

SagePoint Telecom Services M&A Review for Q3 2010

An Analysis of M&A Activity and Valuation
Metrics in the Telecommunication & Data
Center Services Market Segments



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SagePoint's Viewpoint - Key Takeaways

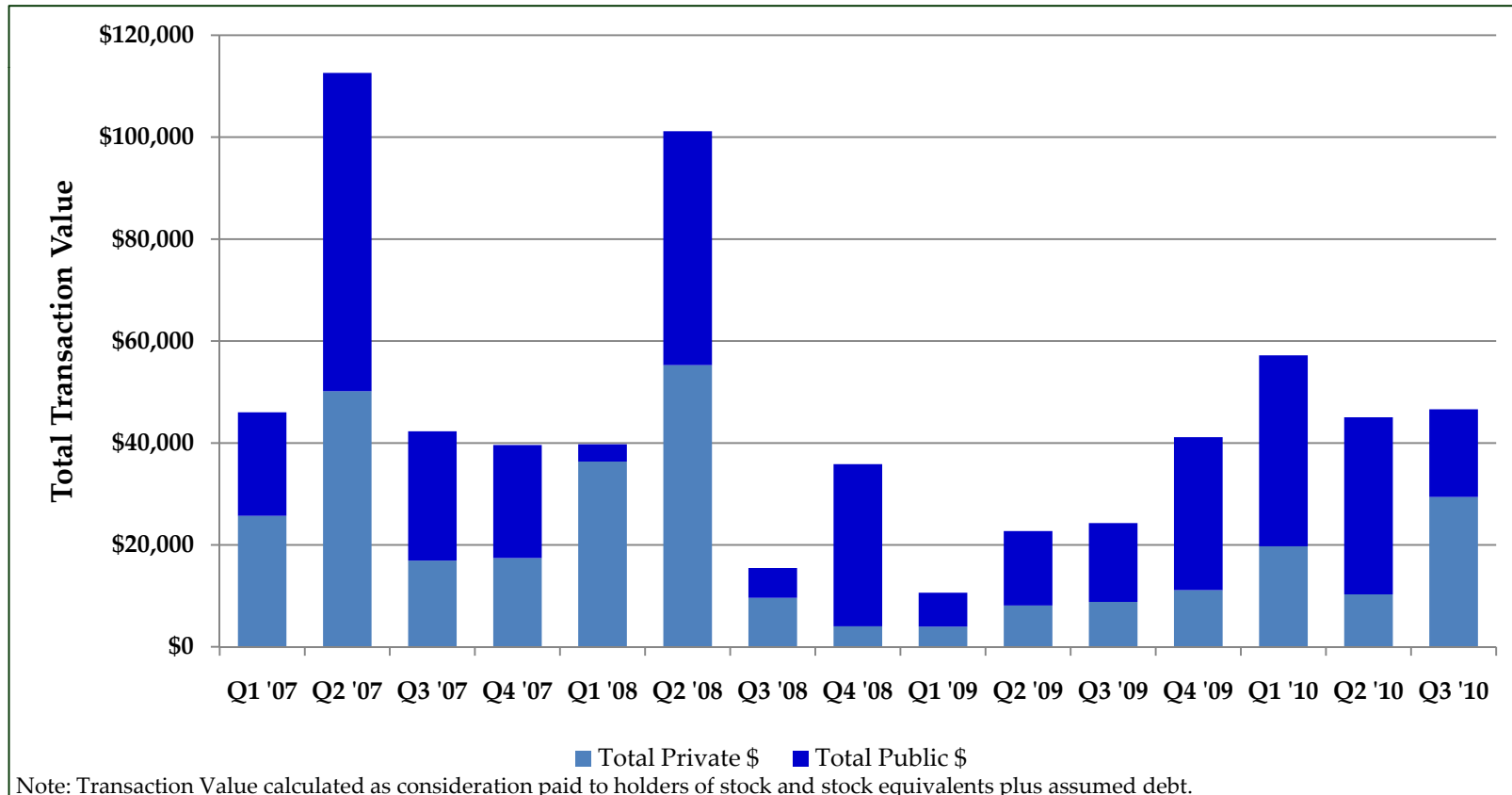
- M&A transaction volume across SagePoint's ICIT universe was up almost 12% in Q3'10 versus Q2'10 and up 36% over Q3'09
 - Q3 deal volume bounced back in line with Q4'09 and Q1'10 after a slower Q2'10 showing that M&A activity remains strong
 - The Median LTM revenue multiple across all targets in SagePoint's ICIT Universe increased to 2.6x in Q3, its highest value in four years
- Transaction volume across SagePoint's Telecom Services Universe rose 7% in Q3 versus Q2
 - Data Access & Transport transaction volume saw a 37.5% increase in deal volume while Hosting & Data Center fell 27%
- Telecom Services M&A dollar volume fell significantly from Q2 as only one megamerger came through for the quarter and there were no public deals
 - Telefonica's \$9.8B bid for Portugal Telecom's half of Brasilcel finally went through, representing more than half of dollar volume for the quarter
 - Aside from Q1 and Q2, Q3 was the highest dollar volume in two years
- Mid-sized deal activity levels remained healthy in Q3
 - Six \$250M-1B private deals were announced in Q3
- Private deal revenue multiples rebounded in Q3 to 2.0x, surpassing 2x for the first time since Q3'09

SagePoint's Viewpoint - Key Takeaways Continued

- The most active buyers over the last 24 months include just one tier 1 carrier, France Telecom, while Russian carriers are showing a lot of activity
 - Omnicity, a wireless ISP in the Midwest which is rolling up other wireless ISPs in the region, leads deal activity with 9 deals in the past two years, though just two small deals in '10
 - OAO Svyazinvest, MegaFon and Sistema are Russia-based telecom providers active with smaller deals
 - Daisy Group is a UK-based, business focused telecom operator that has made several small acquisitions
 - PE players have been very active with 4 of the top 7 biggest deals going to financial buyers
- Notable Q3 M&A transactions include:
 - Telefonica's \$9.8B acquisition of Portugal Telecom's half of Brasilcel finally ends the bidding saga
 - CVC Capital Partners' \$3.3B acquisition of Sunrise Communications
 - Windstream's \$778M acquisition of Q-Comm
 - Court Square Capital Partners' \$500M acquisition of Fibertech
 - GI Partners' \$475M acquisition of SoftLayer Technologies
 - PAETEC's \$460M acquisition of Cavalier Telephone
 - Welsh, Carson, Anderson & Stowe's \$400M acquisition of Peak 10
- SagePoint expects strong M&A activity to continue through 2011
 - Lumpiness of megamergers will continue to cause large swings in dollar volume, but SagePoint expects to see 80-100+ deals a quarter in Telecom with revenue multiples in the low 2s
 - Companies will continue to utilize M&A to add scale and drive growth, particularly in emerging growth areas, and carrier consolidation is bound to continue with more \$1B+ transactions in Q4 and 2011
 - It will be interesting to see if financial players continue to get more aggressive in the Telecom M&A landscape going forward

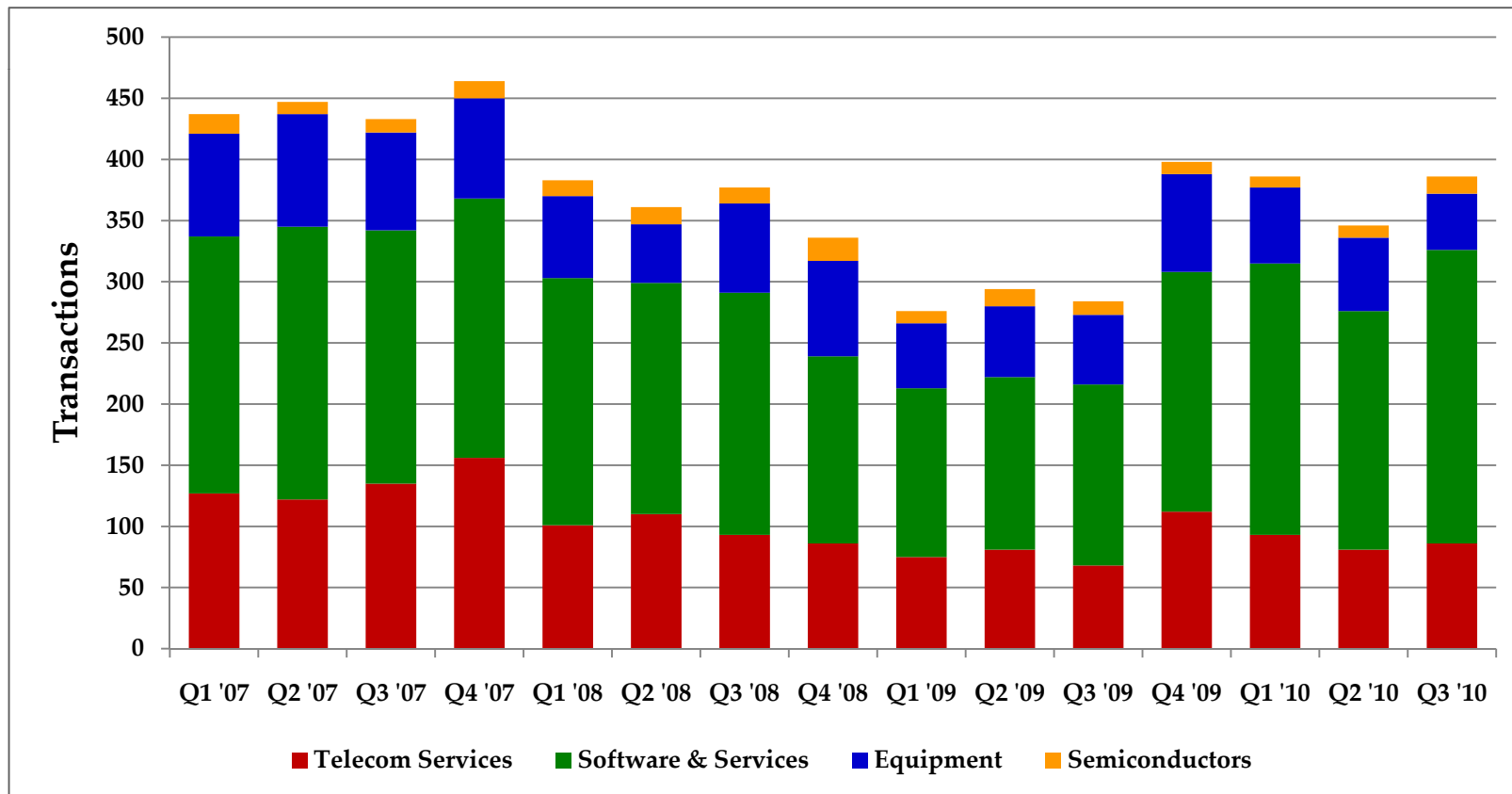
M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's entire Internet, Communications & IT Infrastructure ("ICIT") rose slightly despite the lack of Telco megamergers
 - Semis, Equipment and Software & Services total deal dollars of nearly \$30B represents a major increase compared to \$16.5B in Q2
 - Telefonica's \$9B bid for the remainder of Brasilcel was the only major Telco deal and Telco dollar volume was down to \$17B in Q3 from \$29B in Q2 and \$52B in Q1



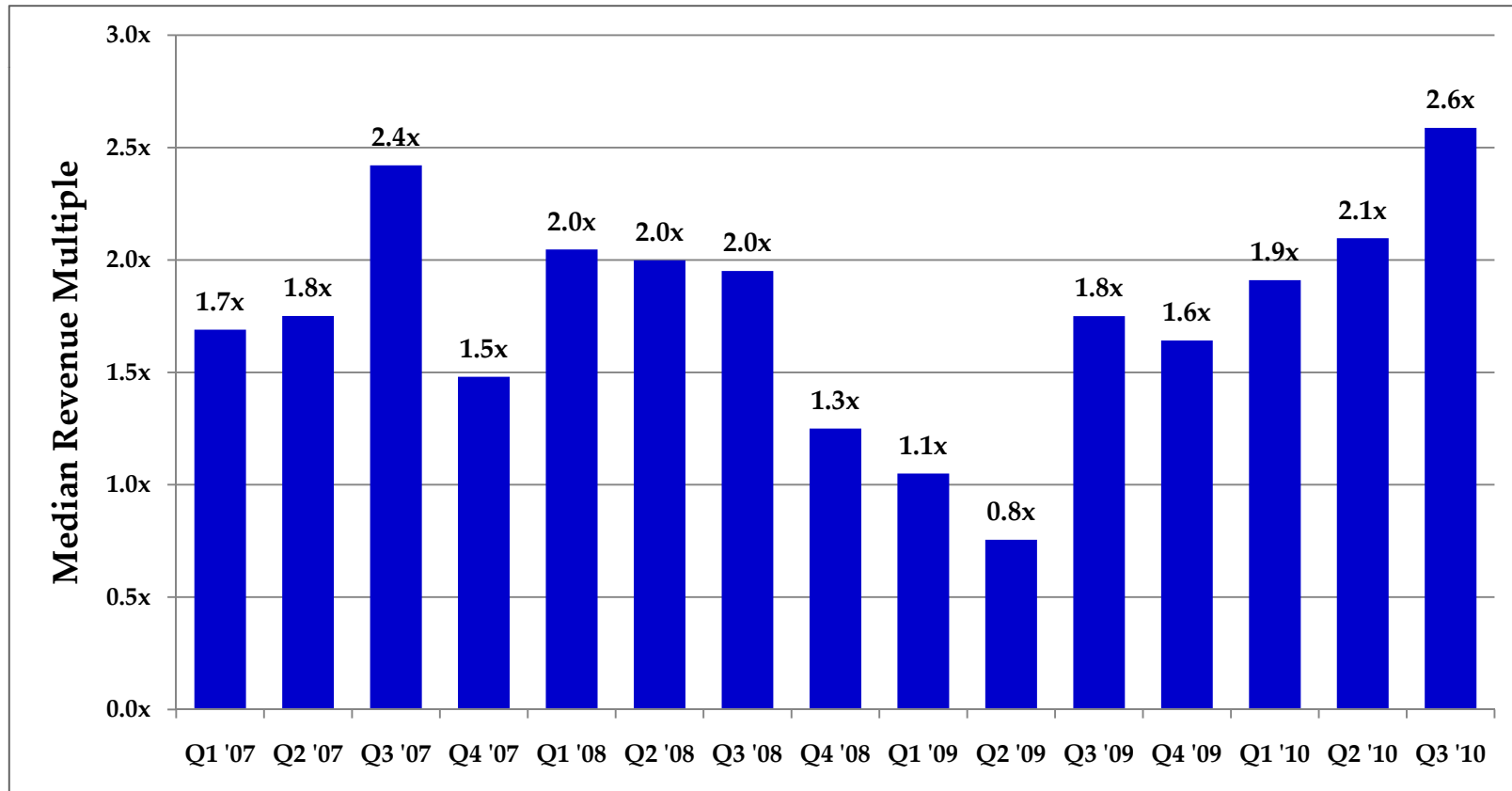
M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up almost 12% in Q3’10 versus Q2’10 and up 36% over Q3’09
 - Q3 deal volume bounced back in line with Q4’09 and Q1’10 after a slower Q2’10 as M&A activity remains strong
 - Software & Services had the highest growth while Equipment was the only segment with lower volumes
- SagePoint expects M&A transaction volume to remain relatively robust through 2010 and 2011



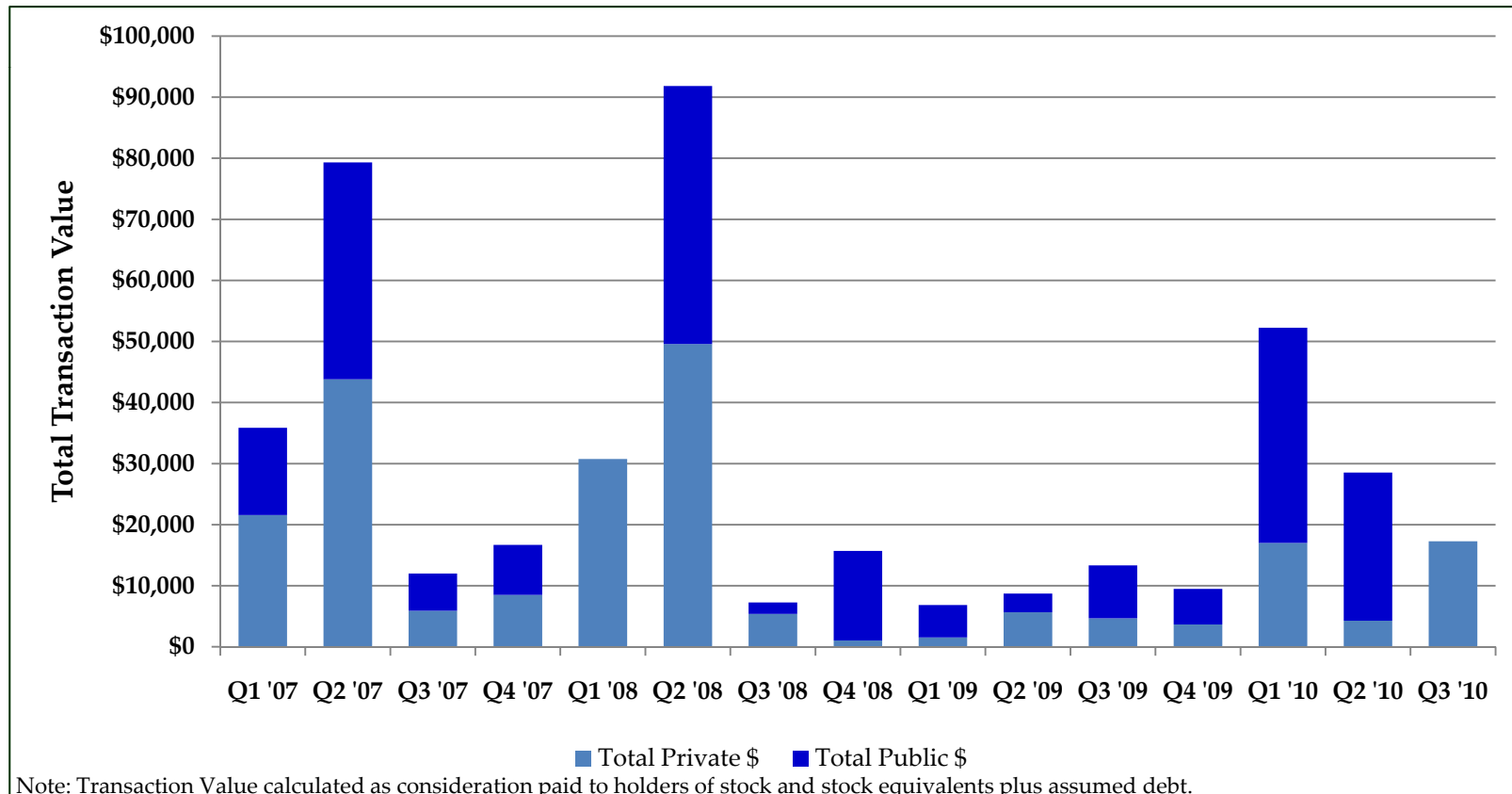
M&A Median LTM Revenue Multiple – SagePoint ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe increased to 2.6x in Q3, its highest value in four years
 - This increase in revenue multiples caps off a dramatic turnaround from late 2008 and early 2009 as distressed sales become less prevalent and buyers show a willingness to pay a premium for sought after targets
 - It is not yet clear whether the Q3 peak is sustainable or an aberration though it is more likely that revenue multiples will settle closer to their historical levels near 2x in the coming quarters



M&A Dollar Volume – SagePoint Telecom Services Universe

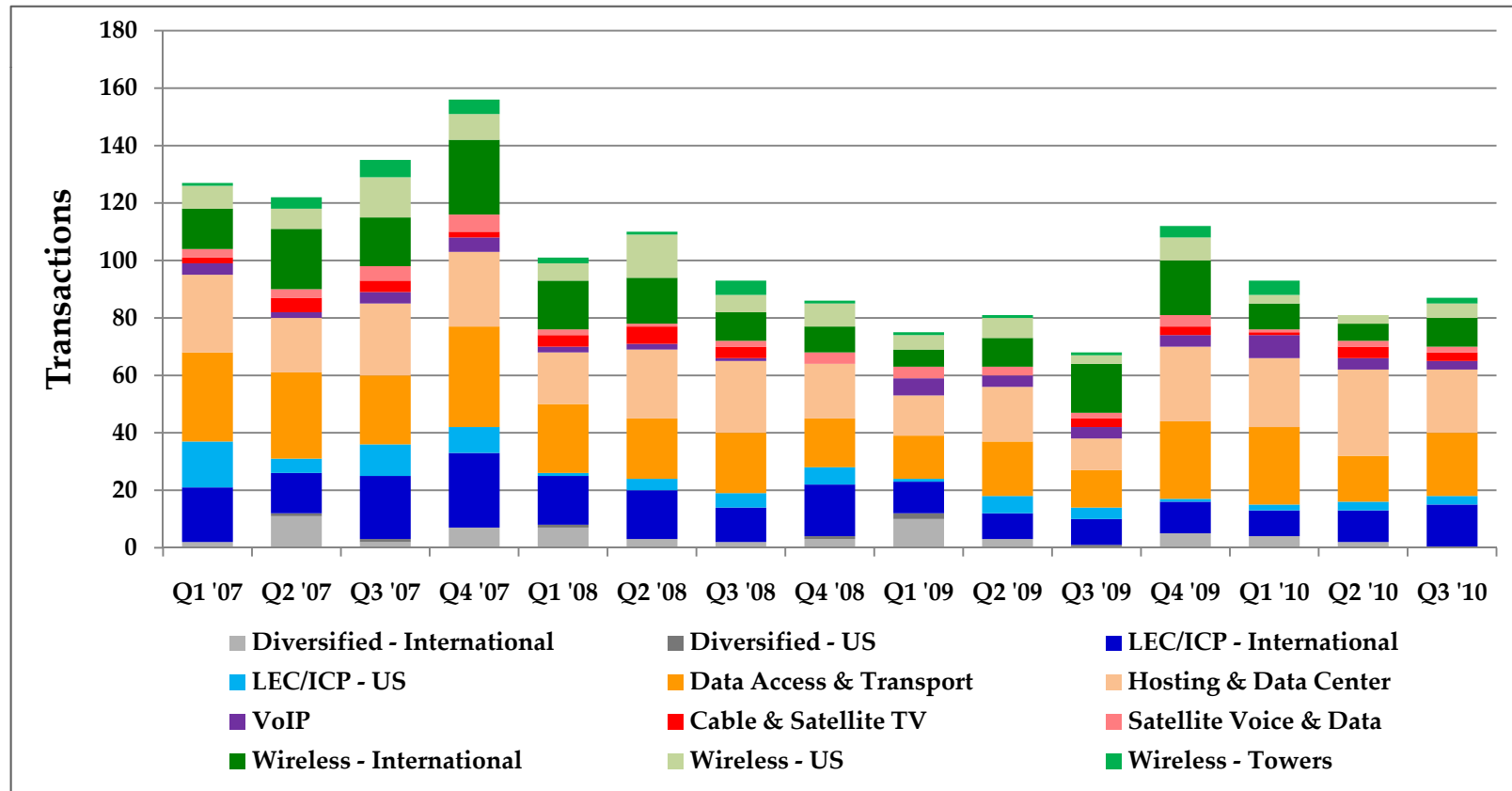
- Telecom Services M&A dollar volume fell significantly from Q2 as only one megamerger came through for the quarter and public deals were non-existent
 - Telefonica’s \$9.8B bid for Portugal Telecom’s half of Brasilcel represented over half of dollar volume
- Despite much lower dollar volume than the prior two quarters, Q3 was above all other quarters for the past two years
 - Q3’10 driven by Telefonica/Brasilcel (\$9.8B) and CVC Capital/Sunrise Comm. (\$3.3B)
 - Q2’08 peak driven by Verizon/Alltel (\$30B) and China Unicom/China Netcom (\$33B) transactions



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

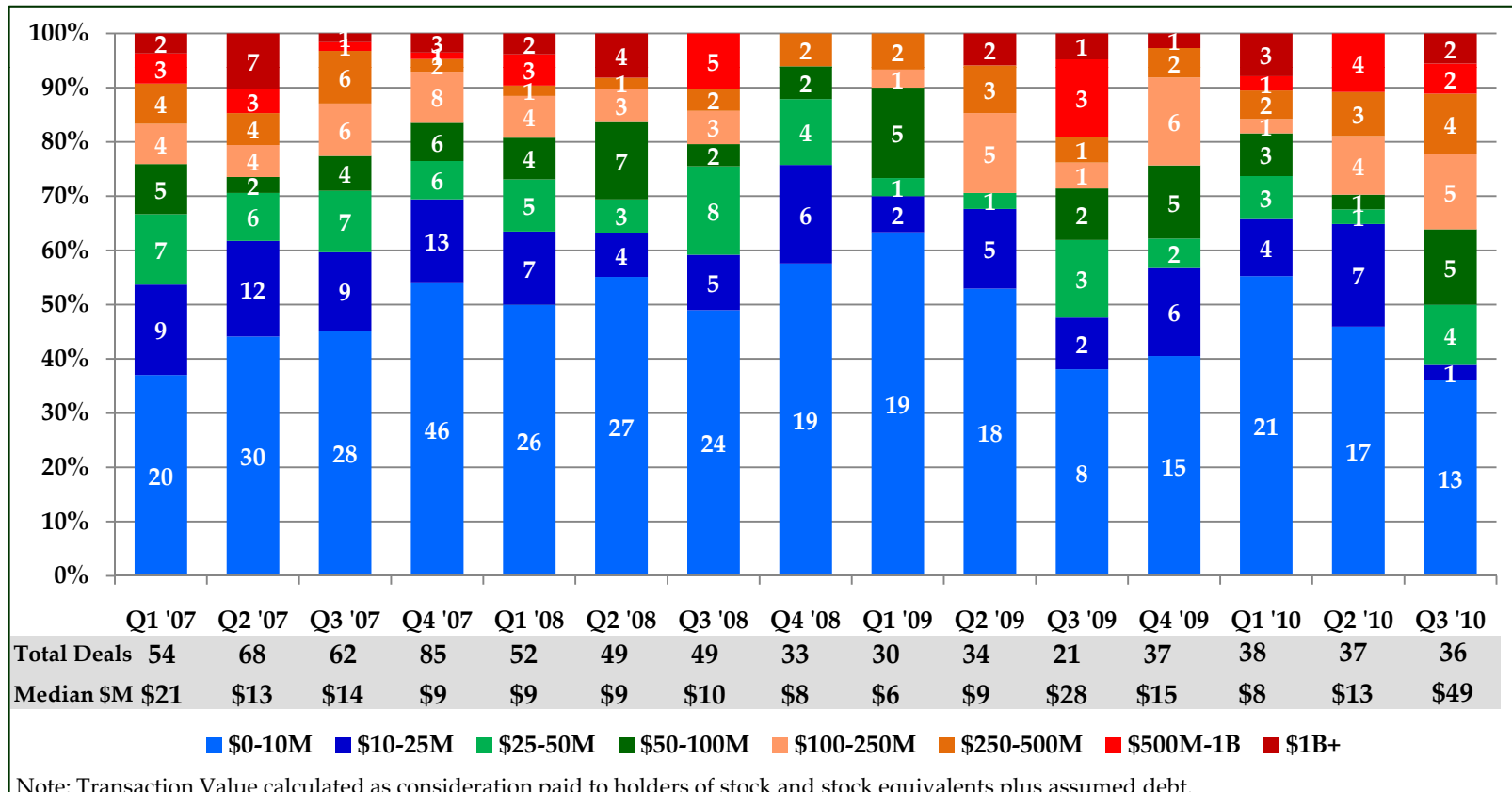
M&A Transaction Volume – Telecom Services by Segment

- Telecom Services M&A transaction volume rose 7.4% in Q3 versus Q2
- International LEC/ICP and Wireless segments both saw four more deals in Q3 than Q2
- Data Access & Transport deal volume rose 37.5% versus a Q2 that saw a sharp drop in deal activity from Q1'10 and Q4'09 levels
- Hosting & Data Center deal volume fell 27% but remains double Q3'09 as deal activity in the segment has been very strong over the past twelve months



M&A Transaction Volume by Deal Size – Private Targets

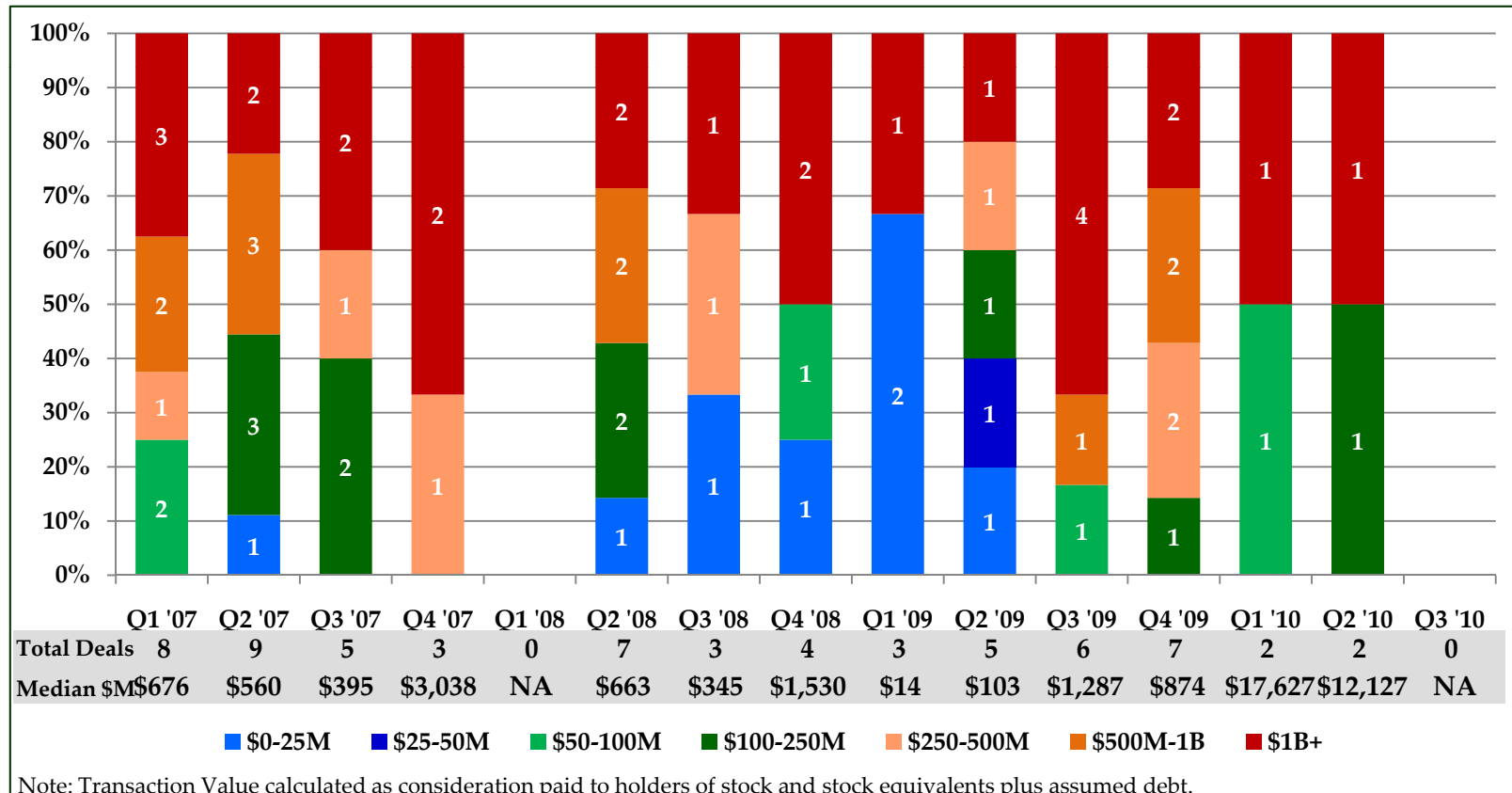
- Telecom Services deal volume remained strong in the \$100M - \$1B private size range with two \$1B+ deals announced
 - Median deal value more than tripled as sub \$10M represented a smaller share of the mix
- The two largest private deals were Portugal Telecom/Brasilcel (\$9.8B) and CVC Capital/Sunrise (3.3B) with Windstream/Q-Comm (\$778M) and Court Square/Fibertech (\$500M) as the other two \$500M+ deals



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

M&A Transaction Volume by Deal Size – Public Targets

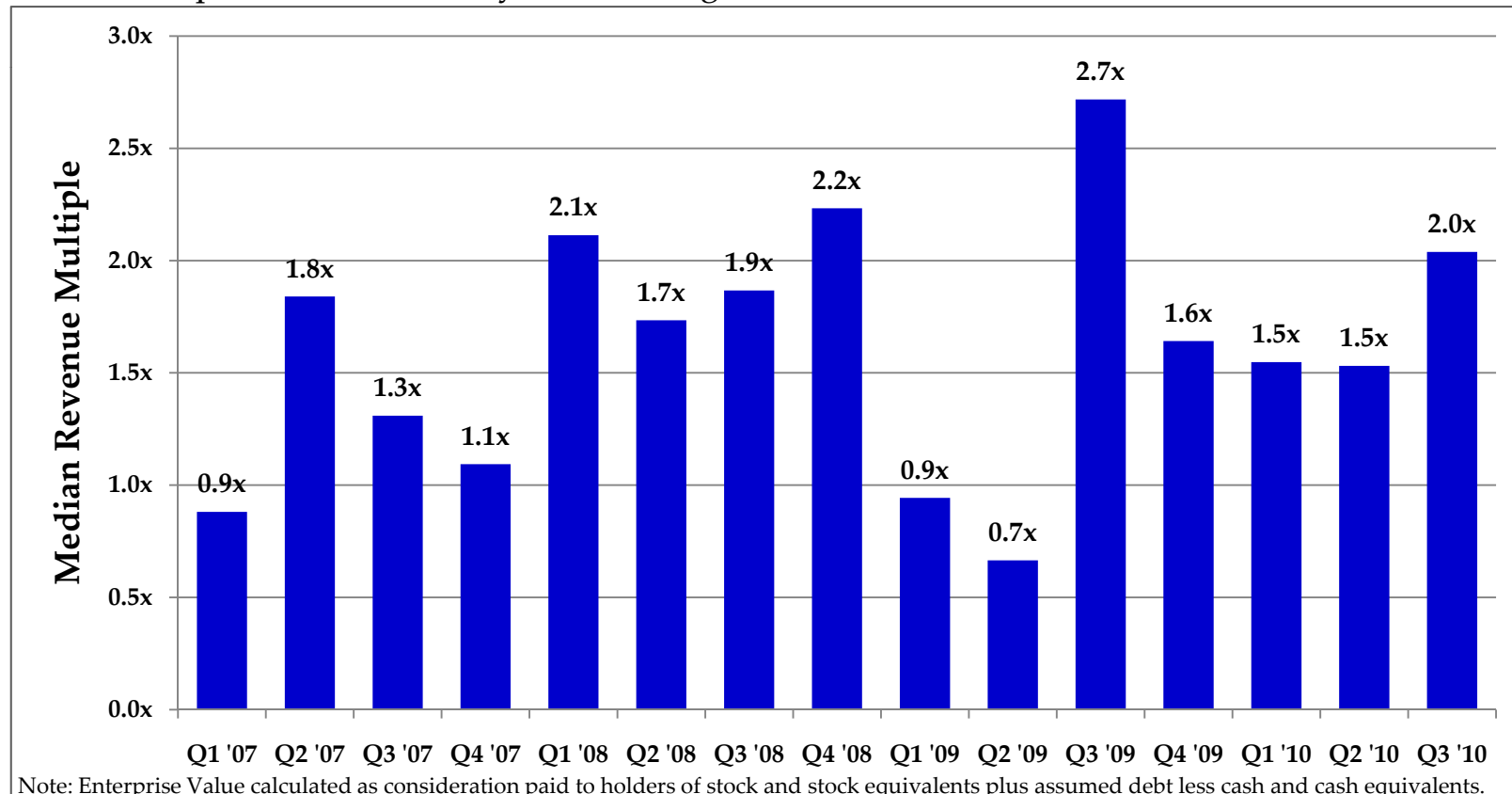
- Public Telecom Services deal volume was non-existent in Q3, down from thin deal volume of Q1 and Q2 which saw two public deals each quarter
- SagePoint expects public carrier consolidation activity levels to pick up over the next twelve months



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

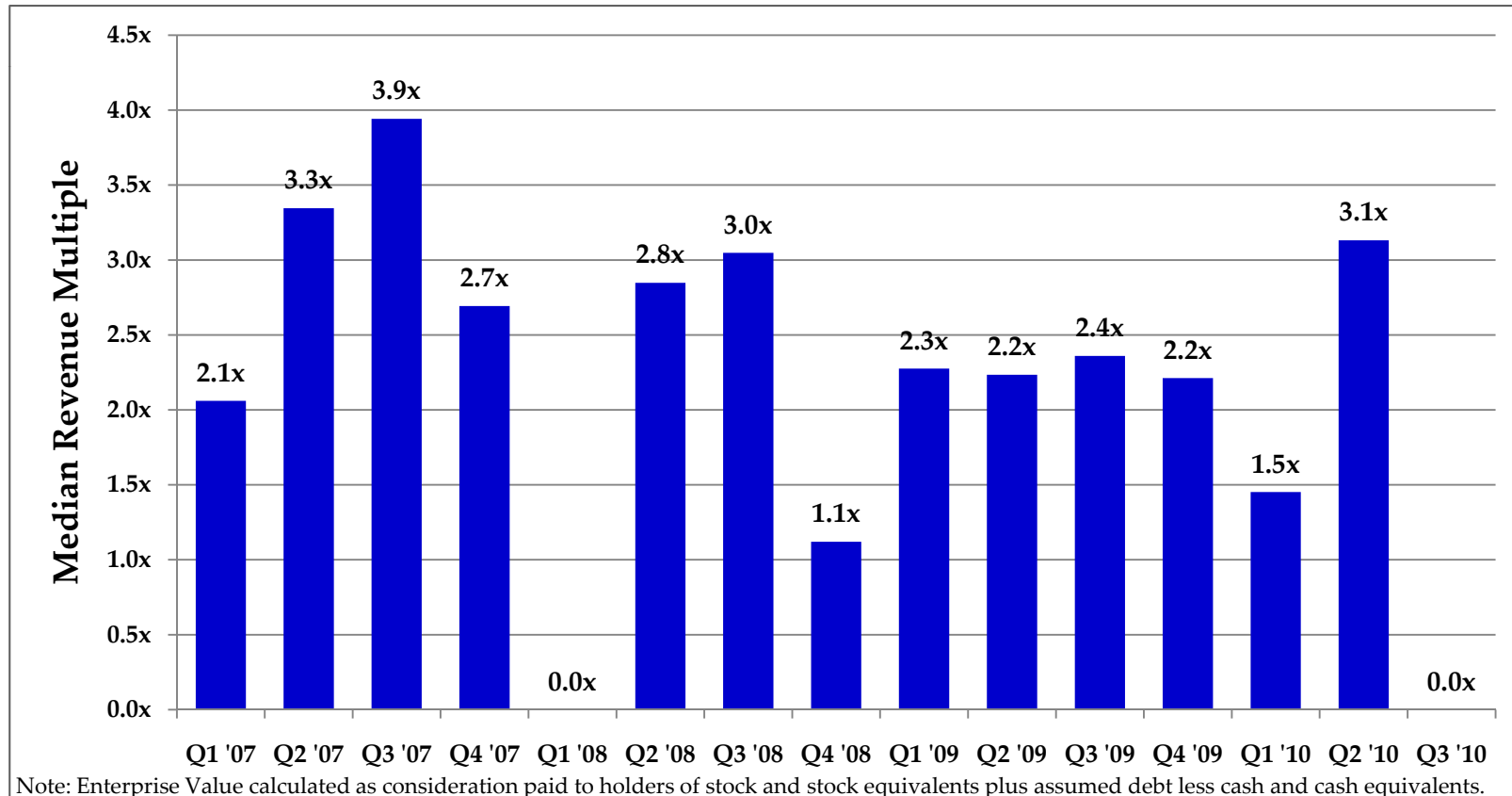
Median M&A Revenue Multiples – Private Telecom Svcs. Targets

- Median private revenue multiples rose above 2x again to their second highest levels in three years after being stuck around 1.5x for the past three quarters
- There were a few private deals done at premium revenue multiples in Q3:
 - Telefonica had to up their bid to 5.3x to pick up the other half of Brasilcel
 - Court Square Capital Partners paid 5.0x for Fibertech Networks
 - Welsh, Carson, Anderson & Stowe paid 4.7x for Peak 10
 - GI Partners paid 4.1x for SoftLayer Technologies









Median M&A Revenue Multiples – Public Telecom Svcs. Targets



- No median public M&A revenue data available with no public deals
- SagePoint expects public multiples in the mid 2s assuming normal deal volume as the economy continues to recover



Most Active Telecom Services Buyers – Last 2 Years

Company	# of Deals		Telecom Services Transactions	
	Telco	Comm		
	9	9	7/21/10 - RAA Services - \$0.1M 2/3/10 - Digital Network Solutions, Inc. - NA 12/23/09 - USppp, Inc. - NA 10/19/09 - Solutions Unltd (Fixed Wireless) - NA 6/17/09 - Culcom, LLC - NA	6/8/09 - Rushville Wireless & Clinton Wireless - NA 3/18/09 - Cue Connex, LLC - \$0.1M 10/31/08 - North Central Communications - NA 10/31/08 - Forepoint Networks LLC - NA
	8	9	4/1/10 - LINKdotNET, Inc. - \$130M 2/18/10 - Mauritius Telecom Limited - NA 11/25/09 - KPN Belgium Business S.S. - \$97.9M 11/25/09 - Sunrise Communications AG - \$2,260M	11/5/09 - T-Mobile (UK) Limited - NA 2/22/09 - LINKdotNET - NA 12/18/08 - Telemedia Group S.A. - NA 10/19/08 - Orange Uganda Limited - NA
	8	8	7/12/10 - Severen-Telekom ZAO - NA 5/27/10 - Teleset Networks PLC - \$161M 4/30/10 - OAO Dagsvyazinform - \$20.6M 12/15/09 - Southern Ural Telephone Company - NA	12/10/09 - Yuzhno-Uralskaya Telephone Co. - NA 9/17/09 - CJSC Ulyanovsk-GSM - NA 9/7/09 - Sky Link Joint Stock Company - NA 6/8/09 - Gorodskaya Telephonnaya Svyaz - \$11.1M
	7	7	9/28/10 - ZAO Peterstar - \$215M 8/4/10 - JSC Chermetresurs - NA 4/26/10 - Vimpel (Fibre Backbone Ntwks) - NA 4/19/10 - Northwest Telecom & Informatics - NA	4/6/10 - OOO Vyborgtelecom - NA 5/27/09 - Synterra CJSC - NA 3/31/09 - 51% of Aquaphone & Ostelecom - \$27.6M
	6	6	6/22/10 - murphx Innovative Solutions Ltd - \$7.1M 2/17/10 - BNS Telecom Group plc - \$20.7M 2/8/10 - Managed Communications - \$9.9M	8/14/09 - Redstone Telecom Ltd. - \$28.1M 7/1/09 - FREEDOM4 Group plc - NA 1/23/09 - 4Com Ltd. - \$7.5M
	5	6	5/20/10 - Penza-Telekom Zao - \$20.0M 4/26/10 - Sky Link Joint Stock Company - NA 1/29/10 - Sky Link Joint Stock Company - NA	11/25/09 - OAO Eurotel - \$110M 6/18/09 - COMSTAR-United TeleSystems - \$2,580M

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Acquiror	Target	Deal Rationale/Commentary
		<p>Telefonica finally won approval for their three times sweetened offer to acquire Portugal Telecom's half of Brasilcel, the holding company set up for their joint investment with Telefonica in Brazilian mobile operator Vivo.</p> <p>Telefonica's initial May proposal of €5.7B was slapped down as too small and after increasing the offer to €6.5B and then again to €7.15B in June won support from a majority of shareholders, but the Portuguese government blocked the deal in a controversial move, apparently reluctant to lose a growth driver of one of its major corporations. With Telefonica threatening a hostile takeover or dissolution of the joint venture a bid of €7.5B was finally accepted by the government and allowing the deal to proceed.</p> <p>The final price tag is a steep multiple at 5.3x LTM revenue, but Telefonica is committed to solidifying its leadership position in the fast growing Brazilian market where Telefonica and Vivo combine for over 69M customers. Telefonica has stated that the deal will be accretive from year one.</p>
<h3>Deal Summary</h3>		
<p>Date: 7/28/10 Transaction Value: \$9,757M % Sought: 50% Consideration: Cash</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		
<h3>Valuation Metrics</h3>		
<p>LTM Revenue Multiple: 5.3x LTM EBITDA Multiple: 20.0x Multiple on \$ Invested: NA</p>		
<h3>Investors</h3>		
<p>Portugal Telecom</p>		

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 9/17/10

Transaction Value: \$3,269M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 1.8x

LTM EBITDA Multiple: 6.8x

Multiple on \$ Invested: 1.0x

Investors

TDC A/S

CVC has acquired TDC's Swiss unit, Sunrise for \$3.3B. Sunrise, the largest privately held telecom provider in Switzerland, maintains 2.9M customers who utilize its services for mobile telephony, fixed network and Internet. CVC will finance the deal with one-third its own cash and two-thirds debt.

The deal values Sunrise at ~6.6x '11 EBITDA, about an 18% discount to the FT stock offer that was shot down by Swiss regulators. The price still represents a premium to industry peers (Swisscom at 6.3x and Belgacom at 5.3x) and reduces TDC's net debt to EBITDA from 2.4x to a more reasonable 1.4x as the company focuses on the Nordic market.

TDC's sale puts them break-even with their initial purchases of diAx in '00 and Sunrise in '03, which were later merged together though that doesn't include capex amounts invested in infrastructure across Switzerland during that time.

CVC can generate an attractive return if it can drive margin improvements for Sunrise while maintaining necessary investment levels.

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 8/16/10

Transaction Value: \$778M

% Sought: 100%

Consideration: Cash/Stock

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 3.4x

LTM EBITDA Multiple: 8.4x

Multiple on \$ Invested: NA

Investors

NA

Windstream has acquired Q-Comm, which consists of Kentucky Data Link, a fiber services provider in 22 states, and Norlight, a CLEC serving the midwest.

The transaction builds on Windstream's strategy to become a leading next-generation provider and diversify away from residential voice, more than doubling its fiber footprint and enhancing network capabilities to better enable the company to penetrate the enterprise segment and improve ability to provide transport services to wireless carriers.

Windstream expects annual opex and capex synergies of ~\$25M with the deal being accretive in year one. However, Windstream plans to increase capex investments in wireless backhaul which will result in near term dilution.

The bootstrapped Q-Comm acquired Norlight in '06 for \$185M, it isn't clear what the overall return is for Q-Comm owners but it is certainly a positive outcome.

Acquiror



Target



Deal Summary

Date: 8/26/10

Transaction Value: \$500M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 5.0x

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 6.7x

Investors

BAML Capital Partners; Nautic Partners, LLC; Ridgemont Equity Partners

Deal Rationale/Commentary

Fibertech Networks is a leading operator of fiber-optic networks in 24 metropolitan markets in 11 states with '10 revenues of ~\$100M, up from \$82M in '09.

With Court Square as its new financial backer, Fibertech expects to seek acquisitions to quickly grow the business with 20 possible targets already identified as it looks to double its size and build toward a future IPO. With assets currently concentrated in the Northeast and Midwest the company will likely look to expand into the Southeast.

Fiber optic networks like Fibertech's are particularly hot right now due to increasing demand for wireless backhaul. CVC apparently beat out a field of 19 "serious buyers" consisting of telecom carriers and private equity buyers with a final offer that was far superior to other bids. A private equity buyer was seen as a better fit by Fibertech as they were willing to pay more and carriers seemed likely to cut most of the company, preserving just the fiber assets.

At an exit valuation of 6.7x the invested capital, the transaction appears to be a good outcome for investors.

Acquiror



Target

SOFTLAYER®

Deal Summary

Date: 8/3/10

Transaction Value: \$475M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 4.1x

LTM EBITDA Multiple: 10.6x

Multiple on \$ Invested: 4.75x

Investors

Undisclosed

Deal Rationale/Commentary

SoftLayer provides global, on-demand data center and hosting services from facilities throughout the U.S. The company has more than 6,000 customers and more than 30,000 servers under management. SoftLayer has been growing quickly with '09 revenue of \$80M and expects growth of more than 50% for '10.

GI Partners plans to combine SoftLayer with portfolio company The Planet with the combined company generating \$270M in '10 revenue and a possible IPO as early as next year being considered. The 10.6x EBITDA multiple paid by GI appears reasonable given SoftLayer's growth rate and the potential synergies with The Planet.

SoftLayer is one of three major PE acquisitions for '10 in the hosting space with Oak Hill leading and GI participating in the \$420M buyout of ViaWest and Welsh, Carson, Anderson & Stowe paying \$400M for Peak 10 in September. With the demand for cloud services fueling growth, there appears to be renewed PE interest in the hosting space.

At an exit valuation of 4.75x the invested capital, the transaction appears to be a solid outcome for investors.

Acquiror



PAETEC

Target



Deal Rationale/Commentary

Deal Summary

Date: 9/12/10

Transaction Value: \$460M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 1.2x

LTM EBITDA Multiple: 5.0x

Multiple on \$ Invested: 1.7x

Investors

GE Equity; BB&T Capital Partners, L.L.C.; M/C Venture Partners; CIT Group, Inc. (NYSE:CIT); Ridgemont Equity Partners; BAML Capital Partners

Cavalier operates one of the country's largest high capacity fiber networks with nearly 17,000 route miles representing over \$2B of investment. Together the companies generated LTM revenue of \$1.95B and EBITDA of \$381M and Paetec expects annual synergies of \$30M.

Following the transaction, Paetec will have presence in 86 of the top 100 metro areas, over 37,000 route miles and a presence in 1,178 colocations with the deal nearly doubling its colocation presence. The deal also reduces reliance on Bell networks and adds negotiating leverage versus Verizon.

Paetec plans to continue to play the role of consolidator and buy up more fiber assets around the country as demand for fiber networks continues to grow at double-digits driven by data-heavy audio and video files sent over the internet.

The struggling economy helped Paetec to pick up Cavalier at an attractive valuation. M/C Venture, the majority owner, claims they achieved a 1.7x return.

Acquiror



Target



Deal Summary

Date: 9/1/10

Transaction Value: \$400M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: 4.7x

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 10x

Investors

McCarthy Group, LLC; Seaport Capital

Deal Rationale/Commentary

Peak 10 is a regional provider of data center infrastructure and managed services that operates data centers in nine markets along the east coast. Peak 10 offers a full range of services including co-location, carrier diverse high-capacity bandwidth, data back-up and secure storage and network and systems monitoring.

Peak 10 is one of three major PE acquisitions for '10 in the hosting space with the other transactions being Oak Hill leading and GI participating in the \$420M buyout of ViaWest and GI Partners paying \$475M for SoftLayer. With the demand for cloud services fueling growth, there appears to be renewed PE interest in the hosting space.

Peak 10 has grown since its founding in 2000 with several acquisitions along the way as the company aggressively expanded into new markets. At an exit valuation of 10x invested capital, the deal certainly appears to be a big winner for the investors. Seaport has been an investor since the start with McCarthy Group's investment coming in '09 when it purchased Frontier's stake in the business.

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 9/15/10

Transaction Value: \$344M

% Sought: 100%

Consideration: Cash

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Valuation Metrics

LTM Revenue Multiple: NA

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 1.45x

Investors

Oakley Capital Investments Limited (AIM:OCL)

Host Europe provides enterprise hosting, managed dedicated servers, shared virtual server hosting, server co-location, domain name registration, and a range of e-services to 730,000 customers in the small to medium sized enterprise community in the UK and Germany.

The company has specific strength in the fast growing cloud computing and virtualized server markets which likely is one of the reasons Montagu was attracted to Host Europe.

Montagu plans to integrate Host Europe's Webfusion and Host Europe GmbH businesses, both of which demonstrate strong growth prospects, to create a platform to better address market opportunities.

The deal represents a 1.45x increase on the price paid for Oakley's acquisition of the company in March '08, a moderate return but not too bad considering the turmoil over the past two years.

Appendix – Q3 Telecom Services M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
International LEC/ICP				
7/2/10	Aster Sp. z o.o.	Mediatel 4B sp. z o. o	4.6	NA
9/27/10	ECI Partners LLP	XLN Telecom Ltd.	61.5	0.7x
9/28/10	Open joint stock company MegaFon	ZAO Peterstar	215.0	2.3x
7/12/10	North-West Telecom (RTS:SPTL)	Severen-Telekom ZAO	NA	NA
7/26/10	j2 Global Communications, Inc. (NasdaqGS:JCOM)	Alban Telecom Ltd.	NA	NA
7/31/10	Chess Telecom Limited	Intelligent Netw orks Limited	NA	NA
8/4/10	ZAO Peterstar	JSC Chermetresurs	NA	NA
8/13/10	Investor Group	Teleport St. Petersburg Ltd.	NA	NA
9/8/10	Dial Telecom, a.s.	GTS Slovakia, inc.	NA	NA
9/15/10	MobilTel AD	Spectrum Net JSC	NA	NA
9/15/10	The Phone Co-op Limited	Saga Group Ltd., Telephone Business	NA	NA
9/22/10	PJSC Southern Telecom (MICEX:UTEL)	South Telecom LLC	NA	NA
9/22/10	Komet Telecoms Company	CJSC Synterra-Far East, Volga and Caucasus	NA	NA
9/23/10	Acropolis Telecom SA (ENXTPA:ALACR)	IPeX Telecom S.A.	NA	NA
9/23/10	Investor Group	ETS Communications Limited	NA	NA
US LEC/ICP				
7/19/10	NTELOS Inc.	Mountaineer Telecommunications LLC	170.0	2.2x
9/12/10	PAETEC Holding Corp. (NasdaqGS:PAET)	Cavalier Telephone, LLC	460.0	1.2x
8/16/10	Windstream Corporation (NasdaqGS:WIN)	Q-Comm Corporation	778.4	3.4x

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Data Access/Transport				
8/4/10	Sitestar Corp. (OTCBB:SYTE)	jellico.com, Inc.	0.0	NA
7/1/10	Highway 1 (Aust) Pty Ltd.	NerdNet Internet and EON Technology	0.1	NA
7/28/10	Investor Group	ComTel Corp (Post Paid and Prepaid Retail Mobile Bus)	7.0	NA
7/19/10	Investor Group	Multinet Pakistan (Private) Limited	26.2	NA
7/30/10	Vimpel-Communications (NYSE:VIP)	Foratek Kommuniqueishn Zao	46.2	NA
7/26/10	CTIC Netw orks Co., Ltd.	Great Wall Broadband Netw ork Service Co., Ltd.	47.8	NA
7/16/10	Tele2 AB (OM:TEL2 B)	BBned N.V.	64.7	0.6x
9/9/10	Neutral Tandem, Inc. (NasdaqGS:TNDM)	Tinet SpA	94.8	1.7x
7/21/10	LDC Ltd.	Easynet Group plc	151.9	0.5x
8/26/10	Court Square Capital Partners	Fibertech Netw orks, LLC	500.0	5.0x
7/6/10	HitecVision AS (OTCNO:HITV)	Tampnet As	NA	NA
7/6/10	GLOBALINX Enterprises, LLC	TRI-M Communications, Inc.	NA	NA
7/9/10	Mariehamns Telefon Ab; Alands Telefonandelslag AB	Alands Datakommunikation AB	NA	NA
7/26/10	NetByNet Holding	Inetera	NA	NA
7/30/10	Blizoo	Link BG	NA	NA
8/2/10	Lexicon United Inc. (OTCBB:LXUN)	Pathw orks Corporation	NA	NA
8/25/10	PT First Media New s; PT First Media Production	PT Jaring Data Interaktif	NA	NA
9/1/10	Jaguar Communications, Inc.	Southern Minnesota Internet Group Inc.	NA	NA
9/2/10	Datagroup, Close Joint Stock Company	MainStream LLC	NA	NA
9/8/10	Datagroup, Close Joint Stock Company	Limited Liability Company Home-Net	NA	NA
9/9/10	Altitude Infrastructure SAS	LUXINET TELECOM Société à Responsabilité Limité	NA	NA
9/21/10	Sion S.A.	UOL Sinectis SA	NA	NA

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt. Transaction Value and Revenue per public filings and press releases if available, otherwise per analyst estimates. Partial year data is annualized if LTM data is not available. Deals with Public targets shaded.

Appendix – Q3 Telecom Services M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Hosting & Data Center				
7/29/10	24h Technologies AB (OM:24H)	IPMovers AB	0.2	NA
7/28/10	St. Bernard Software, Inc. (OTCBB:SBSW)	Red Condor, Inc.	0.7	NA
8/19/10	Digital Realty Trust Inc. (NYSE:DLR)	Two Datacenter Properties	50.3	NA
9/14/10	Corporate Office Properties Trust (NYSE:OFC)	Power Loft @ Innovation Data Center	115.0	NA
9/1/10	Welsh, Carson, Anderson & Stowe	Peak 10, Inc.	400.0	4.7x
9/15/10	Montagu Private Equity Limited	Host Europe WWS Limited	344.4	NA
8/3/10	GI Partners	SoftLayer Technologies, Inc.	475.0	4.1x
7/6/10	Redstation Limited	Altaire Limited	NA	NA
7/7/10	Charterhouse Group; Thompson Street; Cequel	Colo4 LLC	NA	NA
7/27/10	Hosting Metro, Inc.	Drupal Value Hosting	NA	NA
8/3/10	CybrHost Corporation	Green Dedicated Host, Inc.	NA	NA
8/9/10	Bluemile, Inc.	Fivebean Media, LLC	NA	NA
8/17/10	Hosting Metro, Inc.	Win Web Hosting	NA	NA
8/29/10	Dynamic Network Services Incorporated	Nerdie Networks LLC	NA	NA
9/6/10	UAB Baltic Data Center	UAB HOSTEX	NA	NA
9/9/10	OurWeb.net	Arbershosting.com	NA	NA
9/13/10	IS	PINS Group BV	NA	NA
9/14/10	Lightower Fiber Networks	Lexent Metro Connect, LLC	NA	NA
9/19/10	MetroBeam Wireless Telecommunications Co LLC	Stream	NA	NA
9/21/10	Competitive Companies Inc. (OTCBB:CCOP)	Surfs Global, Inc.	NA	NA
9/28/10	Informatica Software (Schweiz) AG	MyGate AG Switzerland, Data Centre in Chur	NA	NA
7/30/10	Telety Group plc (LSE:TCY)	Internet Facilitators Limited	33.1	NA
VoIP Specialty				
7/22/10	Musicians Exchange (OTCBB:MJEX)	SpeechCard LLC	NA	NA
7/26/10	Integrated Broadband Services, LLC	SinglePipe Communications, Inc.	NA	NA
9/20/10	Logicalis Group Limited	Touchbase Singapore Pte Ltd.	NA	NA

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Cable & Satellite TV				
7/6/10	Magyar Telekom (BUSE:MTELEKOM)	Modultechnika Kereskedelmi Szolgáltató Kft.	6.7	NA
8/9/10	Investor Group	Midcontinent Media, Inc.	NA	NA
9/15/10	MobilTel AD	Megalan Network Ltd.	NA	NA
Satellite Voice & Data				
7/31/10	ING Satcom Ltd.	Gujarat Narmada Valley (V-SAT/ISP Gateway Bus)	1.3	NA
9/17/10	L-3 Communications Holdings Inc. (NYSE:LLL)	3Di Technologies, LLC	NA	NA
International Wireless				
7/28/10	Mediamesh Holdings Pty Limited	ComTel Corporation Limited, Prepaid Retail Mobile Bus.	1.5	NA
7/12/10	Compañía Paraguaya de Comunicaciones Sociedad Anónima S.A.	Hola Paraguay SA	3.0	NA
8/17/10	Arendals Fossekompagni ASA (OB:AFK)	World Wide Mobile Communications AS	21.8	NA
8/11/10	Bharti Airtel Ltd. (BSE:532454)	Telecom Seychelles Limited	62.0	NA
9/17/10	CVC Capital Partners Ltd.	Sunrise Communications AG	3,269.0	1.8x
7/28/10	Telefonica, S.A. (CATS:TEF)	Brasilcel, N.V.	9,757.4	5.3x
7/9/10	Royal KPN NV (ENXTAM:KPN)	Yes Telecom Netherlands B.V.	NA	NA
7/23/10	Media Exchange Group, Inc. (OTCPK:CWLC)	Tarsin (Europe) Limited	NA	NA
9/15/10	Keyyo (ENXTPA:ALKEY)	Mobeel Group SAS	NA	NA
9/15/10	T-Mobile Netherlands B.V.	Simpel BV	NA	NA
US Wireless				
7/2/10	KeyOn Communications Holdings Inc. (OTCBB:KEYO)	Technology Specialists Group, Inc., TS Wireless	0.2	NA
8/2/10	KeyOn Communications Holdings Inc. (OTCBB:KEYO)	Southwest Wireless Net, Wireless Broadband In	0.3	NA
8/10/10	Sprint Nextel Corp. (NYSE:S)	Southwest Minnesota 10 megahertz of wireless spectrum	105.0	NA
8/18/10	Airband Communications, Inc.	Sparkplug, Inc.	NA	NA
9/2/10	Cellular One, LLC	TX-11 Acquisition, LLC	NA	NA
Wireless Towers				
7/21/10	Omnicity, Corp. (OTCBB:OMCY)	RAA Services	0.1	NA
8/9/10	ATC Sitios del Peru S.R.L.	Telefónica del Perú, 468 Wireless Communication Tower Sites	NA	NA

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt. Transaction Value and Revenue per public filings and press releases if available, otherwise per analyst estimates. Partial year data is annualized if LTM data is not available. Deals with Public targets shaded.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Telecom Services	127	62	49%	\$35,863	\$28	1.1x	19	15.2%	18.7%	28.6%	8
Q2 '07	Telecom Services	122	77	63%	\$79,325	\$16	2.2x	24	31.8%	45.3%	30.7%	9
Q3 '07	Telecom Services	135	67	50%	\$12,001	\$16	2.1x	25	18.7%	21.1%	22.6%	5
Q4 '07	Telecom Services	156	88	56%	\$16,686	\$9	1.1x	26	4.9%	1.9%	7.8%	3
Q1 '08	Telecom Services	101	52	51%	\$30,745	\$9	2.1x	15	NA	NA	NA	0
Q2 '08	Telecom Services	110	56	51%	\$91,828	\$10	2.1x	20	19.2%	17.3%	29.6%	7
Q3 '08	Telecom Services	93	52	56%	\$7,264	\$14	2.1x	17	(16.4)%	(19.4)%	(16.4)%	3
Q4 '08	Telecom Services	86	37	43%	\$15,705	\$9	1.8x	11	101.8%	91.7%	71.8%	4
Q1 '09	Telecom Services	75	33	44%	\$6,837	\$8	1.1x	12	67.2%	76.1%	131.6%	3
Q2 '09	Telecom Services	81	39	48%	\$8,730	\$11	0.7x	13	15.2%	10.3%	10.0%	5
Q3 '09	Telecom Services	68	27	40%	\$13,343	\$62	2.7x	15	26.1%	28.3%	17.3%	6
Q4 '09	Telecom Services	112	44	39%	\$9,471	\$27	1.7x	20	28.3%	28.2%	31.0%	7
Q1 '10	Telecom Services	93	40	43%	\$52,258	\$9	1.5x	15	3.6%	5.4%	4.8%	1
Q2 '10	Telecom Services	81	39	48%	\$28,531	\$17	1.7x	14	40.9%	64.5%	69.0%	2
Q3 '10	Telecom Services	87	36	41%	\$17,275	\$49	2.0x	12	NA	NA	NA	0
Total	Telecom Services	1527	749	49%	\$425,862	\$14	1.8x	258	20.8%	22.2%	23.7%	63
Q1 '07	Diversified - International	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Diversified - International	11	11	100%	\$12,928	\$185	1.1x	6	53.5%	65.5%	57.7%	3
Q3 '07	Diversified - International	2	1	50%	\$186	\$186	NA	0	29.5%	34.3%	13.9%	1
Q4 '07	Diversified - International	7	6	86%	\$3,674	\$89	3.1x	2	(6.1)%	(4.6)%	(1.7)%	1
Q1 '08	Diversified - International	7	2	29%	\$1,139	\$570	3.0x	1	NA	NA	NA	0
Q2 '08	Diversified - International	3	2	67%	\$343	\$171	2.1x	2	NA	NA	NA	0
Q3 '08	Diversified - International	2	2	100%	\$902	\$451	4.4x	1	NA	NA	NA	0
Q4 '08	Diversified - International	3	1	33%	\$12	\$12	0.2x	1	142.2%	151.9%	186.3%	1
Q1 '09	Diversified - International	10	5	50%	\$556	\$77	2.3x	3	7.3%	1.1%	4.6%	1
Q2 '09	Diversified - International	3	1	33%	\$1	\$1	NA	0	NA	NA	NA	0
Q3 '09	Diversified - International	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Diversified - International	5	4	80%	\$358	\$49	1.7x	3	10.2%	10.2%	3.5%	1
Q1 '10	Diversified - International	4	1	25%	\$2,500	\$2,500	NA	0	NA	NA	NA	0
Q2 '10	Diversified - International	2	2	100%	\$488	\$244	2.3x	1	NA	NA	NA	0
Q3 '10	Diversified - International	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	Diversified - International	61	38	62%	\$23,087	\$82	2.1x	20	35.7%	41.3%	22.3%	8

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Diversified - US	1	1	100%	\$686	\$686	3.3x	1	54.5%	45.5%	22.3%	1
Q3 '07	Diversified - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '07	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '08	Diversified - US	1	1	100%	\$2	\$2	2.0x	1	NA	NA	NA	0
Q2 '08	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	Diversified - US	1	1	100%	\$2,965	\$2,965	2.8x	1	145.0%	138.8%	109.9%	1
Q1 '09	Diversified - US	2	1	50%	\$0	\$0	NA	0	NA	NA	NA	0
Q2 '09	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	Diversified - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	Diversified - US	7	4	57%	\$3,654	\$344	2.8x	3	99.7%	92.1%	66.1%	2
Q1 '07	LEC/ICP - International	19	12	63%	\$9,662	\$74	3.5x	3	11.9%	17.5%	10.9%	3
Q2 '07	LEC/ICP - International	14	13	93%	\$2,514	\$23	2.1x	4	6.7%	5.6%	6.3%	1
Q3 '07	LEC/ICP - International	22	12	55%	\$1,192	\$18	0.9x	8	NA	NA	NA	0
Q4 '07	LEC/ICP - International	26	15	58%	\$6,310	\$11	1.1x	6	4.9%	1.9%	7.8%	1
Q1 '08	LEC/ICP - International	17	9	53%	\$674	\$13	1.4x	3	NA	NA	NA	0
Q2 '08	LEC/ICP - International	17	6	35%	\$40,455	\$31	1.1x	3	29.4%	27.0%	37.9%	2
Q3 '08	LEC/ICP - International	12	7	58%	\$1,852	\$43	2.1x	5	(56.9)%	(53.1)%	(50.2)%	1
Q4 '08	LEC/ICP - International	18	6	33%	\$30	\$5	9.6x	2	NA	NA	NA	0
Q1 '09	LEC/ICP - International	11	4	36%	\$5,280	\$4	3.6x	1	67.2%	76.1%	201.2%	1
Q2 '09	LEC/ICP - International	9	5	56%	\$2,976	\$16	2.2x	1	(25.3)%	(25.3)%	(74.3)%	2
Q3 '09	LEC/ICP - International	9	4	44%	\$4,475	\$524	2.8x	2	(29.3)%	(28.2)%	(33.9)%	2
Q4 '09	LEC/ICP - International	11	3	27%	\$425	\$98	1.1x	2	NA	NA	NA	0
Q1 '10	LEC/ICP - International	9	9	100%	\$35,355	\$20	1.5x	2	3.6%	5.4%	4.8%	1
Q2 '10	LEC/ICP - International	11	6	55%	\$1,123	\$91	3.9x	2	64.5%	116.3%	120.4%	1
Q3 '10	LEC/ICP - International	15	3	20%	\$281	\$61	1.5x	2	NA	NA	NA	0
Total	LEC/ICP - International	220	114	52%	\$112,604	\$20	1.9x	46	6.7%	5.6%	9.4%	15

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	LEC/ICP - US	16	7	44%	\$1,026	\$17	1.6x	2	18.6%	19.9%	31.6%	1
Q2 '07	LEC/ICP - US	5	1	20%	\$5,149	\$5,149	3.8x	1	31.8%	45.3%	39.6%	1
Q3 '07	LEC/ICP - US	11	6	55%	\$1,169	\$70	2.4x	4	17.7%	21.1%	22.6%	1
Q4 '07	LEC/ICP - US	9	6	67%	\$177	\$6	0.9x	3	NA	NA	NA	0
Q1 '08	LEC/ICP - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	LEC/ICP - US	4	2	50%	\$6	\$3	NA	0	NA	NA	NA	0
Q3 '08	LEC/ICP - US	5	4	80%	\$164	\$31	1.1x	1	NA	NA	NA	0
Q4 '08	LEC/ICP - US	6	4	67%	\$11,709	\$54	2.3x	2	35.9%	21.7%	(6.0)%	1
Q1 '09	LEC/ICP - US	1	1	100%	\$1	\$1	NA	0	NA	NA	NA	0
Q2 '09	LEC/ICP - US	6	5	83%	\$354	\$2	1.5x	2	61.2%	94.3%	97.9%	1
Q3 '09	LEC/ICP - US	4	2	50%	\$863	\$431	2.2x	2	NA	NA	NA	0
Q4 '09	LEC/ICP - US	1	1	100%	\$1,138	\$1,138	4.4x	1	28.3%	28.9%	32.0%	1
Q1 '10	LEC/ICP - US	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	LEC/ICP - US	3	2	67%	\$24,097	\$12,049	1.0x	2	17.3%	12.7%	17.5%	1
Q3 '10	LEC/ICP - US	3	3	100%	\$1,408	\$460	2.2x	3	NA	NA	NA	0
Total	LEC/ICP - US	77	44	57%	\$47,260	\$35	1.8x	23	28.3%	21.7%	31.6%	7
Q1 '07	Data Access & Transport	31	15	48%	\$790	\$24	0.9x	8	12.7%	17.2%	23.7%	2
Q2 '07	Data Access & Transport	30	14	47%	\$1,413	\$3	2.2x	1	NA	NA	NA	0
Q3 '07	Data Access & Transport	24	16	67%	\$267	\$9	0.4x	4	NA	NA	NA	0
Q4 '07	Data Access & Transport	35	23	66%	\$442	\$1	1.4x	6	NA	NA	NA	0
Q1 '08	Data Access & Transport	24	13	54%	\$468	\$11	2.2x	4	NA	NA	NA	0
Q2 '08	Data Access & Transport	21	13	62%	\$529	\$12	0.4x	1	NA	NA	NA	0
Q3 '08	Data Access & Transport	21	13	62%	\$159	\$4	1.8x	3	(16.4)%	(19.4)%	(16.4)%	1
Q4 '08	Data Access & Transport	17	8	47%	\$493	\$3	0.4x	1	61.3%	44.6%	33.6%	1
Q1 '09	Data Access & Transport	15	6	40%	\$121	\$8	0.3x	3	NA	NA	NA	0
Q2 '09	Data Access & Transport	19	9	47%	\$2,008	\$48	0.4x	3	4.1%	(4.1)%	6.8%	1
Q3 '09	Data Access & Transport	13	3	23%	\$87	\$12	1.8x	1	NA	NA	NA	0
Q4 '09	Data Access & Transport	27	11	41%	\$4,045	\$27	3.1x	5	50.2%	51.8%	51.0%	2
Q1 '10	Data Access & Transport	27	9	33%	\$104	\$6	1.5x	1	NA	NA	NA	0
Q2 '10	Data Access & Transport	16	5	31%	\$61	\$3	0.6x	1	NA	NA	NA	0
Q3 '10	Data Access & Transport	22	10	45%	\$939	\$47	1.1x	4	NA	NA	NA	0
Total	Data Access & Transport	342	168	49%	\$11,926	\$8	1.1x	46	5.2%	12.2%	21.7%	7

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Hosting & Data Center	27	11	41%	\$231	\$3	2.2x	3	NA	NA	NA	0
Q2 '07	Hosting & Data Center	19	12	63%	\$821	\$8	1.6x	4	16.2%	18.2%	23.4%	2
Q3 '07	Hosting & Data Center	25	6	24%	\$423	\$33	2.5x	2	NA	NA	NA	0
Q4 '07	Hosting & Data Center	26	10	38%	\$857	\$19	1.0x	6	59.4%	59.4%	52.2%	1
Q1 '08	Hosting & Data Center	18	10	56%	\$1,074	\$4	2.0x	2	NA	NA	NA	0
Q2 '08	Hosting & Data Center	24	14	58%	\$1,189	\$6	2.3x	6	23.9%	15.4%	19.2%	3
Q3 '08	Hosting & Data Center	25	10	40%	\$409	\$5	1.7x	5	31.0%	36.4%	35.3%	1
Q4 '08	Hosting & Data Center	19	8	42%	\$101	\$12	1.3x	3	NA	NA	NA	0
Q1 '09	Hosting & Data Center	14	7	50%	\$526	\$10	1.2x	4	266.7%	214.3%	131.6%	1
Q2 '09	Hosting & Data Center	19	6	32%	\$143	\$9	1.2x	2	15.2%	10.3%	13.1%	1
Q3 '09	Hosting & Data Center	11	5	45%	\$197	\$42	1.8x	4	30.7%	30.9%	20.5%	1
Q4 '09	Hosting & Data Center	26	10	38%	\$1,466	\$7	2.7x	6	25.9%	19.4%	16.2%	2
Q1 '10	Hosting & Data Center	24	7	29%	\$163	\$6	1.6x	4	NA	NA	NA	0
Q2 '10	Hosting & Data Center	30	15	50%	\$2,029	\$13	1.1x	4	NA	NA	NA	0
Q3 '10	Hosting & Data Center	22	8	36%	\$1,419	\$83	4.1x	1	NA	NA	NA	0
Total	Hosting & Data Center	329	139	42%	\$11,047	\$9	1.6x	56	27.7%	28.7%	25.7%	12
Q1 '07	VoIP	4	2	50%	\$24	\$12	NA	0	NA	NA	NA	0
Q2 '07	VoIP	2	1	50%	\$5	\$5	NA	0	NA	NA	NA	0
Q3 '07	VoIP	4	1	25%	\$161	\$161	6.5x	1	NA	NA	NA	0
Q4 '07	VoIP	5	3	60%	\$30	\$4	0.3x	1	NA	NA	NA	0
Q1 '08	VoIP	2	1	50%	\$2	\$2	NA	0	NA	NA	NA	0
Q2 '08	VoIP	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	VoIP	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	VoIP	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	VoIP	6	2	33%	\$2	\$1	NA	0	NA	NA	NA	0
Q2 '09	VoIP	4	2	50%	\$18	\$9	0.3x	1	NA	NA	NA	0
Q3 '09	VoIP	4	1	25%	\$2,025	\$2,025	5.1x	1	NA	NA	NA	0
Q4 '09	VoIP	4	1	25%	\$3	\$3	0.4x	1	NA	NA	NA	0
Q1 '10	VoIP	8	4	50%	\$43	\$10	0.7x	4	NA	NA	NA	0
Q2 '10	VoIP	4	1	25%	\$2	\$2	NA	0	NA	NA	NA	0
Q3 '10	VoIP	3	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Total	VoIP	53	19	36%	\$2,315	\$3	0.5x	9	NA	NA	NA	0

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Cable & Satellite TV	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Cable & Satellite TV	5	4	80%	\$18	\$2	NA	0	NA	NA	NA	0
Q3 '07	Cable & Satellite TV	4	2	50%	\$20	\$10	NA	0	NA	NA	NA	0
Q4 '07	Cable & Satellite TV	2	1	50%	\$0	\$0	NA	0	NA	NA	NA	0
Q1 '08	Cable & Satellite TV	4	2	50%	\$555	\$277	2.7x	2	NA	NA	NA	0
Q2 '08	Cable & Satellite TV	6	3	50%	\$83	\$9	3.4x	1	NA	NA	NA	0
Q3 '08	Cable & Satellite TV	4	2	50%	\$518	\$259	3.6x	1	NA	NA	NA	0
Q4 '08	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	Cable & Satellite TV	3	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Cable & Satellite TV	3	2	67%	\$395	\$198	NA	0	NA	NA	NA	0
Q1 '10	Cable & Satellite TV	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	Cable & Satellite TV	4	3	75%	\$172	\$20	2.6x	1	NA	NA	NA	0
Q3 '10	Cable & Satellite TV	3	1	33%	\$7	\$7	NA	0	NA	NA	NA	0
Total	Cable & Satellite TV	41	20	49%	\$1,769	\$11	3.3x	5	NA	NA	NA	0
Q1 '07	Satellite Voice & Data	3	2	67%	\$728	\$364	1.1x	1	9.6%	11.1%	34.6%	1
Q2 '07	Satellite Voice & Data	3	3	100%	\$15,925	\$38	4.9x	2	NA	NA	NA	0
Q3 '07	Satellite Voice & Data	5	3	60%	\$4	\$1	NA	0	NA	NA	NA	0
Q4 '07	Satellite Voice & Data	6	3	50%	\$13	\$6	NA	0	NA	NA	NA	0
Q1 '08	Satellite Voice & Data	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	Satellite Voice & Data	1	1	100%	\$5	\$5	0.6x	1	NA	NA	NA	0
Q3 '08	Satellite Voice & Data	2	1	50%	\$700	\$700	NA	0	NA	NA	NA	0
Q4 '08	Satellite Voice & Data	4	2	50%	\$47	\$24	NA	0	NA	NA	NA	0
Q1 '09	Satellite Voice & Data	4	1	25%	\$7	\$7	0.7x	1	NA	NA	NA	0
Q2 '09	Satellite Voice & Data	3	2	67%	\$9	\$4	0.7x	1	NA	NA	NA	0
Q3 '09	Satellite Voice & Data	2	2	100%	\$2,102	\$1,051	23.1x	2	47.1%	72.4%	75.4%	1
Q4 '09	Satellite Voice & Data	4	2	50%	\$137	\$69	1.6x	1	NA	NA	NA	0
Q1 '10	Satellite Voice & Data	1	1	100%	\$26	\$26	1.3x	1	NA	NA	NA	0
Q2 '10	Satellite Voice & Data	2	1	50%	\$525	\$525	1.5x	1	NA	NA	NA	0
Q3 '10	Satellite Voice & Data	2	1	50%	\$1	\$1	NA	0	NA	NA	NA	0
Total	Satellite Voice & Data	44	25	57%	\$20,230	\$21	1.3x	11	28.3%	41.8%	55.0%	2

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Wireless - International	14	10	71%	\$23,095	\$282	3.2x	2	47.7%	47.7%	59.0%	1
Q2 '07	Wireless - International	21	13	62%	\$6,854	\$16	2.2x	3	NA	NA	NA	0
Q3 '07	Wireless - International	17	8	47%	\$1,067	\$83	3.4x	4	5.3%	11.1%	66.7%	1
Q4 '07	Wireless - International	26	13	50%	\$2,473	\$50	NA	0	NA	NA	NA	0
Q1 '08	Wireless - International	17	8	47%	\$26,050	\$0	NA	0	NA	NA	NA	0
Q2 '08	Wireless - International	16	11	69%	\$19,618	\$73	3.5x	4	13.2%	22.9%	30.2%	2
Q3 '08	Wireless - International	10	7	70%	\$1,160	\$28	9.0x	1	NA	NA	NA	0
Q4 '08	Wireless - International	9	3	33%	\$55	\$19	NA	0	NA	NA	NA	0
Q1 '09	Wireless - International	6	4	67%	\$313	\$31	NA	0	NA	NA	NA	0
Q2 '09	Wireless - International	10	4	40%	\$429	\$69	2.0x	2	NA	NA	NA	0
Q3 '09	Wireless - International	17	7	41%	\$2,851	\$18	2.0x	1	1.7%	1.0%	2.3%	1
Q4 '09	Wireless - International	19	6	32%	\$473	\$46	NA	0	NA	NA	NA	0
Q1 '10	Wireless - International	9	4	44%	\$11,826	\$563	2.4x	2	NA	NA	NA	0
Q2 '10	Wireless - International	6	2	33%	\$33	\$16	1.0x	1	NA	NA	NA	0
Q3 '10	Wireless - International	10	6	60%	\$13,115	\$42	5.3x	1	NA	NA	NA	0
Total	Wireless - International	207	106	51%	\$109,411	\$33	3.0x	21	7.3%	17.3%	30.8%	5
Q1 '07	Wireless - US	8	3	38%	\$307	\$5	NA	0	NA	NA	NA	0
Q2 '07	Wireless - US	7	3	43%	\$28,067	\$313	2.9x	2	9.7%	8.5%	15.5%	1
Q3 '07	Wireless - US	14	9	64%	\$5,713	\$10	3.7x	2	30.1%	24.7%	13.8%	2
Q4 '07	Wireless - US	9	5	56%	\$2,543	\$7	1.8x	2	NA	NA	NA	0
Q1 '08	Wireless - US	6	4	67%	\$90	\$10	1.5x	2	NA	NA	NA	0
Q2 '08	Wireless - US	15	4	27%	\$29,599	\$24	1.7x	2	NA	NA	NA	0
Q3 '08	Wireless - US	6	3	50%	\$60	\$2	NA	0	NA	NA	NA	0
Q4 '08	Wireless - US	8	3	38%	\$285	\$8	0.4x	1	NA	NA	NA	0
Q1 '09	Wireless - US	5	2	40%	\$30	\$15	NA	0	NA	NA	NA	0
Q2 '09	Wireless - US	7	4	57%	\$2,791	\$220	0.4x	1	NA	NA	NA	0
Q3 '09	Wireless - US	3	2	67%	\$706	\$353	0.5x	1	59.2%	60.1%	41.1%	1
Q4 '09	Wireless - US	8	2	25%	\$911	\$455	1.5x	1	34.2%	34.8%	32.2%	1
Q1 '10	Wireless - US	3	1	33%	\$2	\$2	NA	0	NA	NA	NA	0
Q2 '10	Wireless - US	3	2	67%	\$2	\$1	3.0x	1	NA	NA	NA	0
Q3 '10	Wireless - US	5	3	60%	\$106	\$0	NA	0	NA	NA	NA	0
Total	Wireless - US	107	50	47%	\$71,210	\$8	2.0x	15	34.2%	34.8%	24.9%	5

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

Appendix – Q3 Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Wireless - Towers	4	1	25%	\$4,944	\$4,944	NA	0	NA	NA	NA	0
Q3 '07	Wireless - Towers	6	3	50%	\$1,798	\$215	NA	0	NA	NA	NA	0
Q4 '07	Wireless - Towers	5	3	60%	\$166	\$9	NA	0	NA	NA	NA	0
Q1 '08	Wireless - Towers	2	2	100%	\$691	\$345	NA	0	NA	NA	NA	0
Q2 '08	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Wireless - Towers	5	3	60%	\$1,340	\$426	NA	0	NA	NA	NA	0
Q4 '08	Wireless - Towers	1	1	100%	\$9	\$9	NA	0	NA	NA	NA	0
Q1 '09	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Wireless - Towers	1	1	100%	\$1	\$1	NA	0	NA	NA	NA	0
Q3 '09	Wireless - Towers	1	1	100%	\$39	\$39	4.9x	1	NA	NA	NA	0
Q4 '09	Wireless - Towers	4	2	50%	\$120	\$60	NA	0	NA	NA	NA	0
Q1 '10	Wireless - Towers	5	4	80%	\$2,241	\$174	11.9x	1	NA	NA	NA	0
Q2 '10	Wireless - Towers	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Wireless - Towers	2	1	50%	\$0	\$0	NA	0	NA	NA	NA	0
Total	Wireless - Towers	39	22	56%	\$11,349	\$155	8.4x	2	NA	NA	NA	0

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.



Introduction to SagePoint Advisors

Introduction to SagePoint Advisors

SagePoint Advisors is a boutique investment banking firm providing merger, acquisition and strategic advisory services to technology and telecom companies and their venture backers.

Mission	To deliver the senior-level attention, trusted relationships and market insight on \$10-100 million M&A transactions that other investment banks reserve only for much larger transactions.
Services	Sell Side Advisory; Divestitures; Buy Side Advisory; Strategic Investments
Industry Focus	Software, hardware and services in the Wireless, VoIP, IP Video, Networking, Internet, Telecom Equipment, IT Infrastructure and Enabling Technology sectors
Offices	San Diego, CA

David P. Michaels - Founder & Managing Director



Prior to founding SagePoint Advisors in 2008, David Michaels was a Co-Founder, Partner and Managing Director at Montgomery & Co., a leading investment bank focused on serving emerging-growth technology companies and their venture backers. Mr. Michaels co-founded Montgomery's investment banking business in 1996 as the lead banker and played an instrumental role in building the business to over \$50 million in revenues and 80 employees. Mr. Michaels launched Montgomery's San Diego office in 2003 and established Montgomery as the dominant brand in the region. Mr. Michaels also ran the firm's Communications and Digital Media Technology practice areas for several years prior to his departure. During his 14 year tenure at Montgomery, Mr. Michaels advised CEOs and Boards on more than 75 corporate strategy, M&A and fund raising engagements.

Mr. Michaels has intimate knowledge of the strategic landscape, market dynamics and technology underpinnings of several high technology market segments including wireless infrastructure, software and services, voice, video and data infrastructure, software and services, storage infrastructure and software, networking equipment, Internet software and services and semiconductors. Prior to co-founding Montgomery's investment banking business, Mr. Michaels managed strategic consulting assignments for the firm including market entry analysis, acquisition search studies and strategic portfolio assessments.

Prior to joining the Montgomery in 1994, Mr. Michaels held various investment banking positions including a position within Bankers Trust Corporate Finance Department, where he helped execute merger and acquisition assignments such as sale mandates and valuation analyses. Prior to that, Mr. Michaels worked as a structural engineer at General Dynamics, where he assisted on the Advanced Tactical Fighter program. Mr. Michaels received an M.B.A. with an emphasis in marketing and entrepreneurship from the Anderson School of Management at UCLA and holds a B.S. in Mechanical Engineering from the University of Michigan.

Teak Murphy - Senior Associate



Prior to joining SagePoint, Teak worked as a Senior Associate with Enterprise Partners Venture Capital, the largest Southern California based VC firm, where he evaluated investment opportunities and worked closely with senior management and board members to successfully grow portfolio companies. Prior to Enterprise Partners, Teak worked as an Associate in technology investment banking at Montgomery & Co. where he spent three years working closely with SagePoint's founder David Michaels on buy-side and sell-side M&A transactions. Prior to Montgomery, Teak worked at Cowen & Co. advising technology companies on M&A and IPO transactions.

Teak's experience working on fund raising, mergers and acquisitions, and initial public offerings as both an advisor and investor provides unique insight into the needs of venture-backed companies. Teak graduated from the University of Southern California with honors, receiving a B.S. in Business Administration and Finance .

Primary Industry Focus – Communications & Networking

Value Chain	Wireless	VoIP	Video	Data
Services	Mobile messaging, content, search, LBS, social networking, gaming, etc.	VoIP service providers, voice search, website voice enablement, etc.	Cable & DBS, Internet video, conferencing, video delivery networks, etc.	Internet access, web hosting, co-location, SaaS delivery networks, etc.
Software	Mobile and fixed wireless application and infrastructure software, etc.	VoIP softphone client and server software, FMC software, etc.	Video encoding, transcoding, editing, sharing and player software, etc.	Networking & Internet client and server software, etc.
Equipment	Handsets and modules, fixed and mobile wireless equipment, etc.	VoIP handsets, gateways, IP-PBXs, SBCs, media servers, etc.	Cable & IPTV equipment, video conferencing, VOD, DVRs, STBs, etc.	WAN, LAN and optical data networking and telecom equipment, etc.
Semiconductors	3G/4G, WiMax, WLAN, & WPAN RF & BB ICs, etc.	VoIP DSPs and ASICs	Video encode/decode, processing and transport ICs, etc.	WAN, LAN, I/O storage and security networking ICs

Transaction Experience of SagePoint Team




























 <i>has been acquired by</i>  August 2009	 <i>has been acquired by</i> Undisclosed Buyer November 2008	 <i>has sold certain assets to</i> Undisclosed Handset OEM October 2008	 Buyside Advisory 2008	 <i>has been acquired by</i>  April 2008	 <i>has sold its assets to</i>  \$10,000,000 October 2007	 <i>has been acquired by</i>  \$34,875,000 September 2007
 Initial Public Offering \$82,500,000 Co-manage June 2007	 <i>has been acquired by</i>  January 2007	 Initial Public Offering \$167,440,000 Co-manager September 2006	 <i>has been acquired by</i>  August 2006	 <i>has been acquired by</i>  August 2006	 Senior Convertible Debentures \$5,000,000 Financial Advisor and Placement Agent July 2006	 <i>has sold its SRAM assets to</i>  January 2006
 Private Investment in Public Equity \$14,400,000 Co-Agent January 2006	 <i>has been acquired by</i>  October 2005	 <i>has agreed to the sale of their NAS Software Intellectual Property to</i>  \$50,000,000 May 2005	 <i>has sold a minority stake to</i> Strategic Investor 2005	 <i>has been acquired by</i> THOMSON August 2004	 <i>has been acquired by</i>  \$122,500,000 April 2004	 <i>has been acquired by</i>  March 2004
 <i>has been acquired by</i>  August 2003	 <i>has been acquired by</i>  December 2003	 <i>has been acquired by</i>  February 2003	 <i>has been acquired by</i>  April 2002	 Private Placement \$9,900,000 Placement Agent July 2001	 Private Placement \$11,000,000 Placement Agent May 2000	 <i>has merged with</i>  \$157,000,000 March 2000

Transaction Experience by Market Segment

SagePoint's Founder has led more than 75 M&A and fund raising engagements with deal experience across the entire communications and networking value chain.

Value Chain	Wireless	VoIP	Video	Data
Services	<ul style="list-style-type: none"> • Sale of Xumii to Myriad Group • Capital Raise for InfoSonics 	<ul style="list-style-type: none"> • Sale of AccessLine to Telanetix • Strategic Advisory for Voice 2.0 Service Provider 	<ul style="list-style-type: none"> • Strategic Advisory for DirecTV Reseller 	<ul style="list-style-type: none"> • Sale of Compute Intensive to Verio • Sale of GeoNet to Level 3 • Capital Raise for Speakeasy
Software	<ul style="list-style-type: none"> • Sale of Neven Vision to Google • Sale of SKY MobileMedia; 	<ul style="list-style-type: none"> • Sale of CrystalVoice to Global IP Solutions • Buyside Advisory for VOIP Softphone Vendor 	<ul style="list-style-type: none"> • IPO for Divx • Strategic Advisory for Mobile Video SW Vendor 	<ul style="list-style-type: none"> • Sale of LVL7 to Broadcom • Sale of Neteon to CA
Equipment	<ul style="list-style-type: none"> • Sale of Strix to Idream • Sale of Aiprime to Sierra Wireless 	<ul style="list-style-type: none"> • Strategic Advisory for Unified Messaging Vendor • Strategic Advisory for IP-PBX Vendor 	<ul style="list-style-type: none"> • Sale of Gyration to Philips • Sale of TIR to Philips 	<ul style="list-style-type: none"> • Sale of Network Physics to OpNet • Capital Raise for Raptor Networks • Sale of Procom to Sun
Semis	<ul style="list-style-type: none"> • Sale of CommAsic to Freescale • Peregrine Strategic Investment • Sale of Synad to ST 	<ul style="list-style-type: none"> • Strategic Advisory for Noise Cancellation IC Vendor 	<ul style="list-style-type: none"> • Sale of Vativ to Entropic • Strategic Advisory for Video Processing IC Vendor 	<ul style="list-style-type: none"> • Strategic Advisory for Storage Networking IC Vendor

Representative Buyer Relationships

Internet / Media	Service Providers	Communications Software / SaaS	Communications Equipment	Communications Semiconductors
         	         	         	        	         

Why Work With SagePoint?

- SagePoint delivers the senior-level attention, trusted relationships and market insight on \$10-100M transactions that larger investment banks reserve only for much larger transactions
- SagePoint's domain knowledge is world-class across the entire communications and networking value chain
- SagePoint has developed trusted relationships with the most active strategic buyers across the communications value chain
- SagePoint has the M&A expertise that comes only from decades of experience focusing on strategic transactions
- SagePoint's unwavering integrity and commitment to intellectual honesty ensures that we tell our clients what they need to hear to make sound business decisions
- At SagePoint, we offer sage advice that points our clients in the right direction to ensure an optimal outcome