

SagePoint Telecom Services 100 Q1 2010 Performance Review

An Analysis of Public Telecom and Data Center Services
Companies from a Valuation and M&A Perspective

June 2010

Prepared By:



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SagePoint Telecom Services 100 Universe

Q1 Adds:

- Alaska Comm
- GTL Infrastructure
- Qatar Telecom

		Market Segment											
		LEC/ICP - Intl	LEC/ICP - National	LEC/ICP - Regional	Data Access & Transport	Hosting & Data Center	VoIP Specialty	Cable & Satellite TV	Satellite Voice & Data	Wireless - Intl Emerging	Wireless - Intl Developed	Wireless - US	Wireless Towers
1	8x8					X							
2	Abovenet				X								
3	Alaska Comm			X									
4	America Movil									X			
5	American Tower												X
6	AOL				X								
7	AT&T		X									X	
8	Atlantic Tele											X	
9	BCE	X											
10	Bharti Airtel									X			
11	British Sky							X					
12	BT	X											
13	Cablevision							X					
14	Cbeyond					X							
15	CenturyLink			X									
16	Charter Comm							X					
17	China Mobile									X			
18	China Telecom	X											
19	China Unicom	X								X			
20	Chunghwa Telecom	X											
21	Cincinnati Bell			X									
22	Clearwire												X
23	Cogent Comm				X								
24	COLT Telecom				X								
25	Comcast							X					

Q1 Drops:

- Iowa Telecom
- Switch & Data
- Vimpel-Comm

		Market Segment											
		LEC/ICP - Intl	LEC/ICP - National	LEC/ICP - Regional	Data Access & Transport	Hosting & Data Center	VoIP Specialty	Cable & Satellite TV	Satellite Voice & Data	Wireless - Intl Emerging	Wireless - Intl Developed	Wireless - US	Wireless Towers
26	Consolidated Comm			X									
27	Crown Castle												X
28	Deutsche Telekom	X									X		
29	DIRECTV							X					
30	Dish Network							X					
31	EarthLink				X								
32	Emirates Telecom	X											
33	Equinix					X							
34	France Telecom	X									X		
35	Frontier Comm			X									
36	General Comm			X									
37	Global Crossing				X								
38	Globalstar								X				
39	GTL Infrastructure												X
40	Hellenic Telecom	X											
41	Hughes								X				
42	Iliad				X								
43	Inmarsat								X				
44	Internap				X	X							
45	KDDI										X		
46	Leap Wireless												X
47	Level 3 Comm				X								
48	Liberty Global							X					
49	Loral								X				
50	Maroc Telecom									X			

SagePoint Telecom Services 100 Universe – Continued

		Market Segment											
		LEC/ICP - Intl	LEC/ICP - National	LEC/ICP - Regional	Data Access & Transport	Hosting & Data Center	VoIP Speciality	Cable & Satellite TV	Satellite Voice & Data	Wireless - Intl Emerging	Wireless - Intl Developed	Wireless - US	Wireless Towers
51	MetroPCS											X	
52	Mobile Telecom									X			
53	Mobile Telesystems									X			
54	MTN Group									X			
55	NaviSite					X							
56	NTELOS											X	
57	NTT	X											
58	NTT DoCoMo										X		
59	PAETEC			X									
60	Peer 1 Network					X							
61	Perusahaan Telekom									X			
62	Qatar Telecom												
63	Qwest		X										
64	Rackspace					X							
65	Reliance									X			
66	Rogers							X			X		
67	Royal KPN										X		
68	Saudi Telecom									X			
69	SAVVIS					X							
70	SBA Comm												X
71	SES								X				
72	Shaw Comm							X					
73	Shenandoah											X	
74	Singapore Telecom								X				
75	SOFTBANK									X			

		Market Segment											
		LEC/ICP - Intl	LEC/ICP - National	LEC/ICP - Regional	Data Access & Transport	Hosting & Data Center	VoIP Speciality	Cable & Satellite TV	Satellite Voice & Data	Wireless - Intl Emerging	Wireless - Intl Developed	Wireless - US	Wireless Towers
76	Sprint Nextel											X	
77	Swisscom	X											
78	Telanetix						X						
79	Tele Norte	X											
80	Telecity					X							
81	Telecom Italia	X										X	
82	Telefonica											X	
83	Telenor									X			
84	TeliaSonera											X	
85	Telmex	X											
86	Telstra	X											
87	TELUS	X											
88	Terremark					X							
89	Time Warner Cable							X					
90	Tiscali					X							
91	Tulip Telecom					X							
92	tw telecom			X									
93	United Internet					X							
94	US Cellular												X
95	Verizon		X										X
96	ViaSat							X					
97	Vodafone										X		
98	Vonage						X						
99	Web.com					X							
100	Windstream			X									

SagePoint's Viewpoint - Key Takeaways

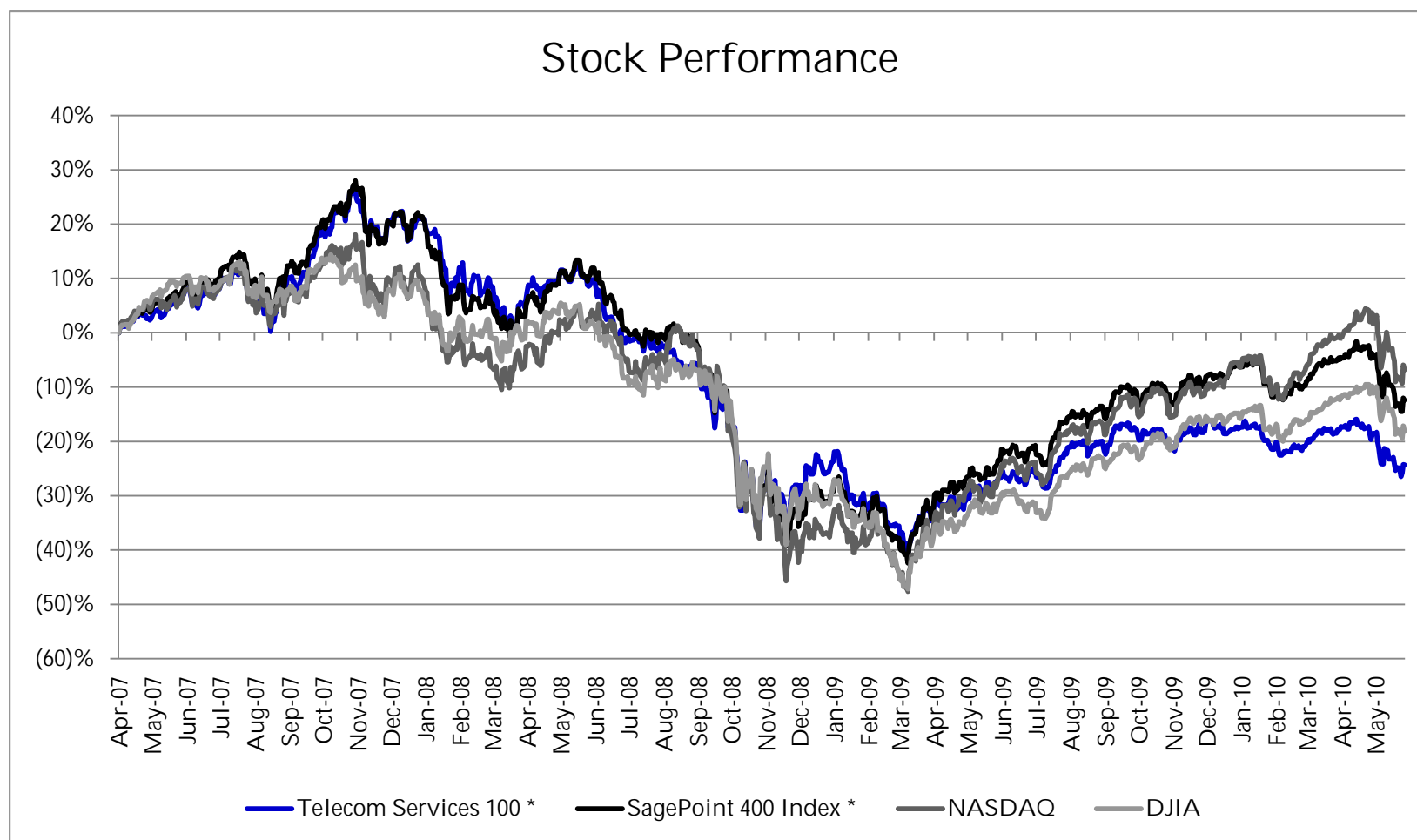
- The Telecom Services Index is down 6.9%, underperforming relative to the SagePoint 400, Nasdaq and Dow
 - Telecom Services stock prices are down a median of 4.2% since the start of Q1
 - Only Cable & Satellite and Satellite Voice & Data have managed to post gains
- The vast majority of Telecom Services companies are meeting or beating expectations
 - 84% of the Telecom Services 100 met or beat Q1 revenue targets, though misses outnumbered beats
 - On the EBITDA side, 76% of companies met or beat expectations with half the companies beating
- Telecom Services 100 revenue growth is steadily increasing, reaching 5% in Q1
 - Revenue growth is expected to slow to a median growth rate of 3.7% over the next twelve months though some of this slowing is driven by currency translation effects due to weakening euro
 - Wireless Towers continue to post strong gains while Hosting & Data Center, Cable & Satellite TV and Intl Emerging Wireless also outperformed
 - Only Satellite Voice & Data projects double digit revenue growth NTM though Wireless Towers and VoIP Specialty are not far behind
- Telecom Services 100 median EBITDA growth remains stable at 7-8% in Q1
 - EBITDA growth is projected to remain relatively steady, at 6.7% over the next twelve months
 - VoIP Specialty posted 123% median EBITDA growth as operating models gain leverage
 - Satellite Voice & Data also showed strong growth, up 35% with similar growth projected
 - Only US National LEC/ICP and US Wireless posted EBITDA contraction in Q1 while Intl Developed Wireless is the only segment projecting EBITDA contraction for the next twelve months

SagePoint's Viewpoint - Key Takeaways Continued

- Telecom Services operating models appear healthy in Q1 following recent spending reductions
 - Median gross margins remained relatively flat, still near their three year high at 57.9%
 - Median SG&A as a % of revenue dropped slightly to 20.7% in Q1 as most large carriers continued to make cuts
 - Median EBITDA margins bounced back to 34.4% in Q1 on revenue growth and reduced SG&A spend
 - Median CapEx as % of revenue dropped to 11.9% in Q1 from 17.0% in Q4'09, as carriers have perhaps decided to take their time with 4G network rollouts
- Valuation multiples have declined slightly, primarily due to European economic concerns
 - Median revenue multiple declined to 2.1x, 30% below 2007 peak levels
 - Median EBITDA multiple declined to 6.1x, more than 35% below 2007 peak levels
- Telecom Services 100 companies paid down debt in Q1 though many remain highly leveraged
 - Median Net Debt/EBITDA fell to 2.0x, near its three year low
 - Median Net Debt as a % of Market Cap now stands at 46%
- Telecom Services M&A was mixed in Q1 as dollar volume increased dramatically while transaction volume dropped 25% due to several large transactions
 - America Movil's \$35B acquisition of Carso Global and Bharti Airtel's \$10.7B acquisition of Zain Africa dominated the telecom M&A market
 - Other notable transactions include Minerva & Gicell Wireless / Nigerian Telecom (\$2.5B), GTL Infrastructure / Aircel Telecom Tower Assets (\$1.8B) and Digicel Group / Digicel Pacific (\$825M)
 - SagePoint expects deal activity to continue at a strong pace throughout 2010

SagePoint Telecom Services 100 Index Performance

- Telecom Services has underperformed over the past three years, but the shortfall comes mostly during H2'09 through today
- From the beginning of Q1'10 to now, the Telecom Services Index is down 6.9%, lagging behind the SagePoint 400 (-6.1%), Nasdaq (-0.5%) and Dow (-2.4%)

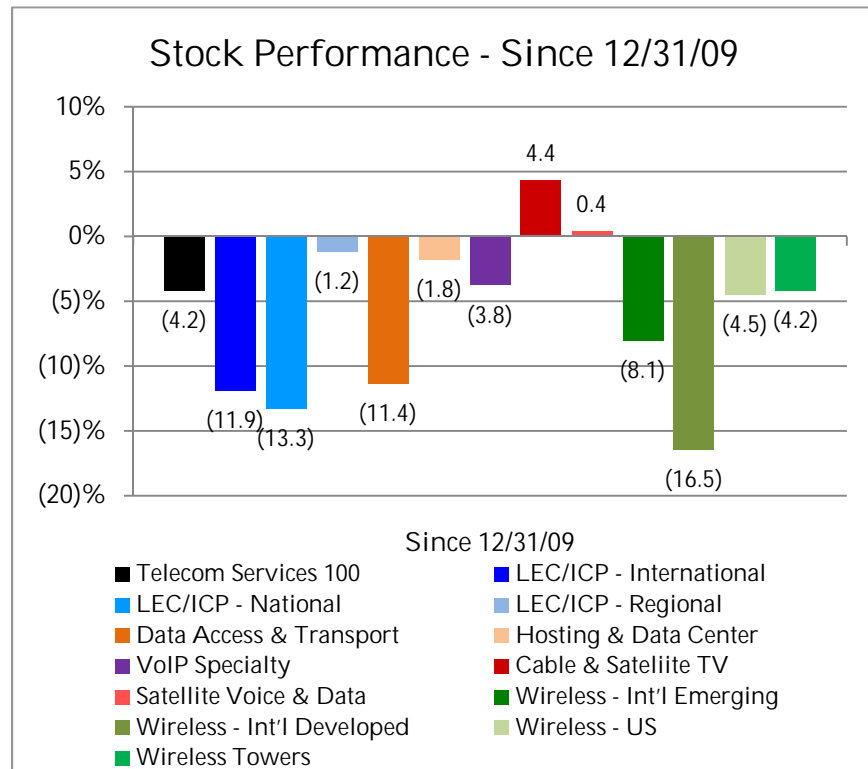


* Market Value weighted index

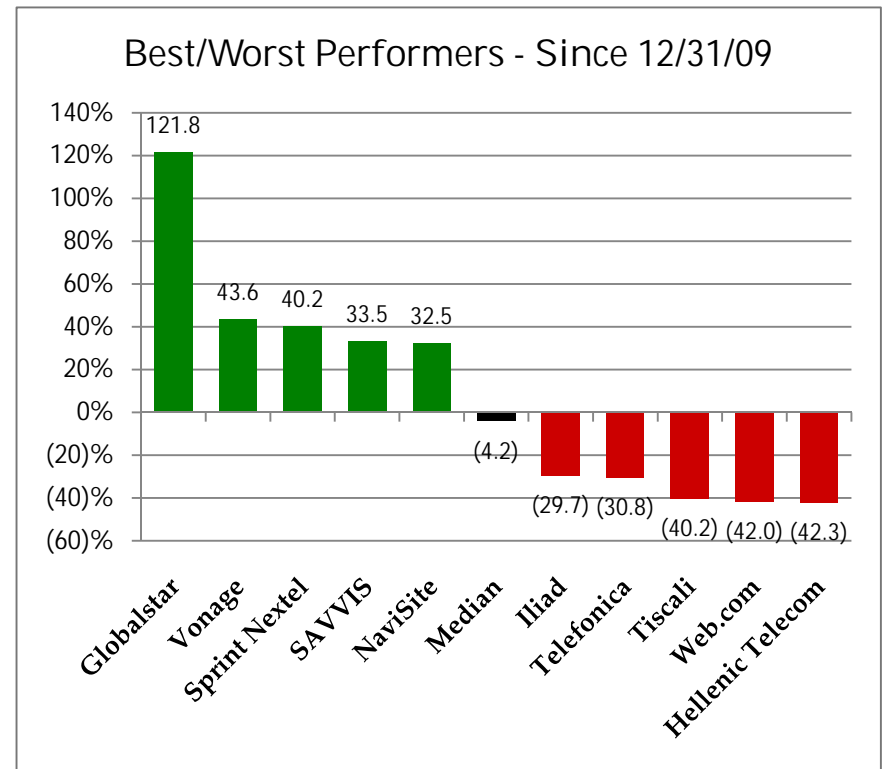
SagePoint Telecom Services 100 – Q1 2010

Stock Performance Since Beginning of Q1

- The SagePoint Telecom Services 100 had a median loss of 4% since the beginning of Q1 as European economic concerns forced prices down
 - Cable & Satellite TV managed to hold onto gains, up 4.4% with Satellite Voice & Data the only other segment in the black
 - Intl Developed Wireless was the hardest hit, down 16.5%, with Intl LEC/ICP, US National LEC/ICP and Data Access & Transport also posting double digit drops as well
- Globalstar more than doubled on high expectations for upcoming new satellite launches



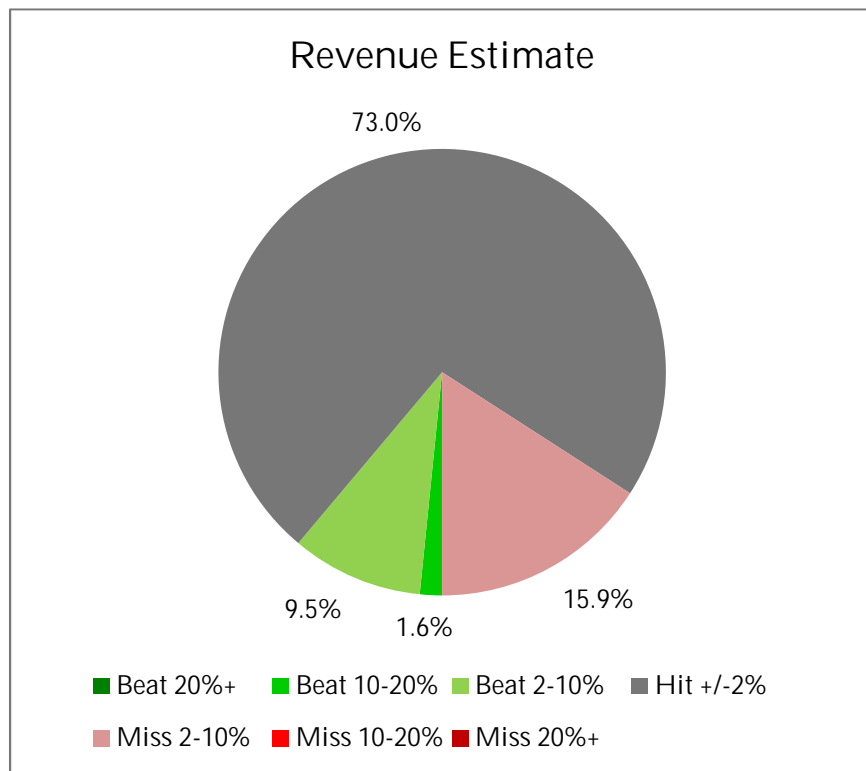
Source: SagePoint Advisors & Capital IQ



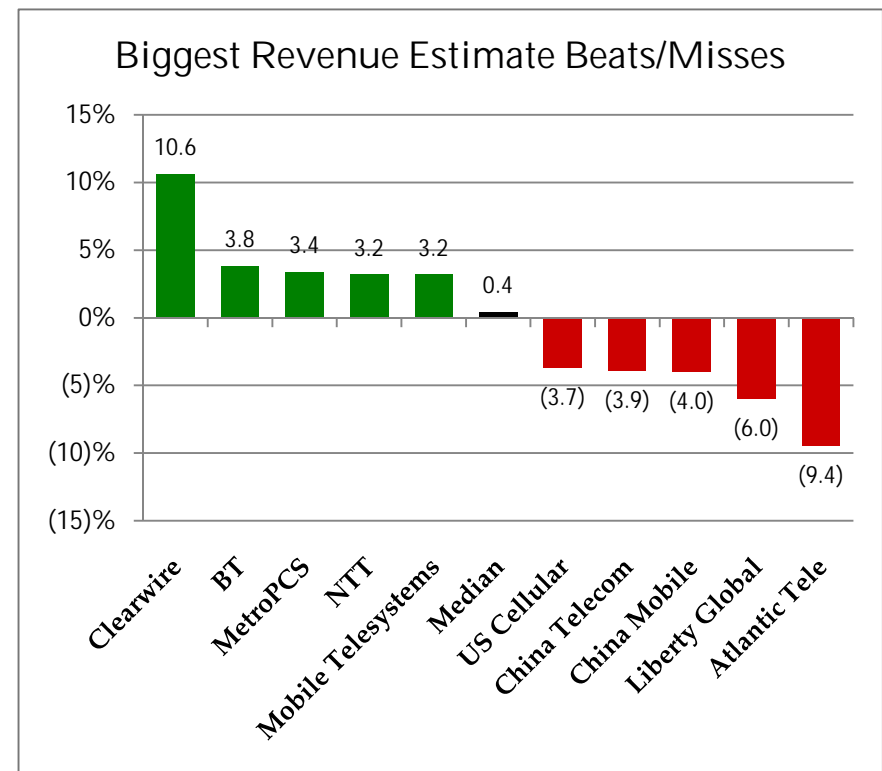
Source: SagePoint Advisors & Capital IQ

Q1 Performance Versus Analyst Estimates – Revenue

- The vast majority of the Telecom Services 100 (84%) met or beat estimates
 - However, negative surprises outnumbered positive, though most were close to targets
- Clearwire was the biggest beat, 10% above expectations, on strong subscriber adds while maintaining ARPU
- Atlantic Tele-Network was the biggest miss, off by 9.4%, as revenue fell despite subscriber growth due to heavy promotions



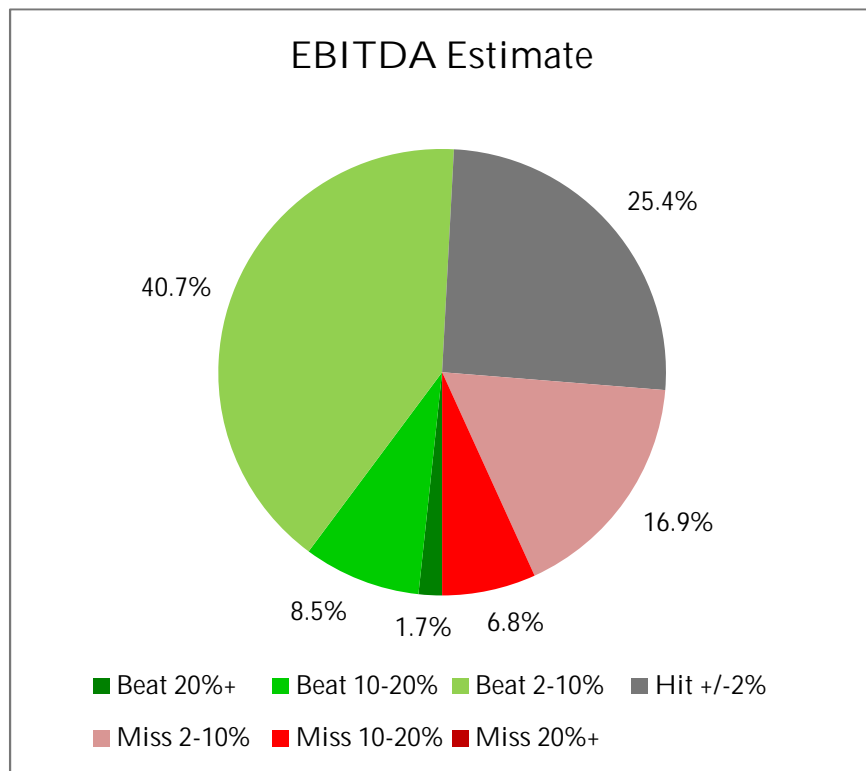
Source: SagePoint Advisors & Capital IQ



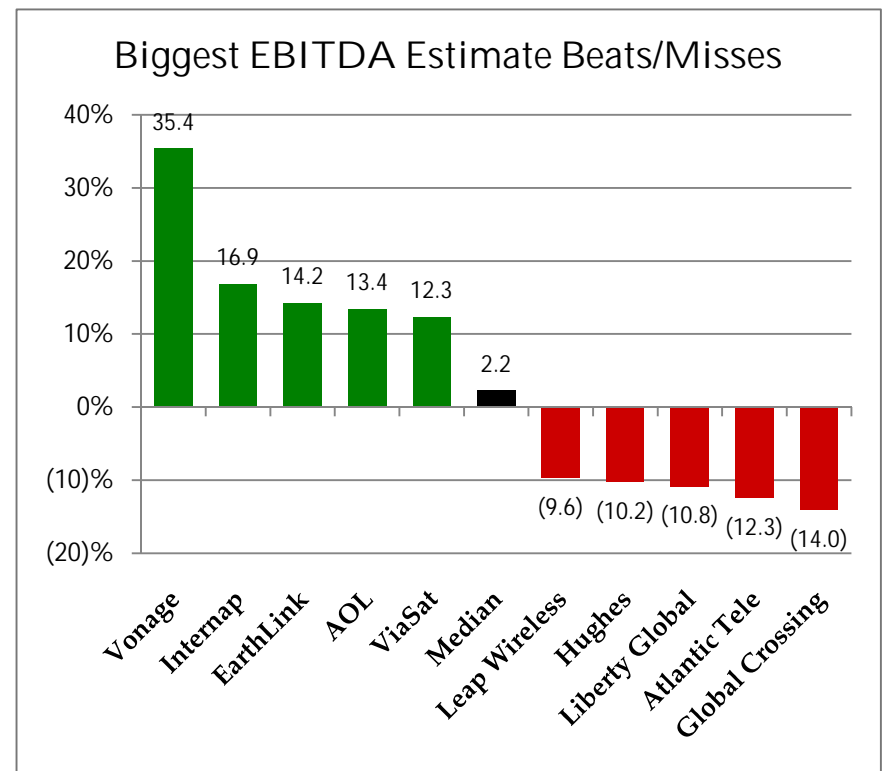
Source: SagePoint Advisors & Capital IQ

Q1 Performance Versus Analyst Estimates – EBITDA

- 76% of the Telecom Services 100 met or beat EBITDA estimates
 - More than half of reports were positive surprises, outnumbering negative about two to one
- Vonage beat expectations by 35% on positive revenue numbers and reduced SG&A
- Internap, EarthLink, AOL and ViaSat beat on slightly better than expected revenue and reduced expenses
- Global Crossing, Atlantic Tele-Network, Liberty Global and Hughes missed by more than 10%



Source: SagePoint Advisors & Capital IQ

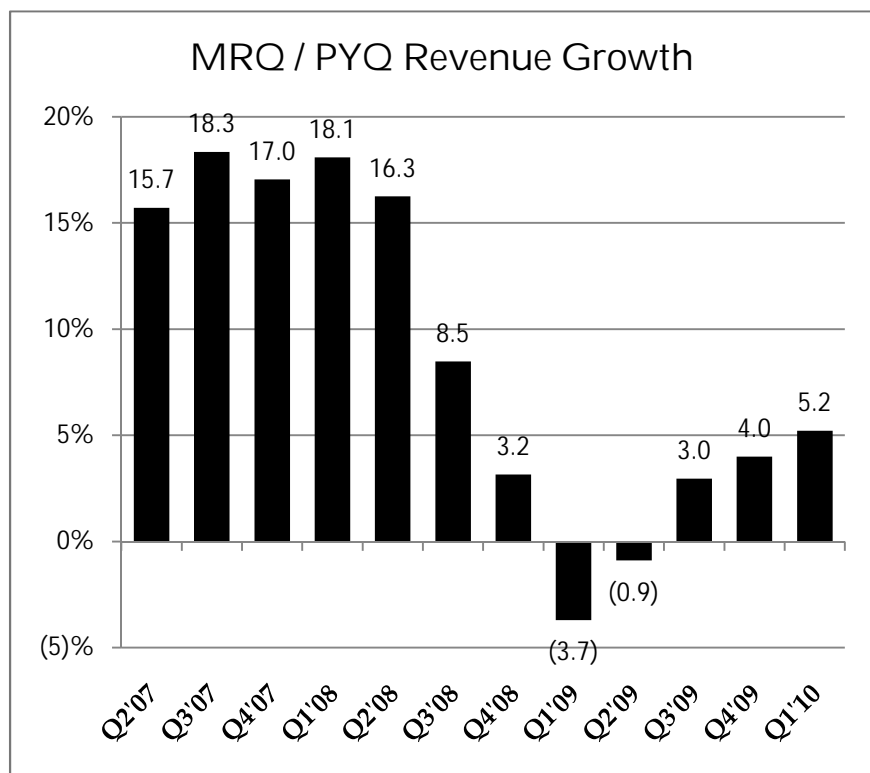


Source: SagePoint Advisors & Capital IQ

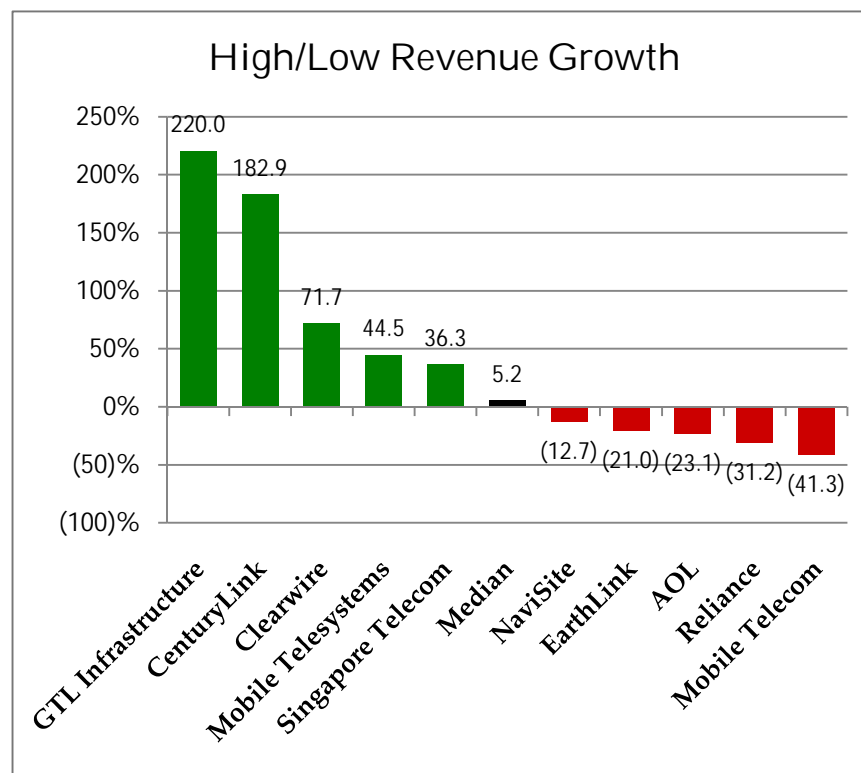
Note: Excludes companies projected to have EBITDA margin between -2% and 2%

Operating Metrics – Revenue Growth

- Telecom Services 100 is steadily returning to growth mode, up a median 5%
 - GTL Infrastructure revenue growth of 220% was off a small base with more growth to come following the largest tower M&A deal in history
 - CenturyLink growth was driven by the Embarq acquisition while Mobile Telecom revenue fell 41% upon sale of Zain Africa
 - Clearwire’s strong revenue growth continues as its WiMax service continues to roll out
 - Reliance’s revenue fell due to weak performance across all segments



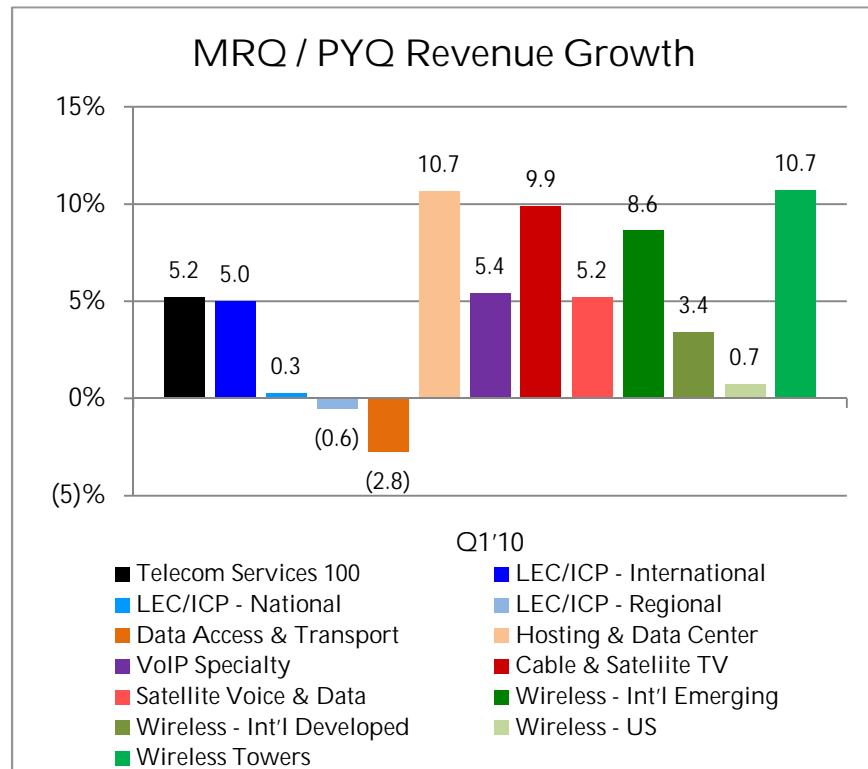
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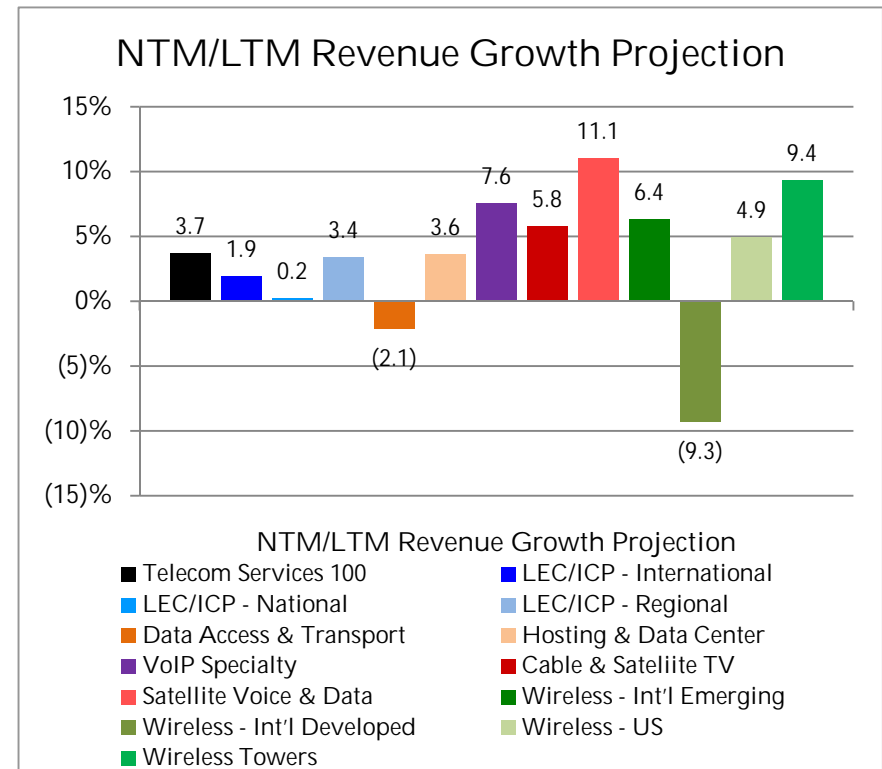
Source: SagePoint Advisors & Capital IQ

Operating Metrics – Revenue Growth by Segment

- Wireless Towers, Hosting & Data Center, Cable & Satellite TV and Intl Emerging Wireless segments all posted strong growth in Q1
- Only Satellite Voice & Data projects double digit revenue growth NTM though Wireless Towers aren't far behind and VoIP Specialty is expected to outperform as well
- Intl Developed Wireless and Data Access & Transport are the only segments expecting revenue contraction with US National LEC/ICP slightly positive
- Intl segment growth rates negatively impacted by currency translation due to weakening euro



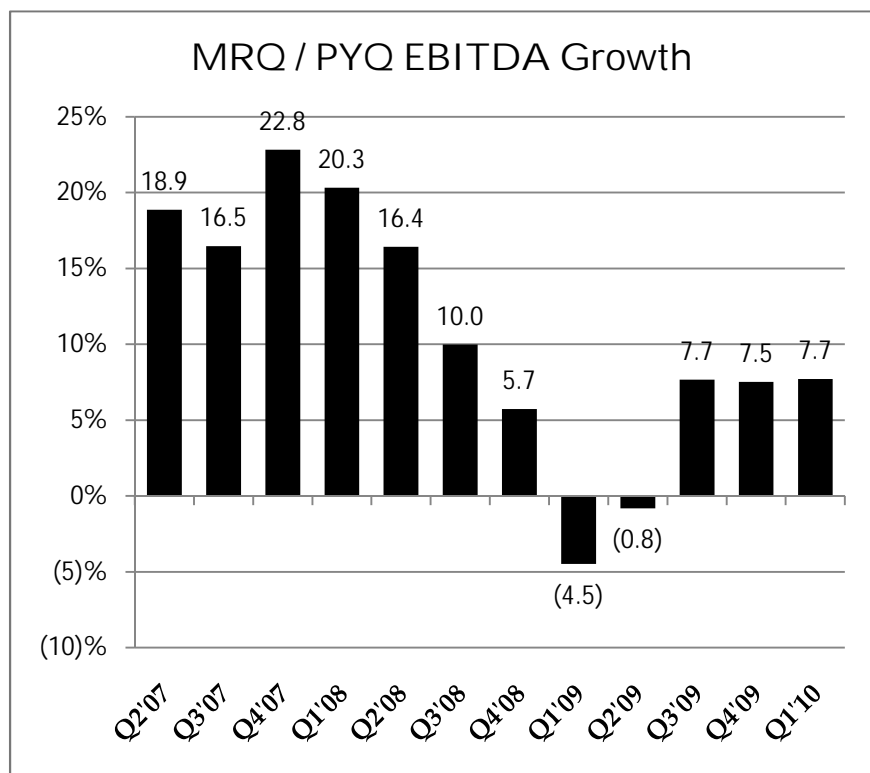
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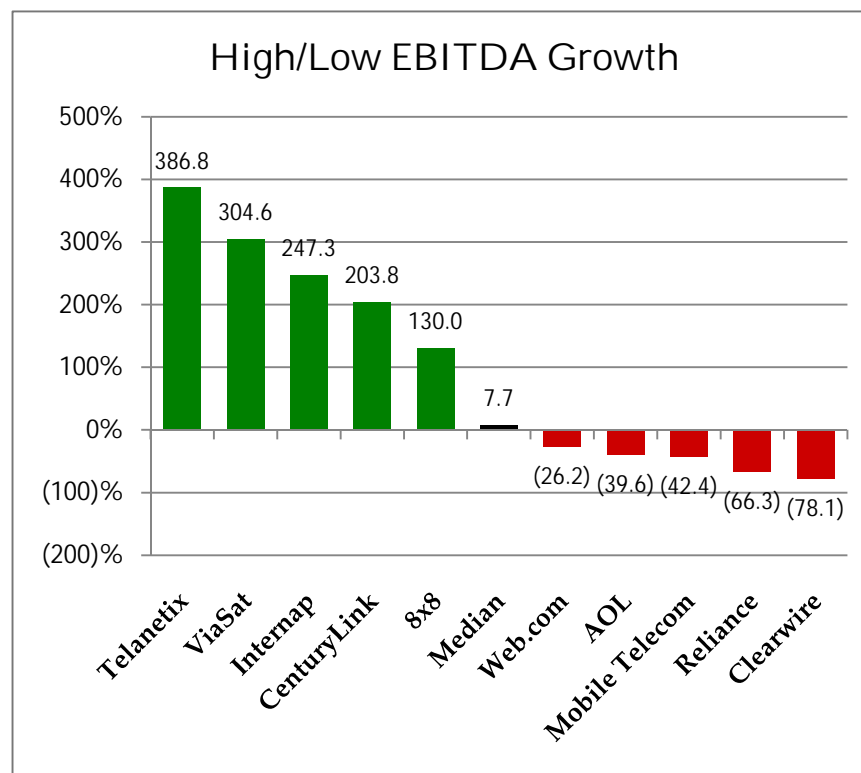
Operating Metrics – EBITDA Growth

- Telecom Services 100 median EBITDA growth remains stable at 7-8% in Q1
 - Telanetix revenue growth and improved margins drove a return to profitability
 - Improved gross margins and reduced R&D at ViaSat offset weaker than expected revenue
 - Internap's better than expected revenue and SG&A reductions drove EBITDA growth
 - Clearwire EBITDA contraction resulted from investments in SG&A to drive subscriber growth
 - Reliance's weak revenue performance and jump in SG&A hit EBITDA hard



Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with a EBITDA margin between -2% and 2% in the PYQ

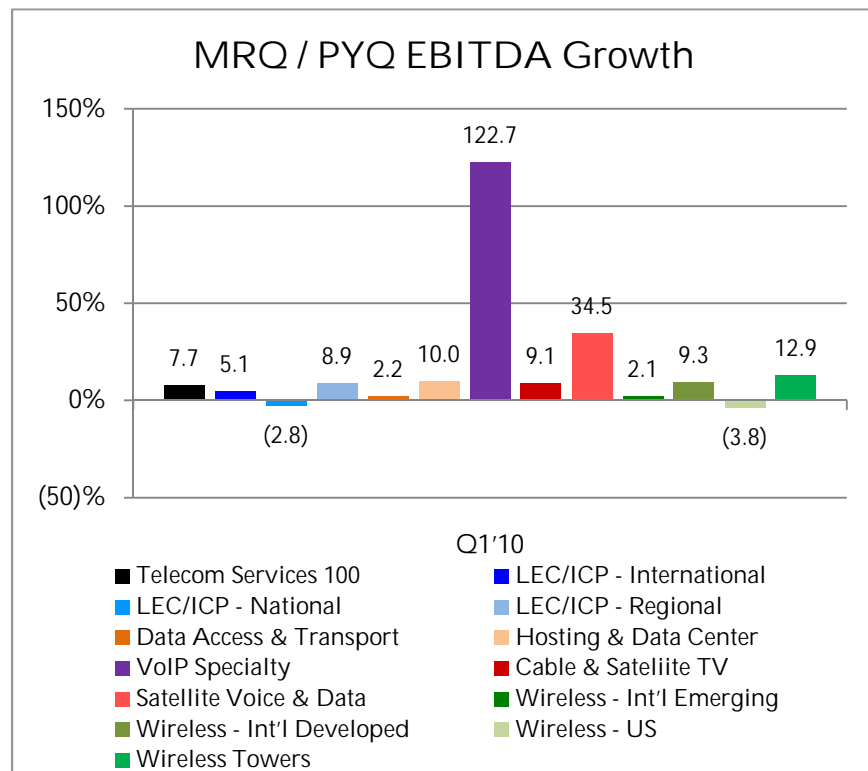


Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with a EBITDA margin between -2% and 2% in the PYQ

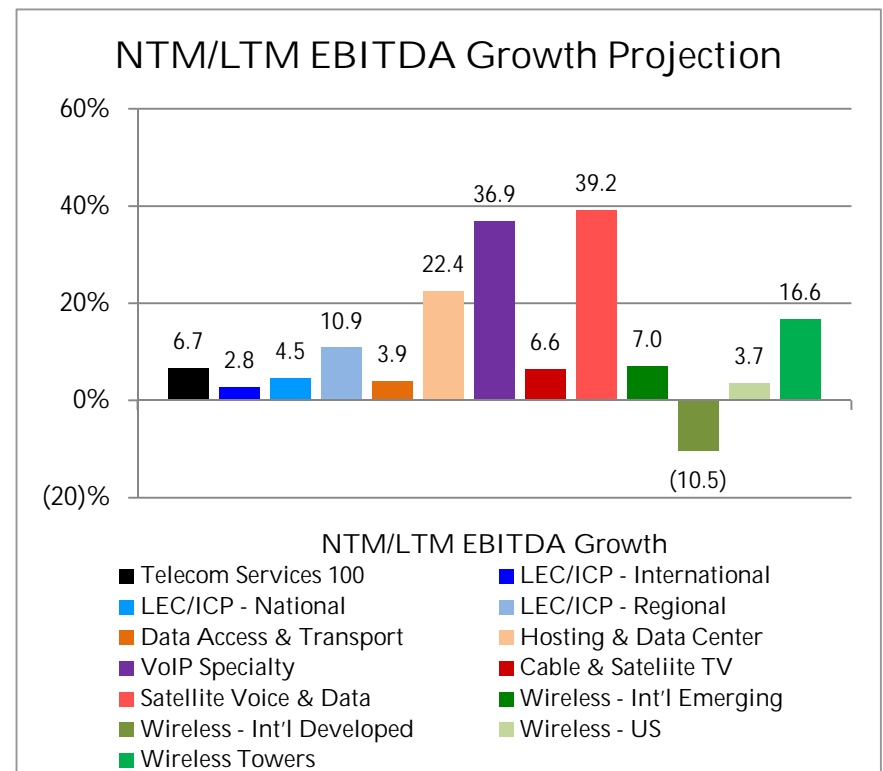
Operating Metrics – EBITDA Growth by Segment

- EBITDA growth is projected to remain relatively steady, up 6.7% over the next twelve months
- VoIP Specialty continues to demonstrate strong EBITDA growth as the segment matures and operating models gain leverage
- Satellite Voice & Data also showed strong growth, up 35% with similar growth projected
- Only US National LEC/ICP and US Wireless posted EBITDA contraction in Q1 while Intl Developed Wireless is the only segment projecting EBITDA contraction



Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with a EBITDA margin between -2% and 2% in the PYQ

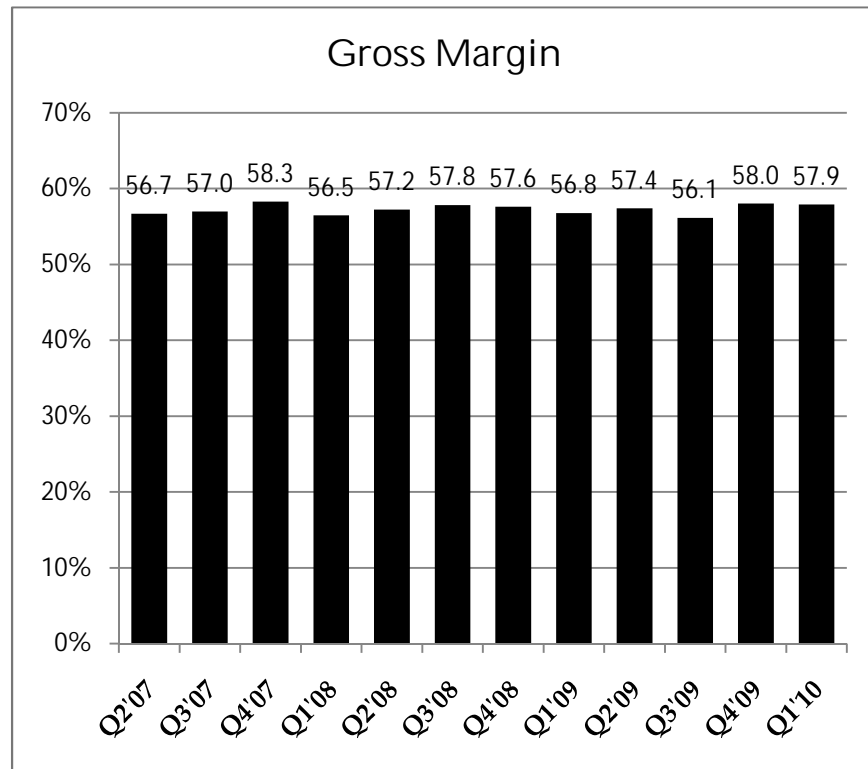


Source: SagePoint Advisors & Capital IQ

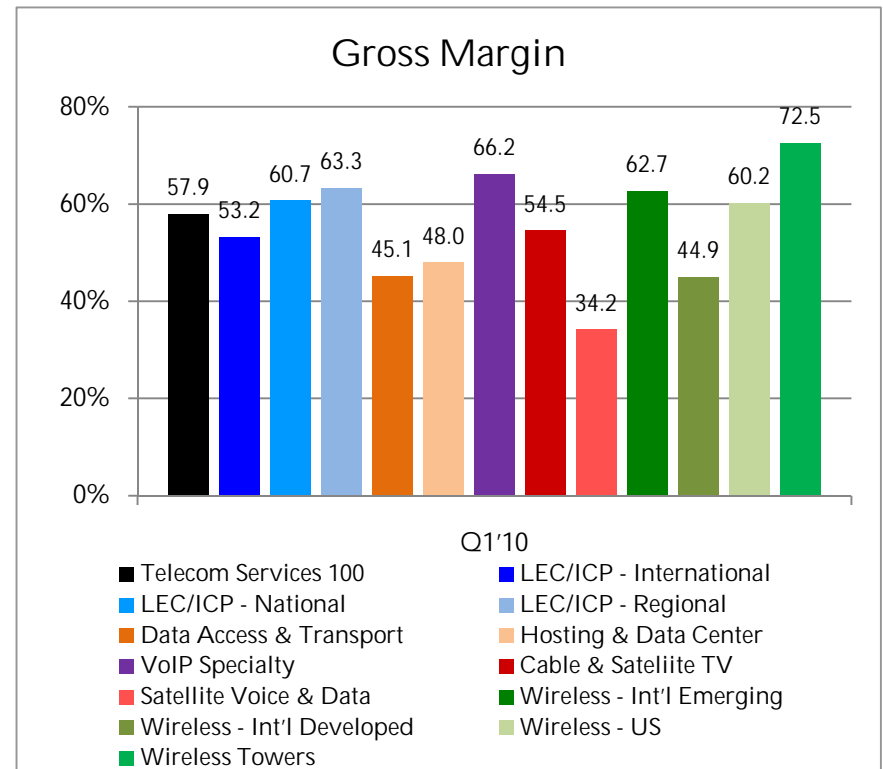
Note: Excludes companies with a EBITDA margin between -2% and 2% in the PYQ

Operating Metrics – Gross Margins

- Telecom Services median gross margins were relatively flat, still near their three year high at 57.9%
- Wireless Towers is the only segment with gross margins above 70% while VoIP, US LEC/ICPs, US Wireless and Int'l Emerging Wireless post gross margins above 60%
- Data Access/Transport, Hosting/Data Center and Int'l Developed Wireless lag in the mid to upper 40s
- Satellite Voice & Data generates the lowest gross margins at 34%



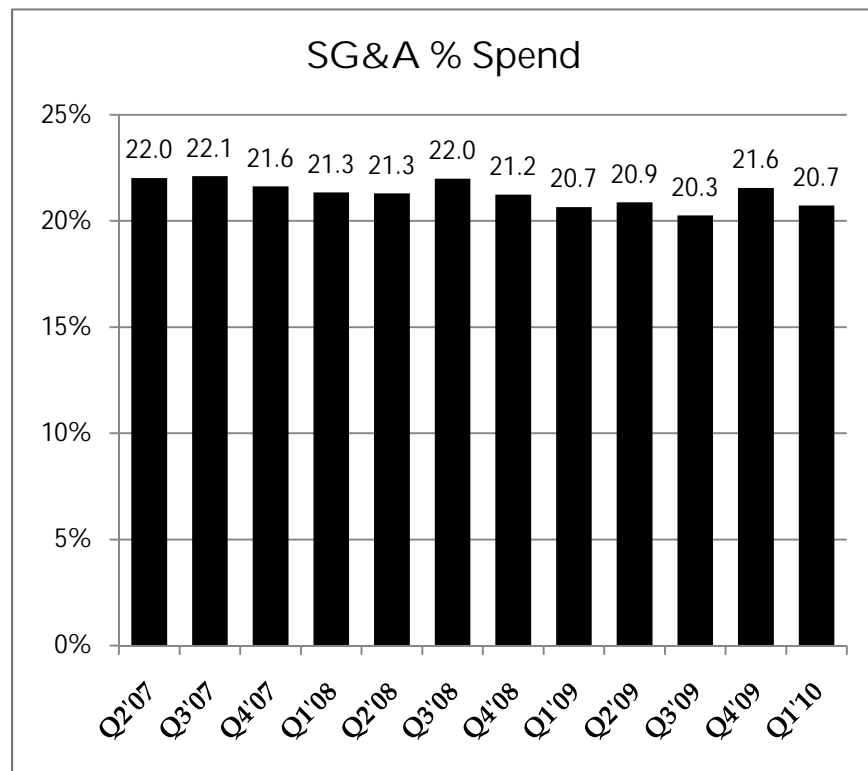
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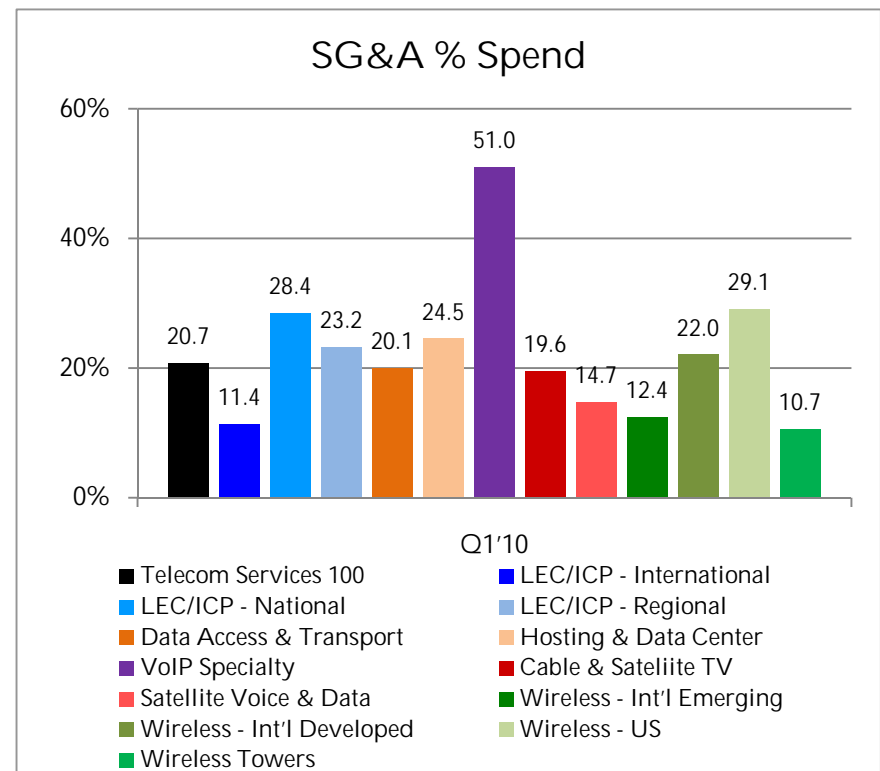
Source: SagePoint Advisors & Capital IQ

Operating Metrics – SG&A as a % of Revenues

- SG&A as a % of revenue dropped slightly after an increase in Q4'09 as many carriers had begun to cautiously raise spending following deep cuts made in prior quarters
 - Most large Telecom Services vendors continue to make deep cost cuts with aggregate SG&A down 10.7%
- VoIP Specialty SG&A spending levels are quite high as they invest in customer acquisition in an effort to achieve scale
- Wireless Towers have the lowest SG&A spend as they continue to squeeze margins to drive additional cash flow from their stable revenue base



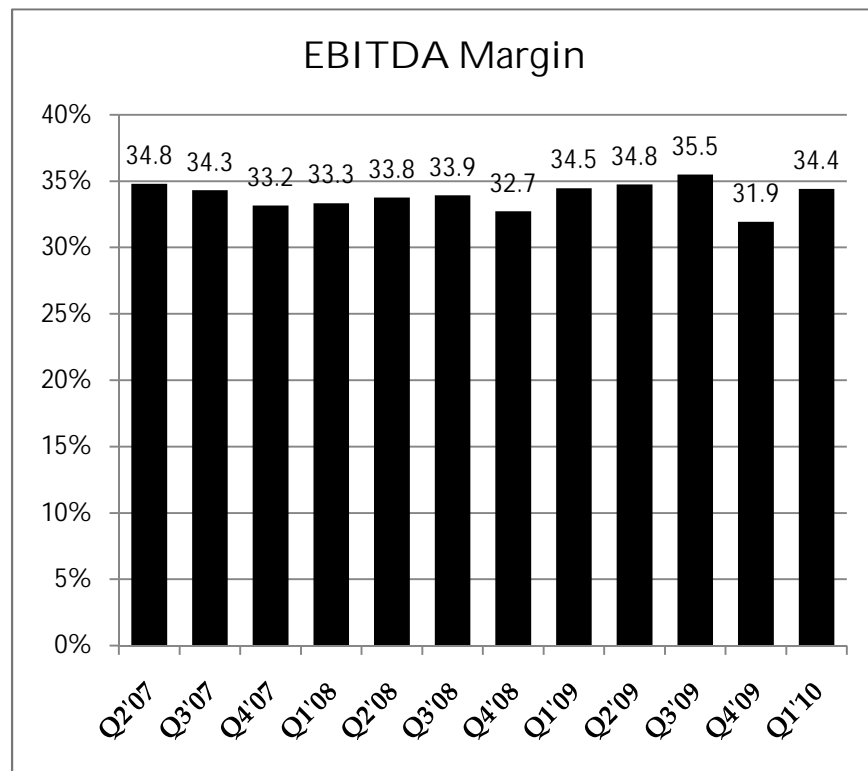
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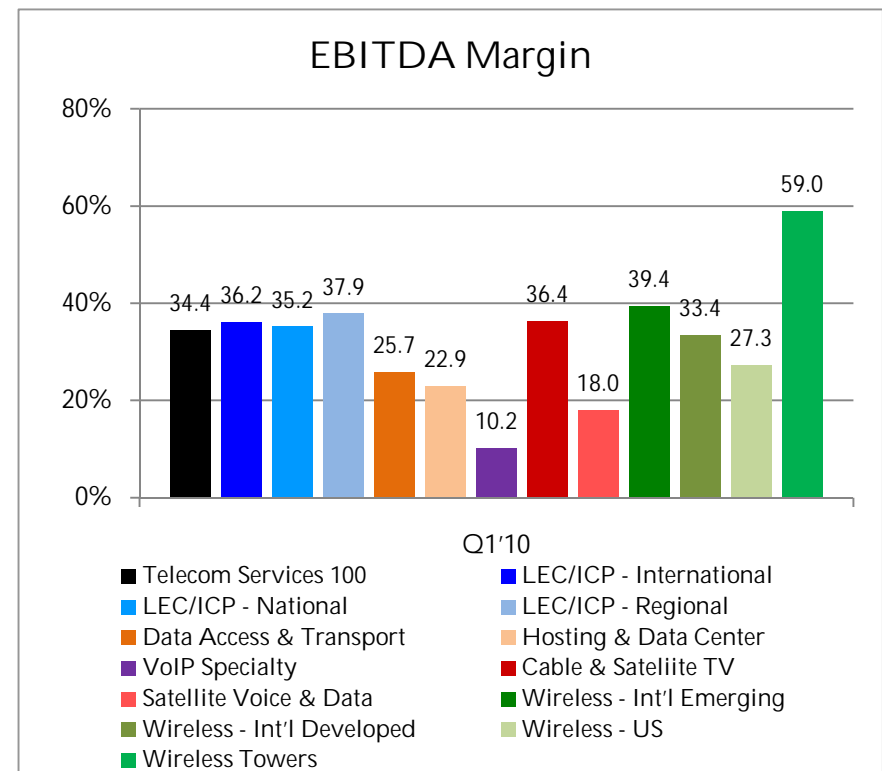
Source: SagePoint Advisors & Capital IQ

Operating Metrics – EBITDA Margins

- Q1 EBITDA margins bounced back on revenue growth and reduced SG&A spend after increased opex spending in Q4'09 dropped EBITDA margins to their lowest level in three years
- Wireless Towers continue to enjoy strong margins as they squeeze every dollar possible from their stable revenue flows
- VoIP Specialty EBITDA margins are quite low due to high selling costs
- Satellite Voice & Data EBITDA margins suffer from high fixed costs



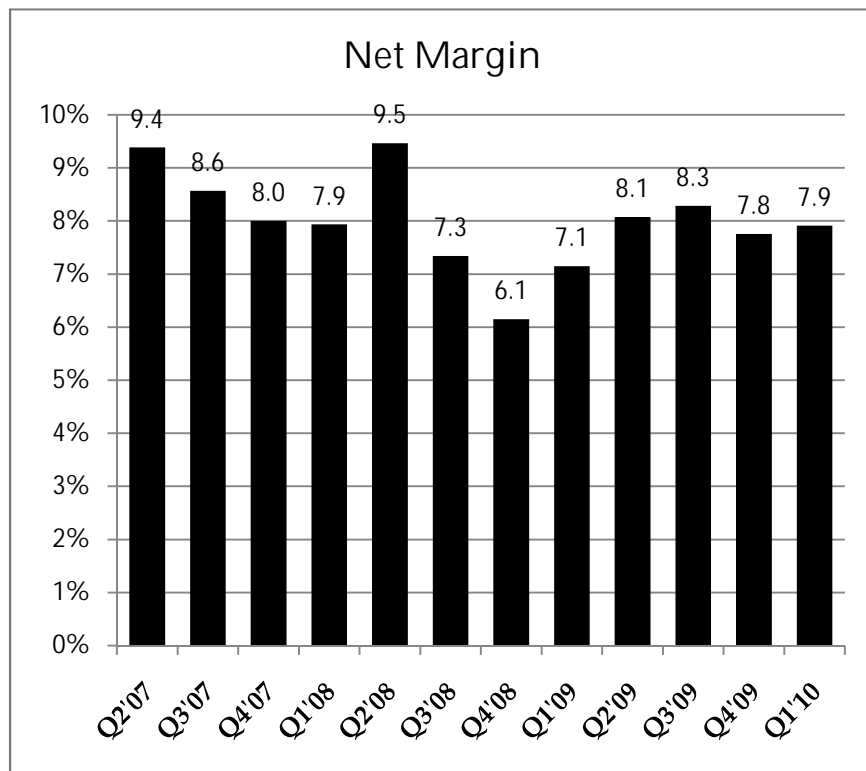
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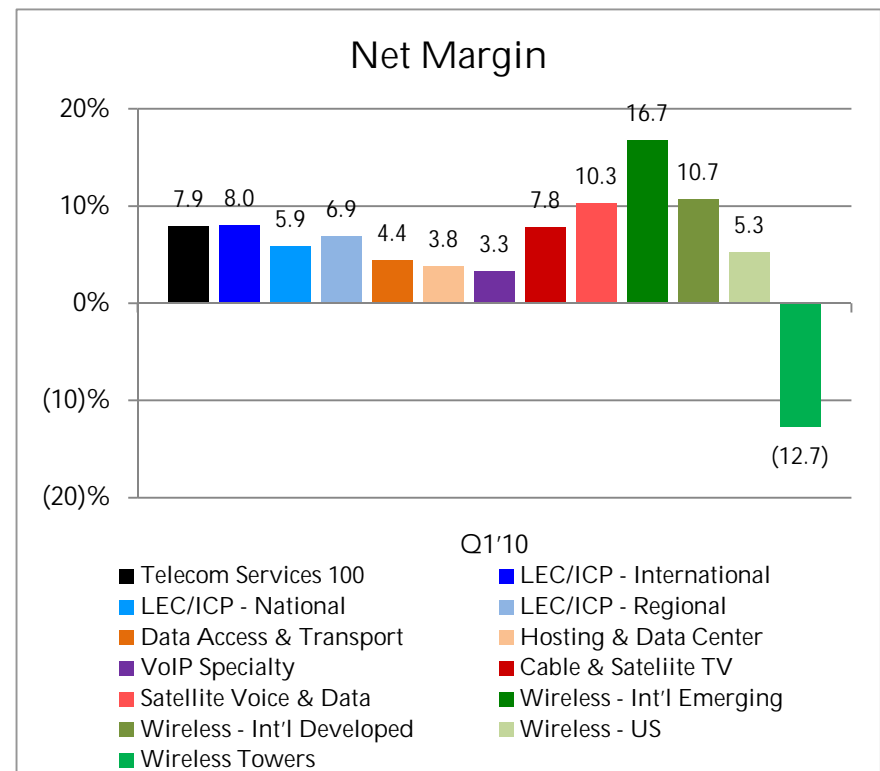
Source: SagePoint Advisors & Capital IQ

Operating Metrics – Net Margins

- Median Net Margins were flat, remaining at respectable levels based on historical norms
- International Wireless segments achieved premium net margins with Satellite Voice & Data the only other double digit segment
- VoIP Specialty and Hosting & Data Center generate slim net margins
- Wireless Towers segment has a negative median net margin despite strong EBITDA margins due to high depreciation and interest costs



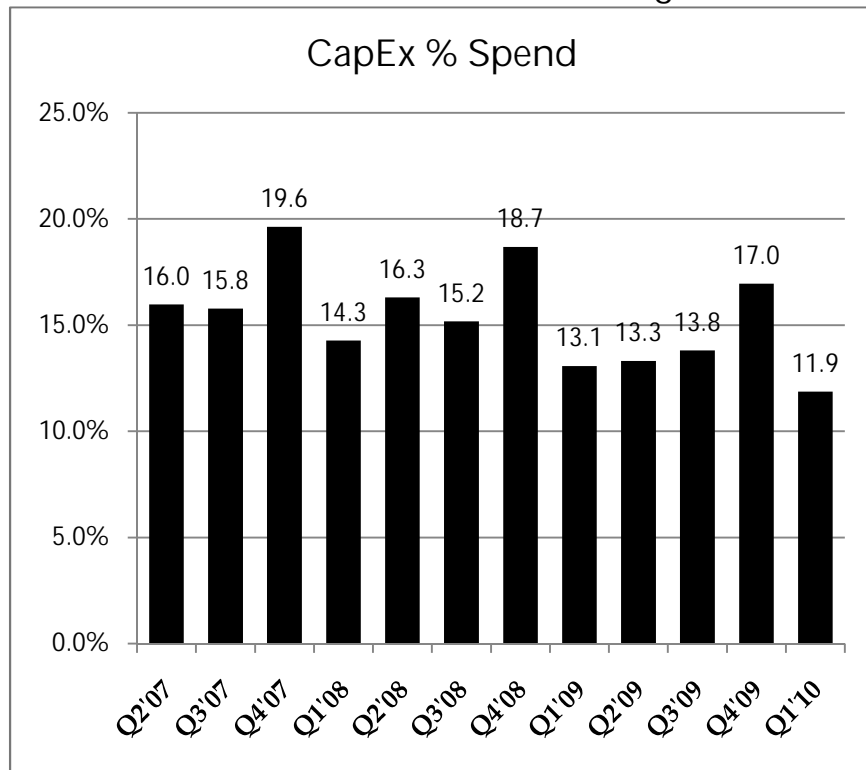
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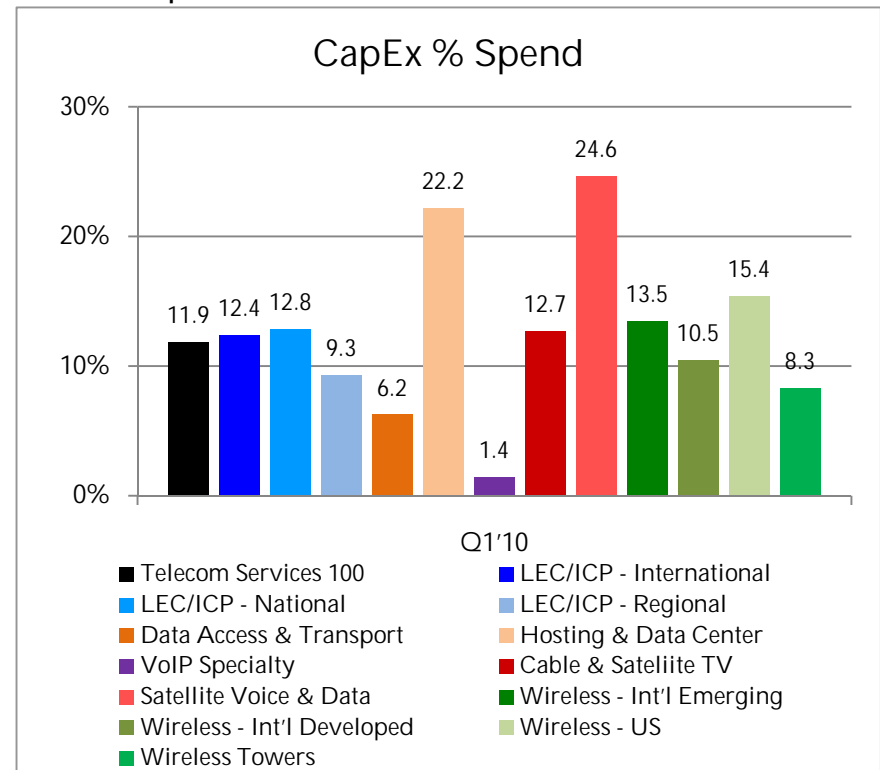
Source: SagePoint Advisors & Capital IQ

Operating Metrics – CapEx as a % of Revenues

- Median CapEx as % of revenue showed a sharp drop after a significant increase in Q4'09 as carriers have perhaps decided to take their time with 4G network rollouts
- Satellite Voice & Data was the only segment to increase Capex % in Q1 and spends more than twice the median in Capex as a % of revenue
 - Hosting & Data Center CapEx as a % of revenue also remains high despite a significant drop from Q4'09
- Most VoIP operators have very low CapEx requirements as only Cbeyond is facilities-based
 - This should translate into strong cash flows as these VoIP operators scale



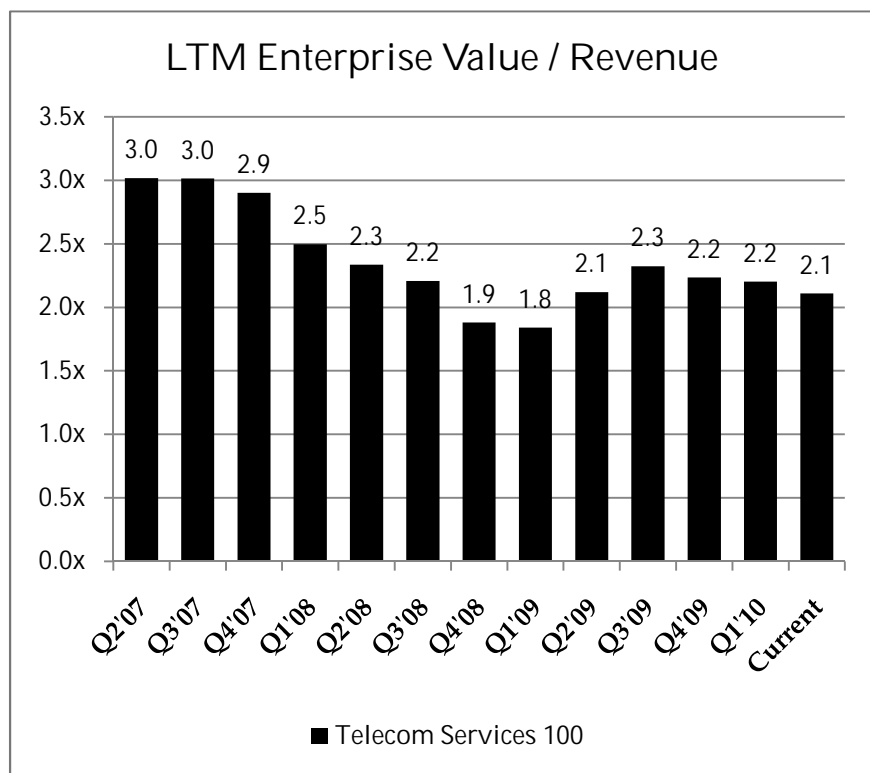
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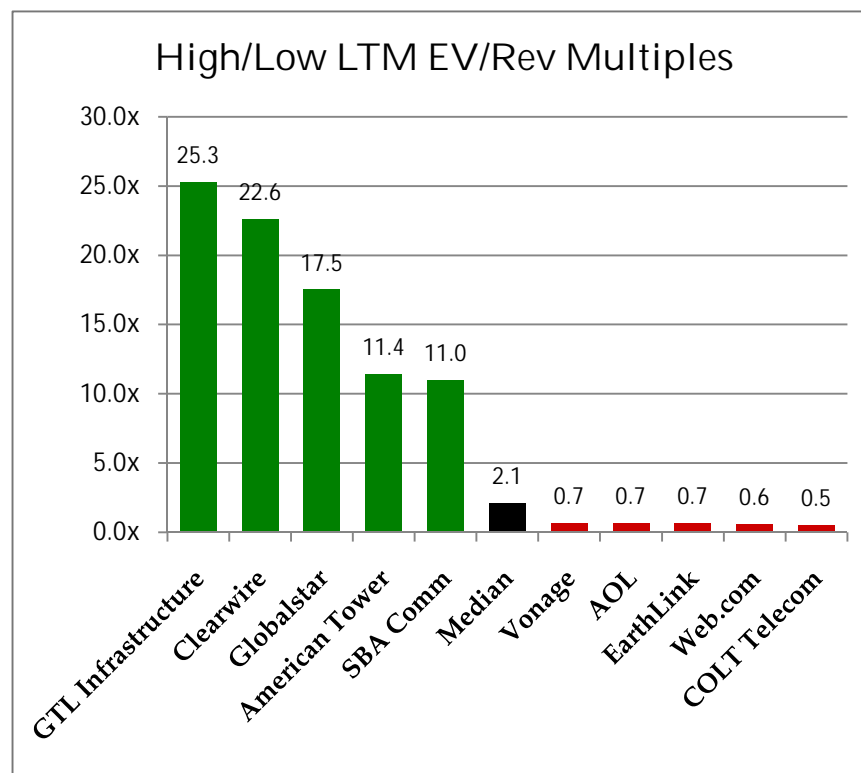
Source: SagePoint Advisors & Capital IQ

Valuation Metrics – LTM Revenue Multiples

- Median revenue multiples were stable during Q1 but have dipped slightly amid European economic concerns
 - Clearwire trades at a premium as strong growth is expected as their rollout continues
 - Globalstar is expecting strong growth as it rapidly adds new subscribers and launches its second generation satellite network
 - The Wireless Tower companies command a premium due to very high operating leverage
- 14 of the Telecom Services 100 trade at less than 1x LTM revenue



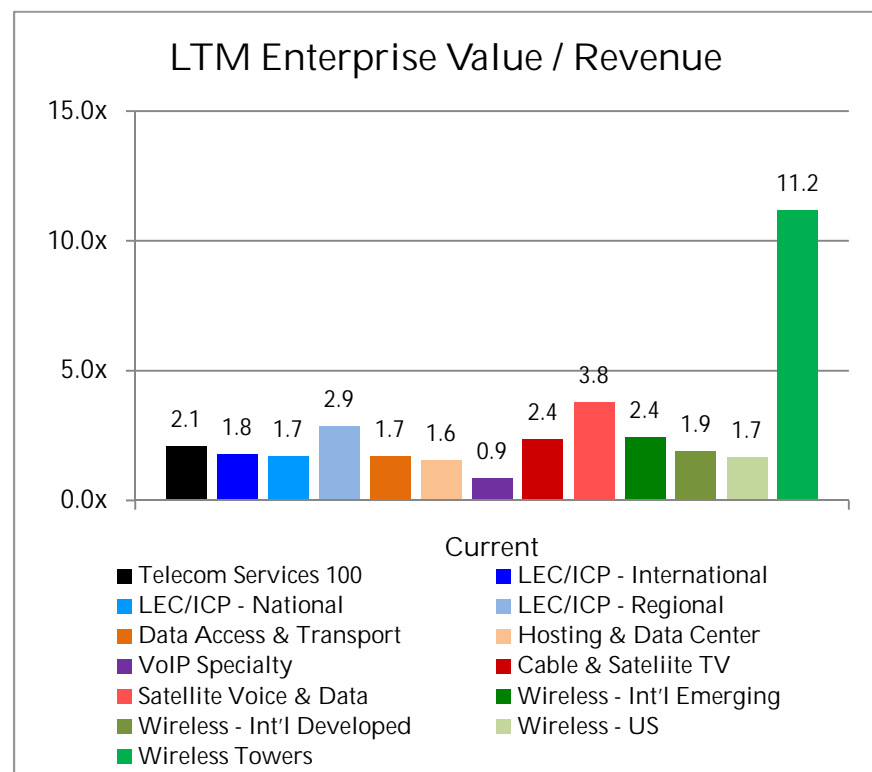
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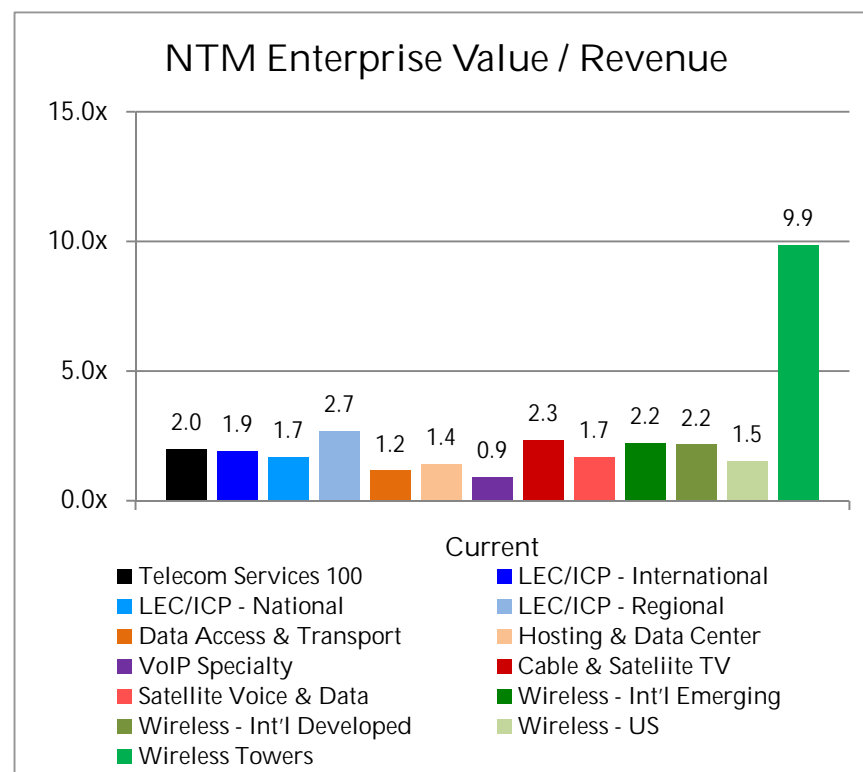
Source: SagePoint Advisors & Capital IQ

Valuation Metrics – Revenue Multiples By Segment

- NTM multiples generally trade in line or slightly below LTM as marginal growth is projected for most segments
 - Wireless Tower companies trade at a median of 11.2x revenues due to high EBITDA margins
 - Satellite Voice & Data trade at 3.8x LTM but show only 1.7x NTM as the highest LTM multiple company (Globalstar) doesn't have forecasts available
 - Regional LEC/ICP trade at above median revenue multiples
 - VoIP Specialty remains the lowest revenue multiples as the business model is just beginning to scale



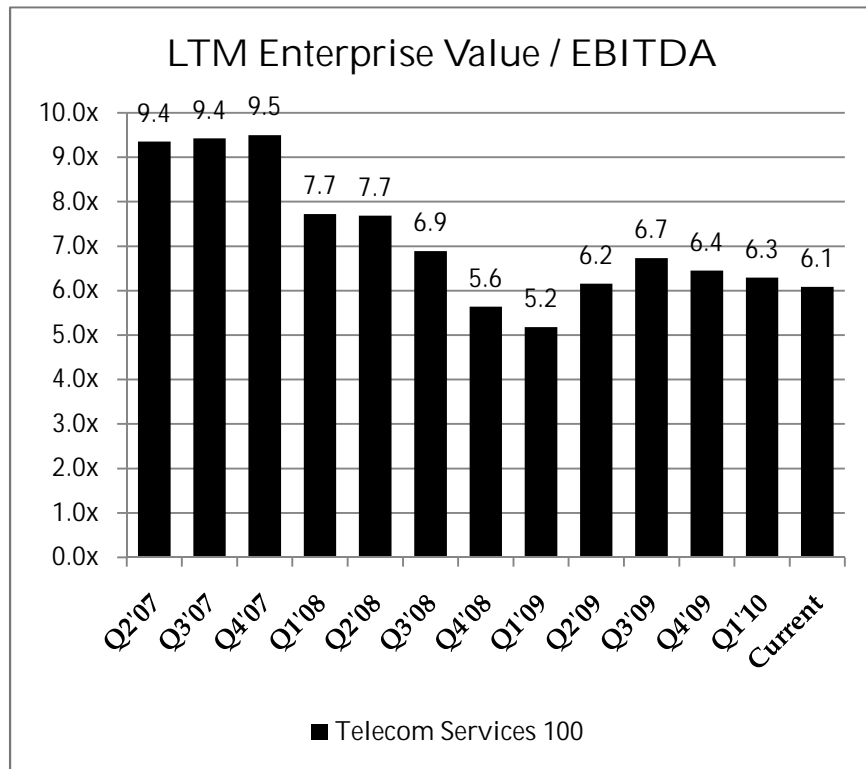
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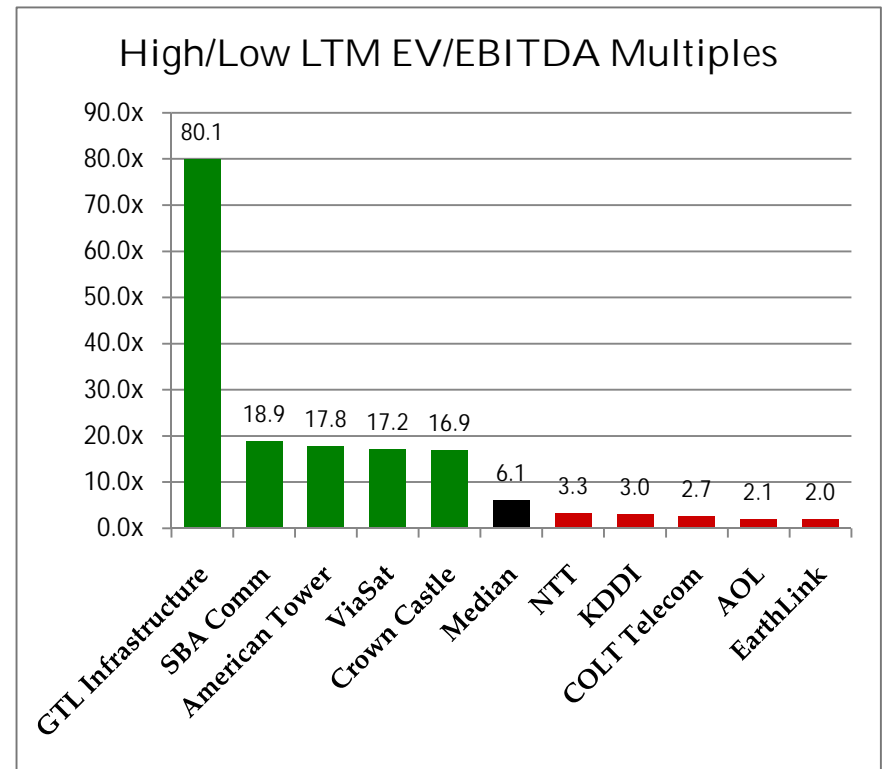
Valuation Metrics – LTM EBITDA Multiples

- Median EBITDA multiples have been declining since Q3'09, most recently due to European economic troubles
 - GTL Infrastructures' EBITDA multiple is inflated as the company builds scale off a small base
 - Other Tower companies generate premium EBITDA multiples on strong, stable cash flows
 - ViaSat expects triple digit NTM EBITDA growth which is driving the premium multiple
 - Earthlink and AOL trade at weak EBITDA multiples despite strong margins as revenues are expected to continue to decline as their core businesses erode



Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with an LTM EBITDA margin below 5% and >20x mult

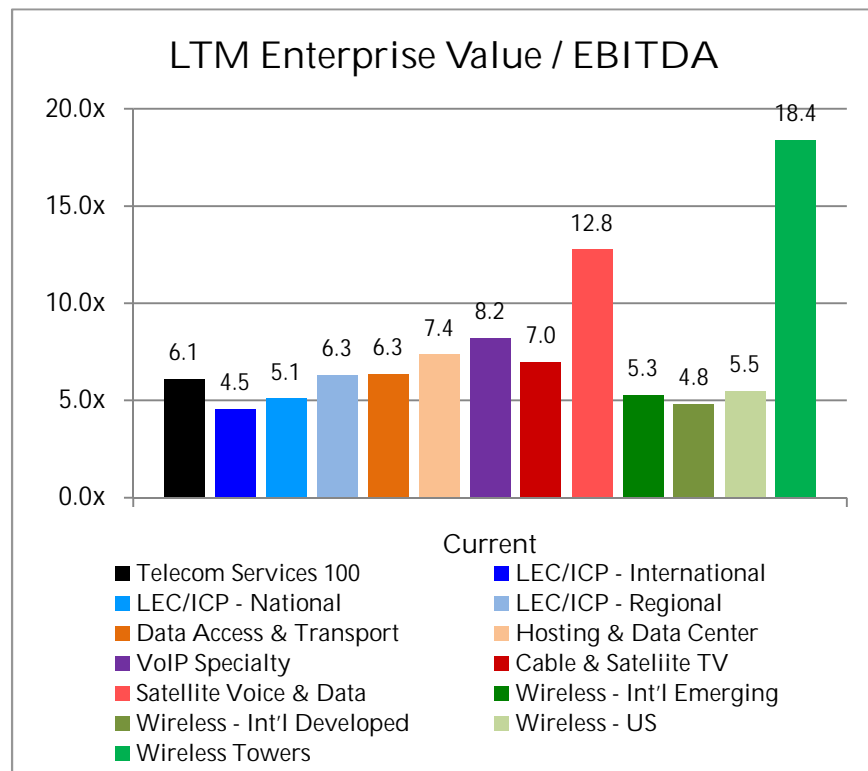


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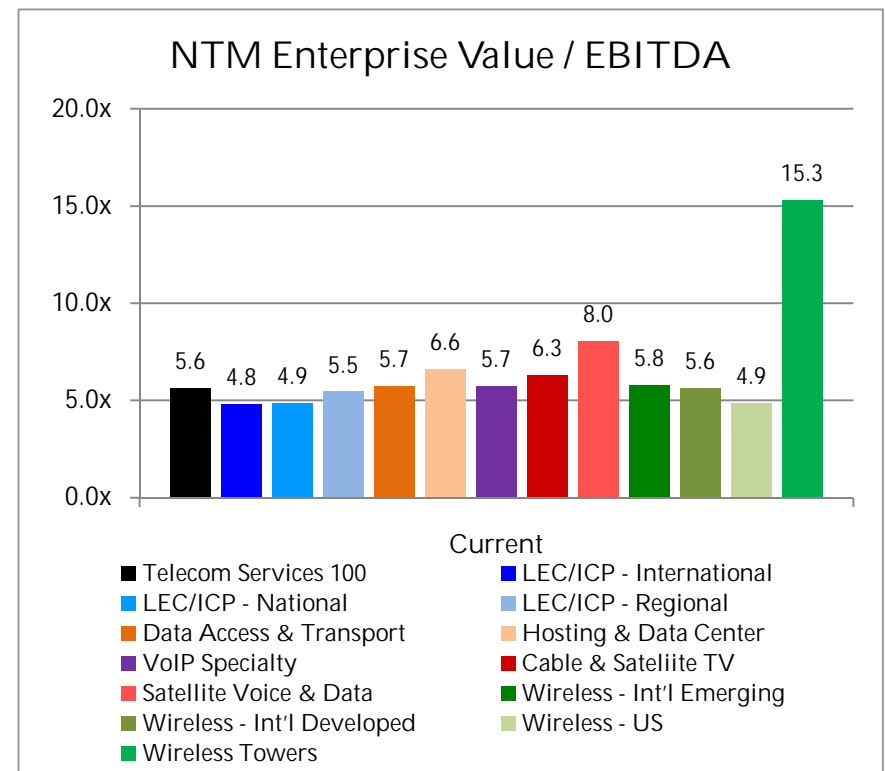
Valuation Metrics – EBITDA Multiples By Segment

- The majority of segments trade at median NTM EBITDA multiples of 4.5-6.5x
 - Wireless Tower trades at a premium median multiple due to strong, stable cash flows
 - Satellite Voice & Data achieve high multiples on expectations of future earnings as the model scales
 - Intl and US National LEC/ICP, Intl Developed and US Wireless multiples lag on weak growth prospects
 - US Wireless NTM multiple lags on weak projected EBITDA growth
 - Intl Developed Wireless multiple increases NTM on projections of 10.5% EBITDA contraction



Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with an LTM EBITDA margin below 5% and >20x mult

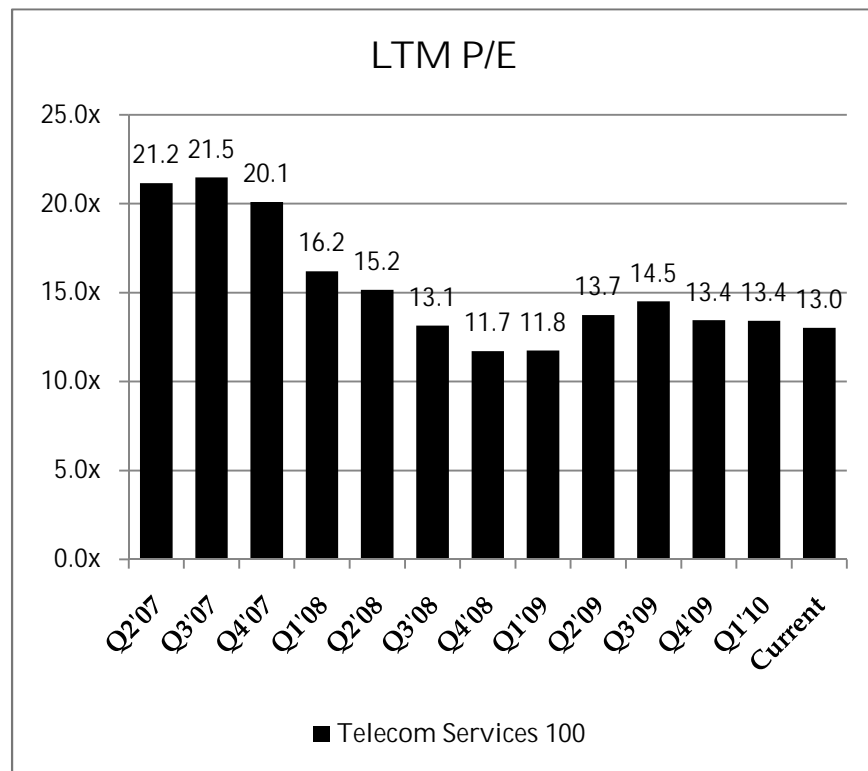


Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with a NTM EBITDA margin below 5% and >20x mult

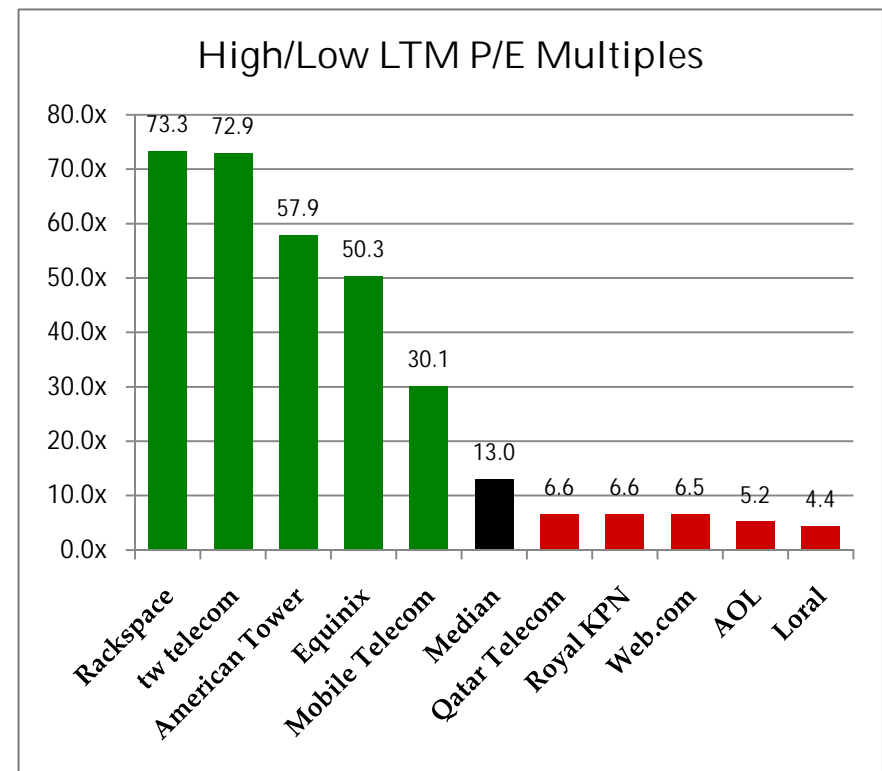
Valuation Metrics – LTM P/E Multiples

- Median P/E multiples are relatively stable but have softened slightly amid European economic concerns
- Rackspace, American Tower and Equinix have very high P/E multiples but are really valued on NTM EBITDA multiples
- tw telecom's high P/E multiple is based on expectations of strong earnings growth of 89%
- Vendors trading at P/Es below 10x are generally projecting flat or contracting EPS



Source: SagePoint Advisors & Capital IQ

Note: Excludes companies with an LTM net margin below 2.5% and P/E >40x

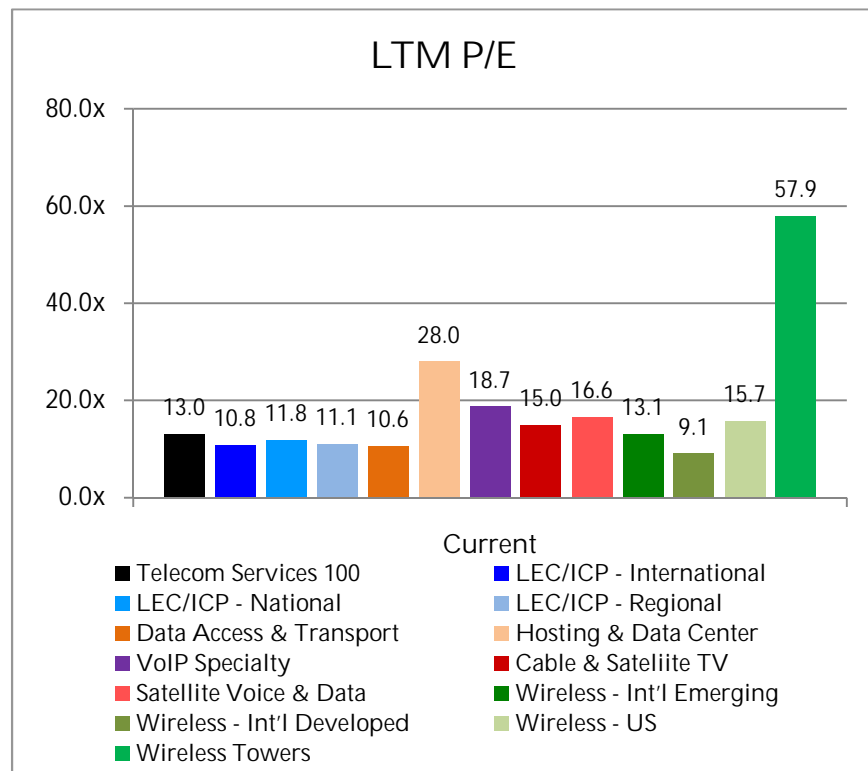


Source: SagePoint Advisors & Capital IQ

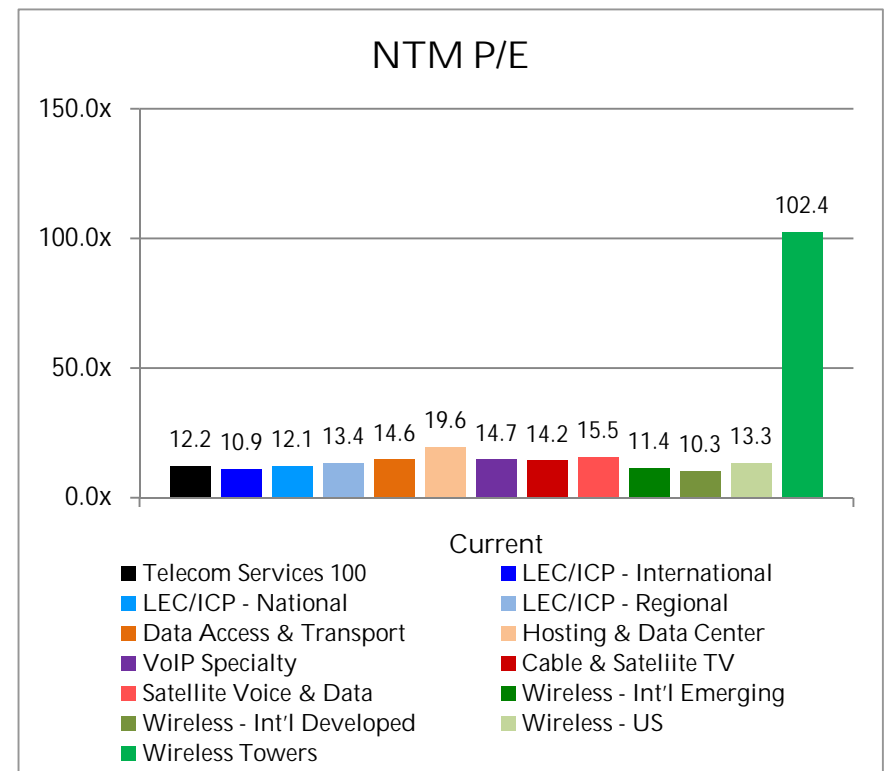
Note: Excludes companies with an LTM net margin below 2.5% and P/E >40x

Valuation Metrics – P/E Multiples By Segment

- Wireless Towers command large median P/E multiples, though are really valued on EBITDA with high depreciation and interest expense resulting in huge P/E multiples
- Hosting/Data Center is the only other segment with a median LTM P/E multiple above 16x as the segment projects strong EPS growth
- Other segments in Telecom Services primarily trade in the 11-14.5x NTM P/E range with only Satellite Voice & Data above those levels and Intl Developed Wireless below



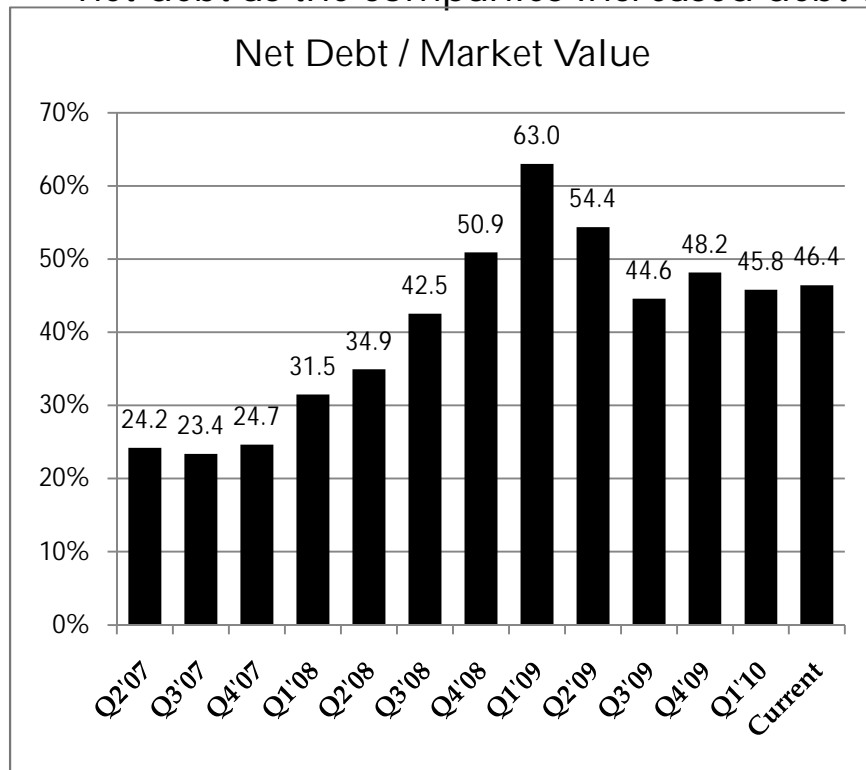
Note: Excludes companies with an LTM net margin below 2.5% and P/E >40x



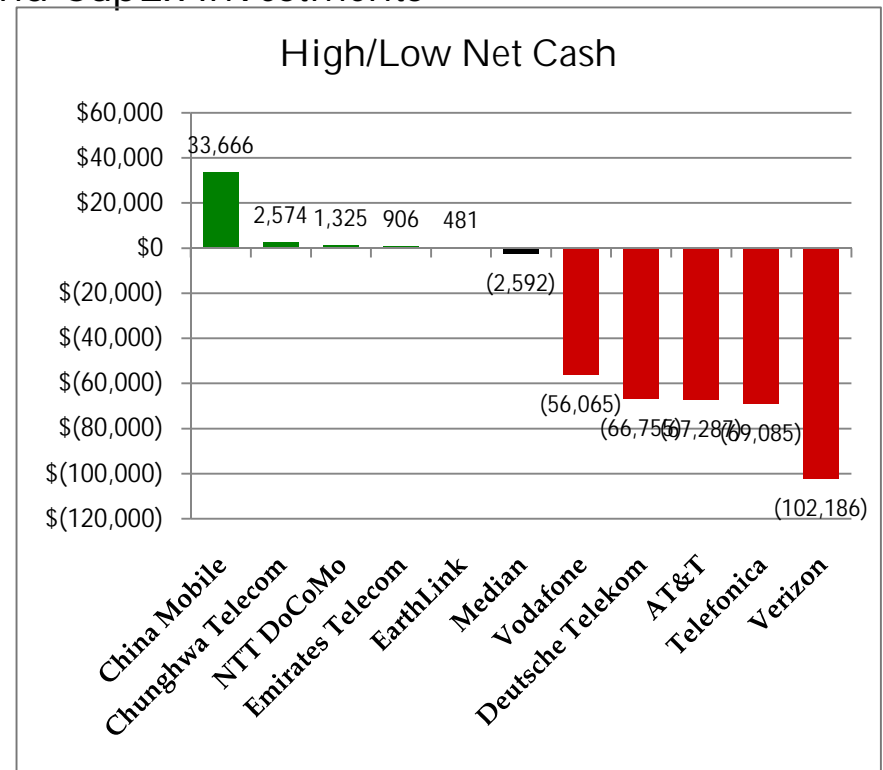
Note: Excludes companies with an NTM net margin below 2.5% and P/E >40x

Balance Sheet Strength – Net Debt Position

- Median Net Debt as a percent of Market Value peaked in Q1'09 and leverage levels remain high, worsened recently by falling market values
 - Aggregate Net Debt fell during Q1 but recent stock price declines have impacted the ratio
- Very few Telecom Services 100 carriers have strong cash positions with China Mobile at Net Cash/Mkt Value of 18%, Chunghwa Telecom at 14% and Emirates at 4%
- Telecom veterans Verizon, Telefonica, AT&T, Deutsche Telekom and NTT all have sizable net debt as the companies increased debt to fund CapEx investments



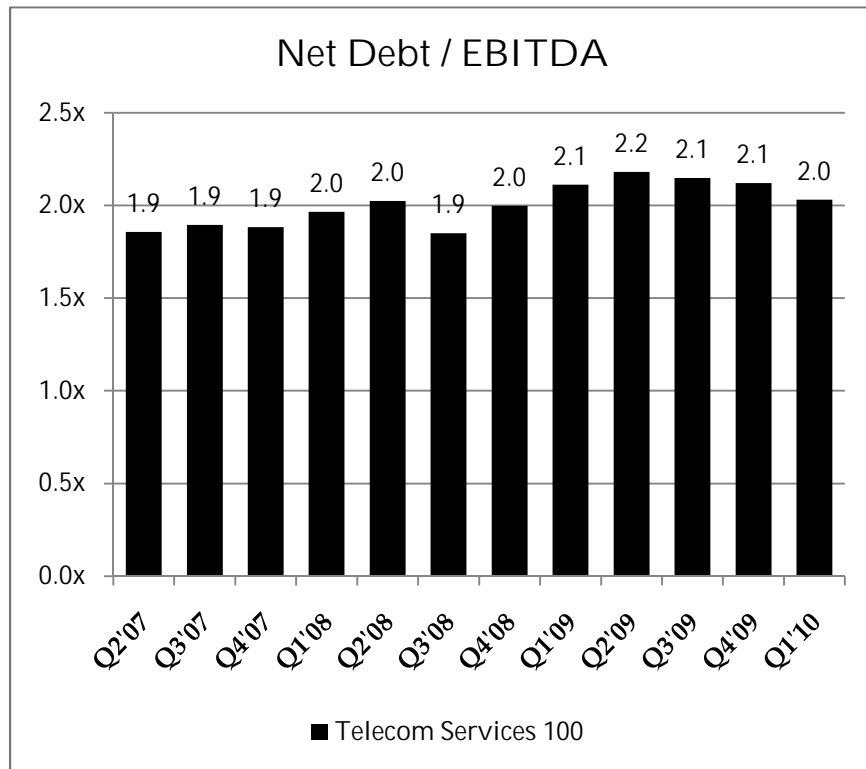
Source: SagePoint Advisors & Capital IQ



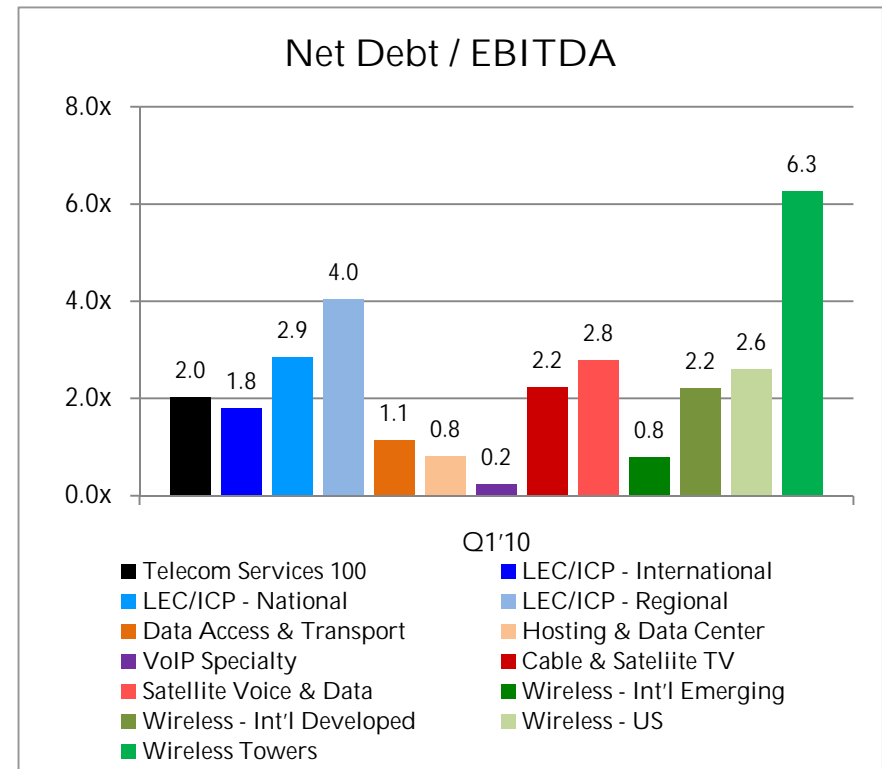
Source: SagePoint Advisors & Capital IQ

Balance Sheet Strength – Debt / EBITDA

- Median Net Debt/EBITDA fell to near its three year low as companies reduced debt and grew cash balances
- Wireless Tower companies are able to highly leverage their predictable cash flows
- US LEC/ICP's and US Wireless also have high Debt/EBITDA with Regional LEC/ICP the highest at 4x



Source: SagePoint Advisors & Capital IQ



Source: SagePoint Advisors & Capital IQ

Financial Metrics

(\$ in millions, except per share data)

Company Name	Stock Price 5/28/10	Market Cap	Enterprise Value	Cash	Debt	% Change 12/31/09	Ent. Value/Rev.		Ent. Value/EBITDA		Price/EPS		Estimate Surprise			Net Cash / Mkt Cap	Net Debt / EBITDA	SG&A / Revenue	CapEx / Revenue
							LTM	NTM	LTM	NTM	LTM	NTM	Revenue	EBITDA	EPS				
Wireless - Int'l Developed																			
Deutsche Telekom	11.26	49,092	115,848	9,886	76,641	(24.0)%	1.3 x	1.5 x	4.3 x	4.8 x	10.0 x	11.8 x	1.3 %	0.7 %	22.2 %	(136.0)%	2.5 x	30.6 %	10.5 %
France Telecom	19.22	50,915	102,090	5,791	56,966	(23.0)%	1.5 x	1.9 x	4.5 x	5.5 x	7.5 x	9.8 x	(0.3)%	(2.2)%	(9.8)%	(100.5)%	2.2 x	10.3 %	NA
KDDI	4,633.86	20,468	30,933	1,785	12,250	(12.5)%	0.8 x	0.8 x	3.0 x	6.3 x	9.1 x	7.5 x	NA	NA	NA	(51.1)%	1.0 x	24.2 %	13.4 %
NTT DoCoMo	1,511.93	62,584	61,259	8,139	6,814	8.6 %	1.3 x	1.3 x	3.7 x	3.6 x	11.9 x	11.4 x	(2.5)%	(5.8)%	NA	2.1%	(0.1) x	30.2 %	10.6 %
Rogers	34.00	19,862	29,000	124	9,262	9.0 %	2.6 x	2.5 x	7.0 x	6.5 x	13.2 x	13.1 x	(0.2)%	7.4 %	24.0 %	(46.0)%	2.2 x	50.6 %	12.7 %
Royal KPN	13.12	20,731	35,811	3,201	18,280	(22.7)%	1.9 x	2.3 x	4.8 x	5.4 x	6.6 x	10.0 x	NA	NA	NA	(72.7)%	2.0 x	8.9 %	10.2 %
SOFTBANK	23.67	26,335	51,535	7,429	32,629	1.5 %	1.7 x	1.6 x	6.2 x	5.7 x	25.3 x	14.0 x	NA	NA	NA	(95.7)%	3.0 x	38.0 %	5.7 %
Telecom Italia	1.20	23,013	73,294	8,191	58,472	(23.3)%	1.9 x	2.2 x	4.6 x	5.5 x	7.9 x	10.7 x	(2.4)%	3.1 %	0.0 %	(218.5)%	3.1 x	2.2 %	8.6 %
Telefonica	19.36	88,258	157,343	12,846	81,931	(30.8)%	1.9 x	2.2 x	5.0 x	5.6 x	8.0 x	8.4 x	0.6 %	(3.0)%	(18.6)%	(78.3)%	2.2 x	1.5 %	NA
TeliaSonera	6.06	27,191	34,886	2,352	10,048	(16.5)%	2.3 x	2.6 x	6.9 x	7.4 x	10.3 x	10.3 x	NA	NA	NA	(28.3)%	1.5 x	22.0 %	8.0 %
Vodafone	2.00	105,171	158,905	7,300	61,033	(14.0)%	2.2 x	2.4 x	6.6 x	7.4 x	8.4 x	8.7 x	NA	NA	0.0 %	(51.1)%	2.2 x	18.7 %	11.0 %
Mean	44,875	77,355	6,095	38,575	(13.4)%	1.8 x	1.9 x	5.2 x	5.8 x	10.7 x	10.5 x	(0.6)%	0.0 %	3.0 %	(79.6)%	2.0 x	21.6 %	10.1 %	
Median	27,191	61,259	7,300	32,629	(16.5)%	1.9 x	2.2 x	4.8 x	5.6 x	9.1 x	10.3 x	(0.2)%	(0.8)%	0.0 %	(72.7)%	2.2 x	22.0 %	10.5 %	

(\$ in millions, except per share data)

Company Name	Revenue			EBITDA			EPS			MRQ/PYQ Growth			NTM / LTM Growth			LQ Margin		
	MRQ	LTM	NTM	MRQ	LTM	NTM	MRQ	LTM	NTM	Revenue	EBITDA	EPS	Revenue	EBITDA	EPS	Gross	EBITDA	Net
Wireless - Int'l Developed																		
Deutsche Telekom	21,381	91,141.1	75,414.5	6,582	26,971.9	24,152.5	0.27	1.13	0.96	1.2%	5.3%	35.6%	(17.3)%	(10.5)%	(15.0)%	44.0 %	30.8 %	5.4 %
France Telecom	14,818	69,569.4	54,462.5	5,090	22,800.9	18,681.6	0.52	2.56	1.97	(11.5)%	(13.2)%	(6.5)%	(21.7)%	(18.1)%	(23.1)%	38.8 %	34.3 %	10.7 %
KDDI	9,167	37,009.4	37,994.8	2,137	10,160.3	4,915.2	0.29	511.88	621.65	4.5%	14.3%	100.4%	2.7%	(51.6)%	21.4%	48.7 %	23.3 %	0.0 %
NTT DoCoMo	11,149	46,049.2	47,218.6	3,437	16,502.7	17,095.0	19.40	127.48	132.71	3.2%	11.1%	130.1%	2.5%	3.6%	4.1%	61.0 %	30.8 %	7.2 %
Rogers	2,837	11,068.9	11,760.8	1,105	4,127.9	4,450.0	0.68	2.58	2.60	29.7%	27.7%	112.9%	6.3%	7.8%	0.6%	89.5 %	38.9 %	14.1 %
Royal KPN	4,423	18,834.6	15,900.6	1,781	7,425.0	6,630.8	0.38	2.00	1.31	(1.8)%	9.3%	50.5%	(15.6)%	(10.7)%	(34.4)%	44.9 %	40.3 %	13.7 %
SOFTBANK	7,683	29,710.8	31,960.0	1,898	8,293.2	9,010.0	0.02	0.94	1.69	10.1%	16.8%	115.5%	7.6%	8.6%	80.2%	51.9 %	24.7 %	0.3 %
Telecom Italia	8,790	38,538.1	33,567.4	3,828	16,012.5	13,447.5	0.03	0.15	0.11	1.0%	4.8%	(17.3)%	(12.9)%	(16.0)%	(26.8)%	50.3 %	43.5 %	7.2 %
Telefonica	19,041	82,331.0	72,860.6	6,950	31,233.9	27,914.3	0.49	2.42	2.30	3.4%	(3.4)%	(1.0)%	(11.5)%	(10.6)%	(5.1)%	39.5 %	36.5 %	11.6 %
TeliaSonera	3,625	14,874.3	13,491.2	1,212	5,053.7	4,736.9	0.15	0.59	0.59	10.2%	16.1%	21.9%	(9.3)%	(6.3)%	(0.1)%	43.8 %	33.4 %	18.1 %
Vodafone	17,230	71,186.0	65,732.4	5,521	23,961.1	21,594.3	0.06	0.24	0.23	13.7%	5.9%	16.8%	(7.7)%	(9.9)%	(3.3)%	32.5 %	32.0 %	17.7 %
Mean	10,922	46,392	41,851	3,595	15,686	13,875	2.02	59.27	69.65	5.8%	8.6%	50.8%	(7.0)%	(10.3)%	(0.1)%	49.5 %	33.5 %	9.6 %
Median	9,167	38,538	37,995	3,437	16,012	13,448	0.29	2.00	1.69	3.4%	9.3%	35.6%	(9.3)%	(10.5)%	(3.3)%	44.9 %	33.4 %	10.7 %



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













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