pay a reverse break-up fee, the only affiliate of Party G-A that would be a party to the stock purchase agreement would be a newly-formed acquisition subsidiary. In addition to the foregoing, Party G-A's detailed issues list raised other issues that were of concern to TechTeam, including, but not limited to, the following:

that the proposed fiduciary out would only apply to a competing transaction proposal that involves a change of control of TechTeam or the entire business of TechTeam but would not apply to offers or proposals to acquire just the Government Solutions Business;

that Party G-A was seeking to have TechTeam agree to a worldwide non-compete covenant (the term of which was to be agreed upon) to prevent TechTeam from competing with the Government Solutions Business after it is sold to Party G-A; and

that Party G-A had rejected many of the seller-friendly carveouts included in TechTeam's proposed definition of material adverse effect and wanted to include, as part of that definition, any adverse changes affecting the prospects of the Government Solutions Business.

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On January 22, 2010, representatives of Blank Rome met with representatives of Party G-A's legal counsel at the offices of Party G-A's legal counsel to review and negotiate various issues related to the stock purchase agreement pursuant to which Party G-A would acquire the Government Solutions Business from TechTeam, including, but not limited to, the issues included on the detailed issues list that had been circulated by Party G-A's legal counsel on January 18, 2010.

On February 1, 2010, a representative of Party G-A's legal counsel circulated to a representative of Blank Rome a revised draft of the stock purchase agreement. Also, on February 1, 2010, a representative of Party G-A's legal counsel circulated to a representative of Blank Rome a letter from Party G-A, contemplated by the exclusivity agreement between TechTeam and Party G-A, confirming to TechTeam that, as of February 1, 2010, Party G-A had not identified any material issues which would alter Party G-A's intention to continue to move toward executing a definitive acquisition agreement with respect to the sale of the Government Solutions Business at a purchase price of \$55 million and the other material terms that were outlined in its most recent indication of interest.

On the afternoon of February 3, 2010, TechTeam held a conference call with representatives of Party C-A, together with the parties' respective legal and financial advisors, to discuss various matters with respect to a possible sale of the Commercial Business to Party C-A subsequent to the sale of the Government Solutions Business, including, but not limited to:

the transaction structure by which the Commercial Business would be sold,

whether TechTeam's indemnification obligations pursuant to a stock purchase agreement with the buyer of the Government Solutions Business would be limited to the amount held in an escrow account, and

the extent to which the buyer of the Commercial Business would be liable for contingent liabilities of the Government Solutions Business in excess of the amount held in an escrow account.

On February 5, 2010, a representative of Party G-A circulated a draft amendment to the exclusivity agreement that had been executed by TechTeam and Party G-A which amendment proposed an extension of exclusivity until February 28, 2010.

On February 10, 2010, a representative of Blank Rome circulated to a representative of Party G-A's legal counsel a revised draft of the stock purchase agreement. Also, on February 10, 2010, the exclusivity agreement that had been executed by TechTeam and Party G-A expired without extension.

On the afternoon of February 10, 2010, TechTeam held a telephone conference with Party W-A, together with the parties' respective advisors, to discuss various matters with respect to a possible sale of the Commercial Business to Party W-A subsequent to the sale of the Government Solutions Business, including, but not limited to:

the transaction structure by which the Commercial Business would be sold;

whether TechTeam's indemnification obligations pursuant to a stock purchase agreement with the buyer of the Government Solutions Business would be limited to the amount held in an escrow account; and

the extent to which the buyer of the Commercial Business would be liable for contingent liabilities of the Government Solutions Business in excess of the amount held in an escrow account.

On the evening of February 10, 2010, a representative of Blank Rome held a telephone conference with representative of Party C-A s outside legal counsel to further discuss various issues with respect to a possible sale of the Commercial Business to Party C-A subsequent to the sale of the Government Solutions Business, including, but not limited to, the extent to which the buyer of the Commercial Business

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would be liable for contingent liabilities of the Government Solutions Business in excess of the amount held in an escrow account.

On February 11, 2010, Mr. Hamot circulated a letter to Mr. Kunberger. In his letter, Mr. Hamot informed Mr. Kunberger that TechTeam's exclusivity agreement with another party had expired the day before and that such party was seeking an extension of exclusivity. Mr. Hamot indicated to Mr. Kunberger that, before TechTeam would agree to such an extension, TechTeam wanted to assess whether Jacobs Engineering would have any interest in resuming negotiations with TechTeam with respect to the possible acquisition of the Government Solutions Business.

On February 12, 2010, Mr. Kunberger circulated an e-mail to Mr. Siegel confirming receipt of Mr. Hamot's letter. Mr. Kunberger indicated that while Jacobs Engineering would seek to respond later that day to Mr. Hamot's letter, given that Mr. McLachlan and Rogers Starr, the Jacobs Engineering executive in charge of its government business, were then traveling out of the country, the response may be delayed due to logistical challenges.

On February 15, 2010, Mr. Kunberger circulated an e-mail to Mr. Siegel informing him that Jacobs Engineering was still having logistical challenges in gathering the appropriate individuals at Jacobs Engineering to discuss an appropriate response to Mr. Hamot's letter.

On the afternoon of February 16, 2010, the respective representatives of TechTeam and Party G-A met to discuss the open issues relating to the acquisition of the Government Solutions Business by Party G-A. Messrs. Frumberg and Siegel attended on behalf of TechTeam as did representatives of our legal and financial advisors. Party G-A was represented at this meeting by, among others, one of its senior executives and two representatives of its outside legal counsel. At this meeting, TechTeam and Party G-A discussed various issues relating to the contemplated acquisition of the Government Solutions Business by Party G-A, including, but not limited to:

whether, in the event of a breach of the stock purchase agreement by Party G-A, TechTeam would be permitted to bring an action against Party G-A for specific performance or whether its only recourse would be to collect a reverse break-up fee from Party G-A;

the amount of the reverse break-up fee that Party G-A would be willing to pay to TechTeam under certain circumstances if it was not able to consummate the acquisition of the Government Solutions Business;

whether Party G-A would agree to a fiduciary-out that would allow TechTeam to consider competing transaction proposals for the Government Solutions Business in addition to proposals that contemplate the acquisition of the entirety of the Company;

the extent to which Party G-A would reimburse TechTeam for the costs of an election made by TechTeam to have the sale of the Government Solutions Business treated as an asset sale under Section 338(h)(10) of the Code;

whether Party G-A would be willing to commit to the acquisition of the Government Solutions Business regardless of its ability to obtain financing and the status of Party G-A's discussions with its financing sources;

other issues affecting certainty of closing of a transaction with Party G-A;

the contemplated timeline for the signing of a stock purchase agreement with Party G-A; and

the contemplated timeline for the closing of sale of the Government Solutions Business to Party G-A.

In addition to the foregoing, the parties discussed whether TechTeam intended to submit the sale of the Government Solutions Business to a vote of its stockholders and, in the absence of such a vote, whether

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the parties could consider a simultaneous signing of a stock purchase agreement and consummation of the transaction.

Also, on February 16, 2010, Mr. Kunberger circulated to Messrs. Frumberg and Siegel a request for a conference call to be held the following day with him and Mr. McLachlan to discuss the potential interest by Jacobs Engineering in re-initiating negotiations with TechTeam with respect to a potential acquisition of the Government Solutions Business, which request was agreed to later that day by Messrs. Frumberg and Siegel.

On February 17, 2010, Messrs. Frumberg and Siegel participated in a conference call with Messrs. Kunberger and McLachlan to discuss the potential interest by Jacobs Engineering in re-initiating negotiations with TechTeam with respect to a potential acquisition of the Government Solutions Business. Following such conference call, Mr. Frumberg provided Mr. McLachlan with an update on the Government Solutions Business and informed him of the recent departure from the Government Solutions Business of the executive who previously had led its health services industry group.

Also on February 17, 2010, a representative of Blank Rome sent to a representative of Paul Hastings a draft of an exclusivity agreement, which contemplated exclusive negotiations with Jacobs Engineering regarding the sale of the Government Solutions Business until the close of business, Eastern time, on March 12, 2010.

On February 19, 2010, a representative of Party G-A circulated drafts of two commitment letters with financial institutions that it contemplated would participate in the financing of Party G-A's acquisition of the Government Solutions Business. The draft commitment letters raised a number of issues that were of particular concern to TechTeam including, but not limited to, the following:

each commitment letter was only for a partially underwritten financing and each arranger had a syndication out ;

each commitment letter contained a material adverse effect out that was tied not only to the Government Solutions Business, but also to the acquiring business;

the definition of material adverse effect included in the commitment letters was not tied to the definition of material adverse effect included in the draft stock purchase agreement;

one of the commitment letters contained a market out (e.g., disruption in the loan syndication market, etc.);

each commitment letter required the lenders to be satisfied with the stock purchase agreement; and

each commitment letter contained a due diligence out.

On February 22, 2010, Mr. McLachlan circulated to Mr. Frumberg a revised indication of interest proposing the acquisition of the Government Solutions Business for a purchase price ranging from \$65 to \$70 million. In his letter, Mr. McLachlan indicated that Jacobs Engineering, in revising its purchase price downward from the purchase price of \$81 million that was proposed in its indication of interest dated November 18, 2009, was particularly concerned with various recent developments at the Government Solutions Business, including the deterioration in its financial outlook and the departure of a key executive. Subject to being granted exclusivity, Mr. McLachlan indicated that Jacobs Engineering was prepared to recommence negotiations with respect to the draft stock purchase agreement, continue its due diligence review of the Government Solutions Business and take the necessary steps to satisfy itself that the purchase price range proposed by Jacobs Engineering was justified.

Between February 22 and 24, 2010, representatives of Blank Rome and Paul Hastings continued negotiating the terms and conditions of the exclusivity agreement, including, without limitation, the duration of exclusivity and the circumstances in which TechTeam could terminate the exclusivity agreement

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(including, without limitation, in the event of a proposal by Jacobs Engineering to reduce the proposed purchase price).

On February 23, 2010, Party G-A was informed that TechTeam was in discussions with another party (Jacobs Engineering) with respect to the sale of the Government Solutions Business and that Party G-A needed to increase its purchase price if it wanted to continue discussions with TechTeam with respect to the sale of the Government Solutions Business. Party G-A declined to increase its proposed purchase price for the Government Solutions Business and, since then, has neither proposed an increased purchase price nor reaffirmed its last proposed purchase price of \$55 million. By the close of business on that day, TechTeam terminated Party G-A's access to the electronic data room that contained materials and documents relating to the Government Solutions Business.

On the morning of February 24, 2010, our Board convened a meeting to discuss various matters relating to the process to explore the sale of the Government Solutions Business. TechTeam's senior management and a representative of Blank Rome were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the recent discussions that had been held with Jacobs Engineering with respect to its interest in acquiring the Government Solutions Business. Mr. Siegel noted that Jacobs Engineering was seeking an exclusivity period through March 26, 2010 to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, recommended that our Board authorize TechTeam to enter into the exclusivity agreement as negotiated with Jacobs Engineering. Our Board discussed the meaning and consequences of granting exclusivity to Jacobs Engineering upon and subject to the terms of the proposed exclusivity agreement. Following a discussion, our Board approved, and authorized TechTeam's senior management to execute, the exclusivity agreement with Jacobs Engineering as recommended by Messrs. Frumberg and Siegel.

On February 24, 2010, TechTeam and Jacobs Engineering executed an exclusivity agreement that granted Jacobs Engineering exclusivity through the close of business, Eastern time, on March 26, 2010 to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business and perform any necessary due diligence. Like the exclusivity agreement that TechTeam executed with Party G-A in January 2010, this exclusivity agreement did not restrict the ability of TechTeam to encourage, solicit, initiate or engage in discussions or negotiations with any person, or encourage or solicit proposals from any person, with respect to either (a) any purchase, sale or other disposition of the Commercial Business, or (b) any merger, acquisition, consolidation or similar business combination involving the sale of TechTeam subsequent to a sale of the Government Solutions Business to Jacobs Engineering. Following the execution of this exclusivity agreement by TechTeam and Jacobs Engineering, Jacobs Engineering and its representatives were granted full access to the electronic data room that contained materials and documents relating to the Government Solutions Business.

Also, on February 24, 2010, Mr. McLachlan circulated to Mr. Siegel a list of the principal topics that Jacobs Engineering would be seeking to address in conducting its due diligence review of the Government Solutions Business. Subsequently, also on this date, Mr. Hamot held a telephone call with Mr. Starr to discuss an agenda for an in-person "kick-off" meeting the following week between representatives of the Government Solutions Business and Jacobs Engineering.

On the afternoon of February 25, 2010, representatives of TechTeam, Blank Rome, Jacobs Engineering and Paul Hastings had a conference call to discuss various preliminary matters in connection with the negotiation of a draft stock purchase agreement.

Also, on February 25, 2010, a representative of TechTeam sent to a representative of Party G-A and an affiliate thereof, a letter requesting that, in accordance with the terms of the confidentiality agreement between each of them and TechTeam, they return or destroy all materials that they were provided by TechTeam or its representatives in

connection with their evaluation of the Government Solutions Business, and confirm to TechTeam in writing, subject to the terms of such confidentiality agreement, the destruction of such materials.

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On the evening of March 1, 2010, a representative of Blank Rome circulated to representatives of Paul Hastings a revised draft of the stock purchase agreement.

On the evening of March 3, 2010, a representative of Blank Rome circulated to representatives of Paul Hastings an initial draft of the voting agreement.

On March 4 and 5, 2010, representatives of Jacobs Engineering met with representatives of TechTeam and the Government Solutions Business and the representatives of Jacobs Engineering were provided with management presentations by various senior executives from the Government Solutions Business.

On the evening of March 5, 2010, a representative of Blank Rome circulated to representatives of Paul Hastings an initial draft of the escrow agreement.

On the evening of March 8, 2010, a representative of Paul Hastings circulated to representatives of Blank Rome a revised draft of the stock purchase agreement.

On March 9, 2010, Marcus A. Williams, Assistant General Counsel of TechTeam, together with a representative of Blank Rome, met with Mr. Udovic and representatives of Paul Hastings to review and negotiate various provisions of the stock purchase agreement for the acquisition by Jacobs Engineering of the Government Solutions Business.

Also, on March 9, 2010, a representative of Party G-A's legal counsel sent to a representative of Blank Rome certifications confirming that Party G-A and an affiliate thereof had returned or destroyed all materials that they were provided by TechTeam or its representatives in connection with their evaluation of the Government Solutions Business in accordance with the terms of the confidentiality agreement between them and TechTeam.

On March 11, 2010, our Board convened a meeting to discuss various matters relating to the process to explore the sale of the Government Solutions Business. TechTeam's senior management and a representative of Blank Rome were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the negotiations to sell the Government Solutions Business to Jacobs Engineering and reported that representatives of TechTeam and Jacobs Engineering and their respective outside counsel recently had met in-person to negotiate the terms of the stock purchase agreement. Our Board was also informed that Jacobs Engineering had indicated that its board of directors was not likely to consider formally approving the acquisition of the Government Solutions Business until the following month.

Also, on March 11, 2010, Messrs. Siegel and McLachlan had a telephone call to discuss various issues relating to Jacobs Engineering's potential interest in acquiring the Government Solutions Business, including, but not limited to, when Jacobs Engineering would be prepared to discuss the purchase price and timing of Jacobs Engineering's internal approval processes.

On the evening of March 15, 2010, a representative of Blank Rome circulated to representatives of Paul Hastings a revised draft of the stock purchase agreement.

On March 19, 2010, Mr. McLachlan circulated an e-mail to Mr. Siegel informing him that Jacobs Engineering had finished reviewing the current status of its open issues with respect to the acquisition of the Government Solutions Business and intended to provide TechTeam the following week with its final acquisition proposal for the Government Solutions Business, including a final revised draft of the stock purchase agreement. In his e-mail, Mr. McLachlan indicated that Jacobs Engineering was becoming increasingly concerned about the length of time it was taking to acquire the Government Solutions Business and the effect that the sales process was having on the Government Solutions Business.

On March 24, 2010, Mr. McLachlan circulated an e-mail to Mr. Siegel proposing an in-person meeting with Mr. Siegel on March 29, 2010, and informing him that Jacobs Engineering had almost completed its revised draft of the stock purchase agreement and revised acquisition offer for the

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Government Solutions Business. Later that day, Mr. Siegel responded to Mr. McLachlan and indicated that he and Mr. Frumberg would be able to meet with Mr. McLachlan on the morning of March 29, 2010.

Also, on March 24, 2010, Mr. Siegel circulated a letter to Mr. McLachlan, in accordance with the requirements of the exclusivity agreement, notifying Jacobs Engineering that earlier that day TechTeam had received an unsolicited communication from another party inquiring about the status of the process with respect to the review of strategic alternatives for the Government Solutions Business. As noted in the letter to Mr. McLachlan, the communication that TechTeam received from such party did not contain a specific proposal for the acquisition of the Government Solutions Business.

On the morning of March 26, 2010, Mr. McLachlan circulated to Mr. Siegel a revised indication of interest as well as a revised draft of the stock purchase agreement. In the revised indication of interest, Jacobs Engineering indicated that, based on the current state of its due diligence review and its view as to the weakening of the Government Solutions Business and its prospects since December 2009, it was revising its net purchase price for the Government Solutions Business downward to \$58 million. In its revised indication of interest, Jacobs Engineering also requested that the exclusivity period (which would expire at the close of business on March 26, 2010) be extended through April 20, 2010 to provide time for Jacobs Engineering to finish its due diligence, finalize the terms of the stock purchase agreement, review and finalize TechTeam's disclosure schedules relating to the stock purchase agreement and seek approval from the board of directors of Jacobs Engineering.

On March 29, 2010, Messrs. Siegel and Frumberg, accompanied by a representative from Houlihan Lokey, met with Mr. McLachlan to negotiate various aspects of the sale of the Government Solutions Business. During the course of those negotiations, Mr. McLachlan informed Messrs. Siegel and Frumberg that Jacobs Engineering would be willing to agree to the following; (i) revising its net purchase price upward to \$59 million, (ii) TechTeam would not be required to make an election pursuant to Section 338(h)(10) of the Code, (iii) the non-compete agreement that would be entered into between TechTeam and Jacobs Engineering would provide that it would terminate upon a change-in-control of TechTeam that occurs subsequent to the sale of the Government Solutions Business, and (iv) the principal stockholders executing voting agreements would not be required to vote for the sale of the Government Solutions Business if our Board withdrew its recommendation for the transaction in a manner adverse to Jacobs Engineering.

Also, on March 29, 2010, following the close of the NASDAQ Stock Market, TechTeam publicly released the 2009 year-end financial results for the Government Solutions Business. These results included a drop in revenue of approximately 14% for the year ended December 31, 2009 compared to the same period in the prior year and a drop in revenue of approximately 29% for the three-months ended December 31, 2009 compared to the same period in the prior year.

On March 31, 2010, Mr. McLachlan circulated a letter to Messrs. Frumberg and Siegel to confirm various matters discussed at their meeting on March 29, 2010, and reiterating the strong interest of Jacobs Engineering in the Government Solutions Business and its goal to complete the transaction as soon as practicable. In addition to confirming such matters, Mr. McLachlan indicated to Messrs. Frumberg and Siegel that it was the expectation of Jacobs Engineering that the contents of the revised indication of interest and accompanying revised draft of the stock purchase agreement were acceptable to TechTeam with the following exceptions: (i) the net purchase price would be \$59 million, and (ii) TechTeam would not be required to make an election pursuant to Section 338(h)(10) of the Code. In his letter, Mr. McLachlan also reiterated Jacobs Engineering's request that it be extended additional exclusivity.

On the morning of April 1, 2010, a senior management representative of the Government Solutions Business and a representative of Party G-A held a conference call to provide Party G-A with an update on the Government Solutions Business.

On April 2, 2010, Messrs. Siegel and Frumberg held a telephone call with Mr. McLachlan to discuss various issues relating to the proposed sale of the Government Solutions Business, including, but not limited, to arranging a time for their respective legal advisors to discuss various open issues relating to

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the stock purchase agreement. Mr. McLachlan reiterated that Jacobs Engineering needed additional exclusivity through April 20, 2010.

On April 5, 2010, TechTeam's Board convened a meeting to discuss various matters relating to the possible sale of the Government Solutions Business, including, but not limited to, the request by Jacobs Engineering that it be extended additional exclusivity through the close of business, Eastern time, on April 20, 2010 to perform any necessary additional due diligence on the Government Solutions Business and to continue to negotiate with TechTeam the terms of its proposed acquisition of the Government Solutions Business. TechTeam's senior management and a representative of Blank Rome were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of recent events related to the possible sale of the Government Solutions Business, including, but not limited to, the status of negotiations with Jacobs Engineering. Our Board was also updated at this meeting on various discussions that were held with Party G-A during the week of March 29, 2010 subsequent to the expiration of the exclusivity agreement with Jacobs Engineering, and was informed that Party G-A had indicated that it was not, at that time, interested in resuming discussions with TechTeam with respect to the acquisition of the Government Solutions Business. Messrs. Frumberg and Siegel recommended that our Board authorize TechTeam to enter into an amended and restated exclusivity agreement in a form substantially similar to that previously executed by the parties but with the exclusivity period expiring at the close of business, Eastern time, on April 16, 2010. Our Board discussed the matter with its senior management and considered various factors, including, but not limited to, the history of the discussions with Party G-A and the absence of any renewed indication of interest from Party G-A or any other indication that it was interested in resuming discussions or negotiations with respect to its acquisition of the Government Solutions Business, and that Jacobs Engineering had indicated that it would not continue discussions and negotiations without an executed amended and restated exclusivity agreement. Following such discussion, our Board approved, and authorized TechTeam's senior management to execute, the amended and restated exclusivity agreement as recommended by Messrs. Frumberg and Siegel.

Also, on April 5, 2010, a representative of Blank Rome notified a representative of Paul Hastings that our Board had authorized the execution of an amended and restated exclusivity agreement granting Jacobs Engineering exclusivity through the close of business, Eastern time, on April 16, 2010.

On the morning of April 6, 2010, a representative of Blank Rome circulated to a representative of Paul Hastings a draft amended and restated exclusivity agreement granting Jacobs Engineering exclusivity through the close of business, Eastern time, on April 16, 2010.

On April 7 and 8, 2010, Mr. Hamot held a number of telephone calls with Mr. Kunberger to discuss various issues relating to the sale of the Government Solutions Business, including, but not limited to, how Jacobs Engineering contemplated addressing in the stock purchase agreement intercompany balances, the definition of material adverse effect, the term of the indemnification escrow, and carveouts to the cap on TechTeam's liability for indemnification claims. During the course of these conversations, Mr. Kunberger indicated to Mr. Hamot that Jacobs Engineering was currently planning on holding a Board meeting on April 15, 2010 to approve its proposed acquisition of the Government Solutions Business and reiterated Jacobs Engineering's request for additional exclusivity and indicated that exclusivity through April 16, 2010 would not be sufficient given the time needed to negotiate the stock purchase agreement and related ancillary agreements.

On April 8, 2010, Mr. Williams circulated an e-mail to Mr. Udovic discussing various issues relating to the sale of the Government Solutions Business, including, but not limited to, clarifying that TechTeam was not prepared to accept, with only a few revisions, the draft of the stock purchase agreement that Jacobs Engineering had circulated on March 27, 2010 and, accordingly, the respective in-house and outside legal advisors for TechTeam and Jacobs Engineering should begin coordinating a series of telephone calls so that the parties could negotiate as soon as practicable a mutually acceptable stock purchase agreement and related ancillary agreements.

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On April 9, 2010, Mr. Williams circulated to Mr. Udovic a list of various open issues relating to the stock purchase agreement, including, but not limited to, issues relating to representations and warranties sought by Jacobs Engineering, matters for which TechTeam would be required to indemnify Jacobs Engineering, closing conditions, grounds for termination, and the circumstances under which TechTeam would be required to pay Jacobs Engineering a termination fee and its expenses incurred in connection with its proposed acquisition of the Government Solutions Business if TechTeam terminated the stock purchase agreement in connection with pursuing another transaction.

Also on April 9, 2010, Mr. Udovic circulated to Mr. Williams a revised draft of the amended and restated exclusivity agreement with respect to the extension of exclusivity that Jacobs Engineering had requested since the last exclusivity agreement between the parties expired at the close of business, Eastern time, on March 26, 2010.

From April 12 to April 15, 2010, representatives of TechTeam and Jacobs Engineering continued negotiating various terms and conditions of the stock purchase agreement and related documents.

On April 15, 2010, TechTeam and Jacobs Engineering reached an agreement in principle with respect to a number of issues relating to the sale of the Government Solutions Business, including, but not limited to, the following terms:

the net purchase price for the Government Solutions Business would be \$59 million;

the post-closing net tangible book value adjustment would be based upon the March 31, 2010 balance sheet of the Government Solutions Business and would be secured by a separate escrow amount that would need to be negotiated;

any notes and accounts payable to TechTeam from the Government Solutions Business would be paid from the proceeds received by TechTeam at the closing of the sale of the Government Solutions Business;

the representation and warranty indemnification escrow would be equal to \$14.75 million (or 25% of \$59 million), would have a term of 36 months, and would be stepped-down by one-third after 24 months;

only individual claims over \$25,000 could be made against the indemnification escrow, which would be subject to a tipping basket or threshold of \$250,000;

TechTeam's liability for indemnification claims under the stock purchase agreement would be capped at the amount of the indemnification escrow except for claims for fraud and taxes which would be outside the cap;

TechTeam would guarantee the accounts receivable of the Government Solutions Business at the closing of the sale of the Government Solutions Business, but TechTeam could continue collections and cash sweeps through the closing;

TechTeam would be required to contribute towards the cost of purchasing an insurance tail and extended reporting period but the amount of such contributions would need to be negotiated;

Jacobs Engineering would not ask TechTeam to make an election under Section 338(h)(10) of the Code;

TechTeam would agree to reimburse Jacobs Engineering its expenses incurred in connection with its proposed acquisition of the Government Solutions Business if and when a termination fee was also payable but the cap on such expenses would need to be negotiated;

the representations and warranties in the stock purchase agreement would remain

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substantially as reflected in the draft of the stock purchase agreement circulated by Jacobs Engineering on March 24, 2010, but Jacobs Engineering would consider proposed revisions of a technical and/or mechanical nature or as necessary to cause the representation and warranty to be truthful and accurate as of the date of the signing of the stock purchase agreement; and

the voting agreements would be revised to reflect that the signatories thereto would not be obligated to vote for the approval and adoption of the stock purchase agreement if our Board revised its recommendation in a manner adverse to Jacobs Engineering.

TechTeam and Jacobs Engineering also agreed in principle that, subject to the approval of our Board, Jacobs Engineering would be extended exclusivity pursuant to an amended and restated exclusivity agreement until the close of business, Eastern time, on May 7, 2010. This amended and restated exclusivity agreement would replace the exclusivity agreement with Jacobs Engineering that expired at the close of business, Eastern time, on March 26, 2010.

On the afternoon of April 15, 2010, the board of directors of Jacobs Engineering approved its proposed acquisition of the Government Solutions Business.

On April 16, 2010, our Board convened a meeting to discuss various matters relating to the possible sale of the Government Solutions Business, including, but not limited to, the request by Jacobs Engineering that it be extended additional exclusivity through the close of business, Eastern time, on May 7, 2010 to perform any necessary additional due diligence on the Government Solutions Business and to continue to negotiate with TechTeam the terms of its acquisition of the Government Solutions Business. Representatives of TechTeam's senior management and Blank Rome were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of recent events related to the possible sale of the Government Solutions Business, including, but not limited to, the status of negotiations with Jacobs Engineering and the various issues that had been agreed to in principle the day before. Messrs. Frumberg and Siegel recommended that our Board authorize TechTeam to enter into the amended and restated exclusivity agreement as proposed by Jacobs Engineering which would be in a form substantially similar to the previous exclusivity agreement entered into by the parties. Our Board discussed the matter with its senior management and considered various factors, including, but not limited to:

the history of the discussions with Party G-A and the continuing absence of any renewed indication of interest from Party G-A or any other indication that it was interested in resuming discussions or negotiations with respect to its acquisition of the Government Solutions Business,

that Jacobs Engineering had indicated that it would not continue discussions and negotiations without an executed amended and restated exclusivity agreement,

that Jacobs Engineering's board of directors had conditionally approved its proposed acquisition of the Government Solutions Business;

the need to bring the review of strategic alternatives for the Government Solutions Business to conclusion in light of the deterioration of its financial performance; and

the view of our Board that the current terms proposed by Jacobs Engineering for the acquisition of the Government Solutions Business represented the best transaction attainable with respect to the sale of Government Solutions Business.

Following such discussion, our Board approved, and authorized our senior management to execute, the amended and restated exclusivity agreement as recommended by Messrs. Frumberg and Siegel.

Also, on April 16, 2010, a representative of Jacobs Engineering circulated an e-mail to a representative of TechTeam to confirm that the board of directors of Jacobs Engineering had on the prior

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day conditionally approved Jacobs Engineering's proposed acquisition of the Government Solutions Business.

Later that day, on April 16, 2010, TechTeam and Jacobs Engineering executed an amended and restated exclusivity agreement that granted Jacobs Engineering additional exclusivity through the close of business, Eastern time, on May 7, 2010 to negotiate with TechTeam the terms of its proposed acquisition of the Government Solutions Business and perform any necessary due diligence.

From April 21 to April 27, 2010, representatives of TechTeam and Jacobs Engineering circulated drafts of, and comments to, the stock purchase agreement, the disclosure schedules to the stock purchase agreement and the ancillary agreements, including the transition services agreement, the non-compete agreement, the escrow agreement and the voting agreement, and held numerous telephone conference calls to negotiate the various terms and conditions of the stock purchase agreement and related agreements and documents.

On April 28, 2010, our Board convened a meeting to discuss various matters relating to the possible sale of the Government Solutions Business. Representatives of TechTeam's senior management and our legal and financial advisors were also present for this meeting. Messrs. Frumberg and Siegel, on behalf of the Strategy Committee, updated our Board on the status of the negotiations with Jacobs Engineering and discussed with our Board and management the significant issues that remained for the parties to negotiate and resolve. Among such issues was the net tangible book value target that would be used to determine the amount of any post-closing purchase price adjustment. At this meeting, a representative from Blank Rome provided our Board with (i) an overview of the various terms and conditions contained in the current form of the proposed stock purchase agreement under negotiation with Jacobs Engineering, and (ii) an overview of their fiduciary duties as Board members. Houlihan Lokey also reviewed with our Board certain financial aspects of the proposed transaction.

Also, on April 28, 2010, a representative of TechTeam sent to representatives of each of Party G-A and an affiliate thereof, a letter requesting that, given the additional materials provided to them subsequent to March 26, 2010 (and prior to April 16, 2010) in connection with their evaluation of the Government Solutions Business, they return or destroy such materials in accordance with the terms of the confidentiality agreement between them and TechTeam, and confirm to TechTeam in writing, subject to the terms of such confidentiality agreement, the destruction of such materials.

On April 30, 2010, a representative of Party G-A's legal counsel sent to a representative of Blank Rome certifications confirming that Party G-A and an affiliate thereof had returned or destroyed all materials provided by TechTeam or its representatives in connection with their evaluation of the Government Solutions Business in accordance with the terms of the confidentiality agreement between them and TechTeam.

Between May 5 and May 10, 2010, representatives of Paul Hastings and Blank Rome circulated revised drafts of, and comments to, certain ancillary agreements and disclosure schedules.

On May 5, 2010, Mr. Hamot provided to Mr. Kunberger an update on the Government Solutions Business.

On May 7, 2010, the amended and restated exclusivity agreement that TechTeam and Jacobs Engineering executed on April 16, 2010 expired.

On the afternoon of May 10, 2010, Mr. Hamot held a telephone call with Mr. Kunberger to discuss various issues in connection with the possible sale of the Government Solutions Business to Jacobs Engineering. During the course of the telephone call, Mr. Kunberger confirmed to Mr. Hamot that Jacobs Engineering was not contemplating a change in the purchase price for the Government Solutions Business due to the update on the Government Solutions Business that had been provided to Jacobs Engineering the week before. Mr. Kunberger indicated to Mr. Hamot that, as Jacobs

Engineering was not seeking to reduce the purchase price, it hoped to be accommodated with respect to a number of the issues that

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remained open between the parties. Mr. Kunberger further indicated that Mr. Udovic would provide a list of those issues to TechTeam later that afternoon.

Later in the day, on May 10, 2010, Mr. Udovic circulated to Messrs. Hamot and Williams a list of various open issues with respect to the stock purchase agreement, including, but not limited to, the following:

which party would have the right to claim the tax benefits of the retention payments being made by Jacobs Engineering to certain employees of the Government Solutions Business;

how liability for post-closing taxes related to the Government Solutions Business would be allocated between the parties;

how liability for indemnification claims would be offset for tax benefits received by the party seeking indemnification;

the terms and limits of the tail and extended reporting insurance coverage to be procured with respect to the Government Solutions Business and the amount that TechTeam would contribute towards the cost thereof;

the amount of the purchase price that would be placed in escrow to secure the post-closing purchase price adjustment that would be determined based on the net tangible book value of the Government Solutions Business at closing; and

the treatment of inter-company transactions between TechTeam and the Government Solutions Business and how such transactions would be cancelled.

On the morning of May 11, 2010, representatives of TechTeam and Jacobs Engineering, together with their respective counsel from Blank Rome and Paul Hastings, held a conference call to discuss various issues in connection with the stock purchase agreement and related documents, including, but not limited to, the issues that were included in the list circulated by Mr. Udovic to Messrs. Hamot and Williams the previous day.

Between May 12 and May 18, 2010, representatives of Blank Rome and Paul Hastings circulated revised drafts of, and comments to, the proposed stock purchase agreement and related documents, including the disclosure schedules, the escrow agreement, the voting agreement and the non-compete agreement.

On May 13, 2010, representatives of TechTeam, including Messrs. Hamot and Williams and members of senior management of the Government Solutions Business, held a telephone conference call with representatives of Jacobs Engineering, including Messrs. Kunberger, Goldfarb and Udovic, together with their respective legal advisors, to discuss various financial and operational issues in connection with the contemplated acquisition of the Government Solutions Business, including, but not limited to, the financial outlook for the Government Solutions Business.

On the afternoon of May 19, 2010, representatives of TechTeam, including Mr. Williams, held a telephone conference call with representatives of Jacobs Engineering, including Mr. Udovic, together with their respective legal advisors, to discuss various issues related to the stock purchase agreement, including, but not limited to, the method by which the target net tangible book value of the Government Solutions Business would be set for purposes of calculating the post-closing purchase price adjustment. At the conclusion of this conference call, the parties had not yet agreed upon the target net tangible book value amount.

On the evening of May 19, 2010, in order to assist the parties in their discussions with respect to the appropriate target net tangible value amount to be used in the stock purchase agreement for purposes of calculating the post-closing purchase price adjustment, Mr. Williams circulated to Mr. Udovic and another representative of Jacobs Engineering various financial information with respect to the Government Solutions Business.

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On the afternoon of May 20, 2010, representatives of TechTeam, including Messrs. Hamot and Williams, held a telephone conference call with representatives of Jacobs Engineering, including Messrs. Kunberger and Mr. Udovic, to discuss various issues related to the stock purchase agreement, including, but not limited to, the target net tangible book value amount that the Government Solutions Business would be expected to have at closing and the method by which such a target net tangible book value would be set. During the course of this conference call, the respective representatives of the parties confirmed that the target net tangible book value amount, to be used for purposes of the post-closing purchase price adjustment, would be set at approximately \$12.2 million, which was the amount that was proposed in the last draft of the stock purchase agreement circulated by Blank Rome to Jacobs Engineering and Paul Hastings.

Between May 20 and May 24, 2010, representatives of Blank Rome and Paul Hastings circulated revised drafts of, and comments to, the proposed stock purchase agreement and certain other documents, including the disclosure schedules, the escrow agreement, the non-compete agreement and the transition services agreement. During this period, a representative of Paul Hastings indicated that there were no remaining open issues with respect to the voting agreement.

On the evening of May 20, 2010, Mr. Udovic provided to Mr. Williams forms of employment agreements that Jacobs Engineering would expect eleven current employees of the Government Solutions Business to execute concurrently with the execution of the stock purchase agreement, which agreements would become effective upon the closing of the Stock Sale. Mr. Udovic also provided to Mr. Williams a spreadsheet summarizing the compensation packages that would be offered to each of these employees, including, but not limited to, the retention bonus payments that would be offered to such employees.

On the afternoon of May 24, 2010, Mr. Williams circulated to Mr. Udovic an e-mail inquiring as to whether TechTeam could consider as fully resolved the amount of the target net tangible book value (approximately \$12.2 million) and the amount of the purchase price to be placed in escrow (approximately \$2.8 million) to secure any post-closing adjustment to the purchase price in favor of Jacobs Engineering with respect to the amount of net tangible book value that the Government Solutions Business has on its closing balance sheet. Mr. Williams similarly sought confirmation that the amount of TechTeam's contribution for tail and extended reporting insurance that would be purchased for the benefit of Jacobs Engineering would be \$235,000. On the evening of May 24, 2010, Mr. Udovic circulated an e-mail to Mr. Williams confirming that TechTeam could consider the net tangible book value and insurance issues as fully resolved.

On the afternoon of May 25, 2010, our Board convened a meeting to discuss various matters relating to the possible sale of the Government Solutions Business. TechTeam's senior management and Blank Rome were also present for this meeting. Mr. Siegel, on behalf of the Strategy Committee, updated our Board on the status of the negotiations with Jacobs Engineering and discussed with our Board and management the significant issues that remained for the parties to negotiate and resolve. At this meeting, a representative from Blank Rome provided our Board with an update of certain revisions reflected in the current form of the proposed stock purchase agreement under negotiation with Jacobs Engineering, including, but not limited to, the resolution of the net tangible book value adjustment target and related escrow amount, as well as some of the issues that still needed to be resolved.

On the afternoon of May 26, 2010, Mr. Hamot circulated an e-mail to Mr. Kunberger discussing various issues relating to the contemplated sale of the Government Solutions Business to Jacobs Engineering, including, but not limited to (i) the status of the discussions regarding the stock purchase agreement and the related documents and agreements; and (ii) a proposed schedule for reaching final resolution of all open issues, executing the stock purchase agreement, and announcing the proposed transaction.

On May 26 and 27, 2010, representatives of Paul Hastings and Blank Rome circulated revised drafts of and comments to the proposed stock purchase agreement and certain other documents, including an initial draft of the intercompany balances termination letter and revised drafts of the transition services agreement and the schedules to the proposed stock purchase agreement.

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On the afternoon of May 28, 2010, the Strategy Committee convened a meeting to discuss various matters in connection with our Board's consideration of various strategic alternatives to enhance stockholder value. A representative of our management was also present for this meeting as was a representative of Blank Rome. At this meeting, the Strategy Committee discussed the prohibitions that TechTeam would be subject to, with respect to the solicitation of competing transaction proposals, following the execution of the proposed stock purchase agreement with Jacobs, which prohibitions did not then apply given the earlier expiration of the exclusivity agreement with Jacobs Engineering. Given the various indications of interest that TechTeam had received for the entirety of the Company and the Commercial Business over the past year and given the uncertainty as to how competing transaction proposals would be defined (including the extent of the carve-outs thereto) in the final stock purchase agreement, the Strategy Committee determined that it would be appropriate to assess the potential interest of financial and strategic buyers in acquiring either the Commercial Business or the entirety of the Company.

Accordingly, the Strategy Committee requested that our financial advisor take the following actions, on behalf of TechTeam, prior to the execution of the stock purchase agreement with Jacobs:

solicit initial written indications of interest from potential financial and strategic buyers of the entirety of the Company whereby the buyer of the entirety of the Company would acquire both the Government Solutions Business and the Commercial Business via a public company type transaction;

solicit initial written indications of interest from potential financial and strategic buyers of the Commercial Business not conditioned on the prior closing of the sale of the Government Solutions Business whereby the buyer of the Commercial Business would acquire the entirety of the Company via a public company type transaction and would assume the obligation to sell the Government Solutions Business to Jacobs and, accordingly, would assume contingent liabilities with respect to the Government Solutions Business in accordance with the terms of the stock purchase agreement; and

solicit initial written indications of interest from potential financial and strategic buyers of the Commercial Business conditioned on the prior closing of the sale of the Government Solutions Business whereby the buyer of the Commercial Business would acquire the entirety of the Company via a public company type transaction after the sale of the Government Solutions Business to Jacobs was consummated and, accordingly, would assume contingent liabilities with respect to the Government Solutions Business in accordance with the terms of the stock purchase agreement.

On the afternoon of June 1, 2010, Messrs. Hamot and Williams held a telephone conference with Messrs. Kunberger and Udovic to discuss various issues relating to the contemplated sale of the Government Solutions Business to Jacobs Engineering, including, but not limited to: (i) the status of the discussions regarding the stock purchase agreement and the related agreements; and (ii) a proposed schedule for reaching final resolution of all open issues, executing the stock purchase agreement, and announcing the proposed transaction.

Between June 1 and June 3, 2010, representatives of Blank Rome and Paul Hastings circulated revised drafts, and continued to negotiate the remaining open points, of the stock purchase agreement and certain related documents including the transition services agreement, the schedules to the stock purchase agreement, and the intercompany balances termination letter.

Also on June 1, 2010, Mr. Williams and Mr. Udovic held a telephone conference to discuss various matters relating to the contemplated sale of the Government Solutions Business to Jacobs, including, but not limited to, certain unresolved points relating to the stock purchase agreement.

On the evening of June 2, 2010, Mr. Williams circulated to Mr. Udovic a proposal from TechTeam to revise the definition of **Competing Transaction Proposal** that would be contained in the stock purchase agreement. As proposed by TechTeam, the **carve-out** to the definition of **Competing Transaction**

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Proposal would be expanded to accommodate a possible sale of the Commercial Business by TechTeam subsequent to the execution of the stock purchase agreement with Jacobs but prior to the closing of the sale of the Government Solutions Business to Jacobs.

Also, on June 2, 2010, Party W-B submitted an indication of interest regarding the potential acquisition of the entirety of the Company. In its indication of interest, Party W-B indicated that, based on its previous diligence and continued review of publicly available documents, it was prepared to discuss an acquisition of the entirety of the Company for a purchase price in a range of \$6.75 to \$8.00 per outstanding share or for an aggregate consideration in the range of approximately \$75.8 to \$89.8 million (based on 11,228,296 shares of Common Stock outstanding on a fully diluted basis as of May 1, 2010). Party W-B also indicated that its valuation was subject to completing confirmatory due diligence. In addition, Party W-B indicated that its offer to acquire the entirety of the Company would not be subject to a financing contingency. While Party W-B's indication of interest only provided valuation information with respect to an acquisition of the entirety of the Company, it also indicated that it would be willing to consider acquiring solely the Commercial Business.

On the afternoon of June 3, 2010, our Board convened a telephonic meeting to discuss the current proposed terms of the sale of the Government Solutions Business to Jacobs and the proposed definitive stock purchase agreement and related documents. Our senior management and representatives of our legal and financial advisors were also present at this meeting. Prior to discussing the proposed sale of the Government Solutions Business to Jacobs, our Board, with the assistance of our management and legal and financial advisors, reviewed the indication of interest received from Party W-B which had been circulated to all members of our Board prior to the meeting. In deciding not to delay or defer the signing of the stock purchase agreement with Jacobs which, pending approval by our Board, was expected to occur later that day, our Board considered a number of factors, including, but not limited to, the following:

that, pending the approval by our Board, the signing of the definitive stock purchase agreement with Jacobs Engineering was imminent;

that were TechTeam to delay the execution of the stock purchase agreement with Jacobs by several weeks to pursue negotiations with Party W-B and provide Party W-B with the opportunity to perform due diligence, the sale of the Government Solutions Business to Jacobs could be placed at significant risk;

that the terms of the stock purchase agreement with Jacobs would not be likely to preclude Party W-B from submitting a Competing Transaction Proposal;

that Party W-B's indication of interest was not sufficiently compelling to forestall the execution of a definitive agreement with Jacobs; and

that our Board believed that the purchase price range contemplated by Party W-B's indication of interest significantly undervalued the intrinsic value of TechTeam's underlying assets, particularly the Commercial Business.

Although our Board ultimately determined that the valuation and other terms contained in Party W-B's indication of interest to acquire the entirety of the Company were not compelling to forestall the execution of a definitive agreement with Jacobs, and taking into account the restrictions that would apply to TechTeam following the execution of the stock purchase agreement, it authorized the Strategy Committee to further pursue with Party W-B any interest it might have in either:

submitting an indication of interest for the entirety of the Company which would contemplate that the Government Solutions Business be sold to Jacobs pursuant to the terms of the stock purchase agreement; or

submitting an indication of interest to acquire the Commercial Business.

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After concluding its discussion of Party W-B's indication of interest, our Board began its discussion of the proposed sale of the Government Solutions Business to Jacobs. A representative of Blank Rome updated our Board with respect to the resolution of the remaining open issues relating to the stock purchase agreement and the related documents, including the status of the ongoing discussions among the parties as to revisions sought by TechTeam to the definition of a Competing Transaction Proposal so as to accommodate a possible sale of the Commercial Business subsequent to the execution of a stock purchase agreement with Jacobs but prior to the closing of the Stock Sale. Houlihan Lokey reviewed with our Board its analysis of the \$59,000,000 cash consideration to be received by TechTeam as a result of the sale of the Government Solutions Business pursuant to the Stock Sale and rendered to our Board its opinion, which was confirmed by delivery of a written opinion dated June 3, 2010, to the effect that, as of such date and based upon and subject to the assumptions and limitations set forth in the written opinion, the \$59,000,000 cash consideration to be received by TechTeam in connection with the Stock Sale was fair, from a financial point of view, to TechTeam. Following discussion and after receiving the unanimous recommendation of all members of the Strategy Committee that our Board approve the Stock Sale, our Board unanimously determined that the Stock Sale was expedient and in the best interests of TechTeam and its stockholders, unanimously approved the definitive Stock Purchase Agreement and the Stock Sale and unanimously recommended that TechTeam's stockholders approve and adopt the Stock Purchase Agreement and the Stock Sale.

Later, on the evening of June 3, 2010, TechTeam and Jacobs Engineering continued to discuss TechTeam's request that the carve-out to the definition of Competing Transaction Proposal be expanded so as accommodate a possible sale of the Commercial Business by TechTeam subsequent to the execution of the stock purchase agreement with Jacobs and prior to the closing of the sale of the Government Solutions Business to Jacobs. After several discussions, the parties agreed that the definition of Competing Transaction Proposal would not include:

any purchase, sale or other disposition of the Commercial Business, whether before or subsequent to the closing of the Stock Sale; or

any merger, acquisition, consolidation or similar business combination involving the sale of TechTeam, whether before or subsequent to the closing of the Stock Sale, that either:

did not include the Government Solutions Business; or

contemplated that the Government Solutions Business be sold to Jacobs pursuant to the terms of the stock purchase agreement;

provided that, in the case of any transaction referred to above, neither the execution, delivery and/or performance of any definitive agreement with respect to such transaction, nor the consummation of such transaction, would be reasonably expected to prevent or render impractical, or otherwise frustrate or impede in any material respect, the Stock Sale.

On the evening of June 3, 2010, the Stock Purchase Agreement was executed by TechTeam and Jacobs. Concurrently with the execution of the Stock Purchase Agreement, each of Costa Brava Partnership III L.P. and Emancipation Capital, LLC, which beneficially own in the aggregate approximately 18.3% of the Common Stock, entered into separate voting agreements with Jacobs pursuant to which each agreed, among other things, to vote the TechTeam Common Stock held by them:

in favor of the Stock Sale, including the approval and adoption of the Stock Purchase Agreement;

against approval or adoption of any competing transaction proposal or any proposal made in opposition to or in competition with the Stock Sale; and

against any actions to the extent that such actions are intended, or could reasonably be

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expected to, in any material respect, impede, interfere with, delay, postpone, discourage or adversely affect the Stock Sale.

In addition, various employees of the Government Solutions Business entered into employment agreements with TTGSI (which upon the consummation of the Stock Sale would become a wholly owned subsidiary of Jacobs Technology), which agreements are conditioned upon the closing of the Stock Sale.

On the morning of June 4, 2010, prior to commencement of trading on NASDAQ, TechTeam and Jacobs Engineering each issued a press release announcing that it had entered into the Stock Purchase Agreement.

On June 7, 2010, TechTeam circulated a letter to Party W-B responding to the indication of interest that was received on June 2, 2010. In its response letter, TechTeam noted that while it regarded the sale of the Government Solutions Business to Jacobs Engineering an important step toward unlocking the intrinsic value of TechTeam's underlying assets, it also believed that there continues to exist various strategic alternatives that may have the potential to further enhance value for TechTeam's stockholders in conjunction with the sale of the Government Solutions Business to Jacobs Engineering. Accordingly, TechTeam indicated that, to the extent that Party W-B submitted a proposal in this regard with respect to the Commercial Business, our Board would carefully review and consider any such proposal.

On June 9, 2010, Party W-B responded to the letter sent by TechTeam on June 7, 2010. In its letter, Party W-B indicated that, taking into account the recent announcement of TechTeam's execution of the Stock Purchase Agreement with Jacobs Engineering, it was prepared to increase its offer range for the capital stock of TechTeam to \$8.00 to \$8.50 per outstanding share of Common Stock or for an aggregate consideration in the range of approximately \$89.8 million to \$95.4 million (based on 11,228,296 shares of Common Stock outstanding on a fully diluted basis as of May 1, 2010) and assuming 100% recovery of the escrowed amounts pursuant to the Stock Purchase Agreement with Jacobs Engineering. Later that day, at the request of TechTeam, Party W-B confirmed that such offer was intended to ultimately result in Party W-B only owning the Commercial Business and assumed that by acquiring the outstanding capital stock of TechTeam and as new owners of TechTeam, all obligations of both TechTeam and Jacobs Engineering under the terms of the Stock Purchase Agreement would remain unchanged such that Jacobs Engineering would continue to acquire the Government Solutions Business in accordance with the current terms of the Stock Purchase Agreement. In addition, Party W-B indicated that it would not expect its offer to be subject to financing although no further details of how Party W-B expected to finance a transaction were provided.

On June 10, 2010, Party W-A submitted an indication of interest letter expressing its interest in exploring the acquisition of the Commercial Business and in meeting with TechTeam's senior management to obtain a current assessment of the Commercial Business. Party W-A did not provide any valuation data in its indication of interest but indicated that it would be prepared to submit an updated valuation range for the Commercial Business subsequent to meeting with TechTeam's senior management.

On June 14, 2010, our Board convened a telephonic meeting to discuss the recent indications of interest that had been received for the Commercial Business and to develop an appropriate process for reviewing such indications of interest and those that might be received in the future. Our senior management and representatives of our legal and financial advisors were also present at these meetings. At this meeting, our Board discussed various structures by which the Commercial Business could be sold that would comply with the terms of the Stock Purchase Agreement with Jacobs Engineering and complement the sale of the Government Solutions Business to Jacobs Technology. Following discussion, our Board directed the Strategy Committee to move forward, with the assistance of TechTeam's management and legal and financial advisors, to explore the sale of the Commercial Business and to develop transaction structures that would comply with the terms of the Stock Purchase Agreement and complement the sale of the Government Solutions Business to Jacobs Technology pursuant thereto.

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Recommendation of Our Board of Directors

After careful consideration, our Board has unanimously determined that the Stock Sale is expedient and in the best interests of TechTeam and our stockholders and has unanimously approved the Stock Purchase Agreement and the Stock Sale. As a result, our Board has unanimously recommended to our stockholders that they vote **FOR** the approval of the Stock Sale Proposal at the Special Meeting.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE STOCK SALE PROPOSAL.

Reasons for Recommending that Stockholders Approve the Stock Sale Proposal

In evaluating the Stock Sale, our Board consulted with our senior management, our outside legal counsel and TechTeam's financial advisor. Our Board also consulted with outside legal counsel regarding its fiduciary duties, legal due diligence matters and the terms of the Stock Purchase Agreement and related agreements. After carefully considering these consultations and the other factors discussed below, our Board unanimously determined that the Stock Sale was expedient and in the best interests of TechTeam and our stockholders and unanimously recommended that our stockholders approve the Stock Sale Proposal.

The following discussion includes the material reasons and factors (which are not listed in any order of importance) considered by our Board in making its recommendation, but is not, and is not intended to be, exhaustive.

Purchase Price; Cash Consideration; Certainty of Value

Our Board considered the value and the consideration to be received by us pursuant to the terms of the Stock Purchase Agreement, including the fact that we would receive a base purchase price of \$59,000,000 in cash at closing, less escrowed amounts and a post-closing adjustment based on the final net tangible book value of the Government Solutions Business at closing, as determined, in each case, pursuant to the terms of the Stock Purchase Agreement. Our Board also considered the form of consideration paid to us in the Stock Sale and the relative certainty of the value of such cash consideration compared to stock or other forms of consideration.

The Short- and Long-Term Prospects of TTGSI, the Government Solutions Business and the Commercial Business

Our Board considered, among other things, the historical, current and projected information concerning TTGSI and the Government Solutions Business, as well as the Commercial Business (which we are not selling in the Stock Sale), including, without limitation:

information relating to the financial results, financial condition and operations of each of TTGSI, the Government Solutions Business and our Commercial Business;

the cash, sales backlog, geographic reach and operations and customer expansion capabilities of the Government Solutions Business and the Commercial Business;