

# **SagePoint Equipment M&A Review for Q3 2010**

An Analysis of M&A Activity and Valuation  
Metrics in the Communications, IT and Consumer  
Electronics Equipment Market Segments



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## SagePoint's Viewpoint - Key Takeaways

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- 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
- M&A dollar volume across SagePoint's Equipment universe roughly doubled in Q3 for the second quarter in a row, but still remains far below Q4'09 which saw five \$1B+ transactions
  - \$1B+ Q3 transactions included HP/3PAR (\$2.3B), Tyco/ADC (\$1.9B) and Nokia/Motorola Wireless Network Infrastructure Assets (\$1.2B) with the three deals representing 72% of total dollar volume
- Equipment M&A transaction volume fell 23% in Q3 versus Q2, falling for the third straight quarter due mainly to a drop in ODM & EMS and Components & Subsystem deals
  - Most other segments were flat or slightly down, although Wireline Network activity rebounded to 8 deals after a slow Q2 with just 3 deals and Satellite & GPS also rebounded to 4 deals after just 1 in Q2
- Seven \$100M+ private deals were announced in the quarter for only the second time since the beginning of '07
  - Median deal size surged to \$65M, its highest levels since beginning of '07, though it appears there are still a number of distressed sales occurring as 61% of deals did not disclose deal value
- Two \$1B+ public deals were announced for only the third time in three years
  - Median deal size increased significantly to \$133M with deal size distributed evenly across a range of deal sizes in the quarter

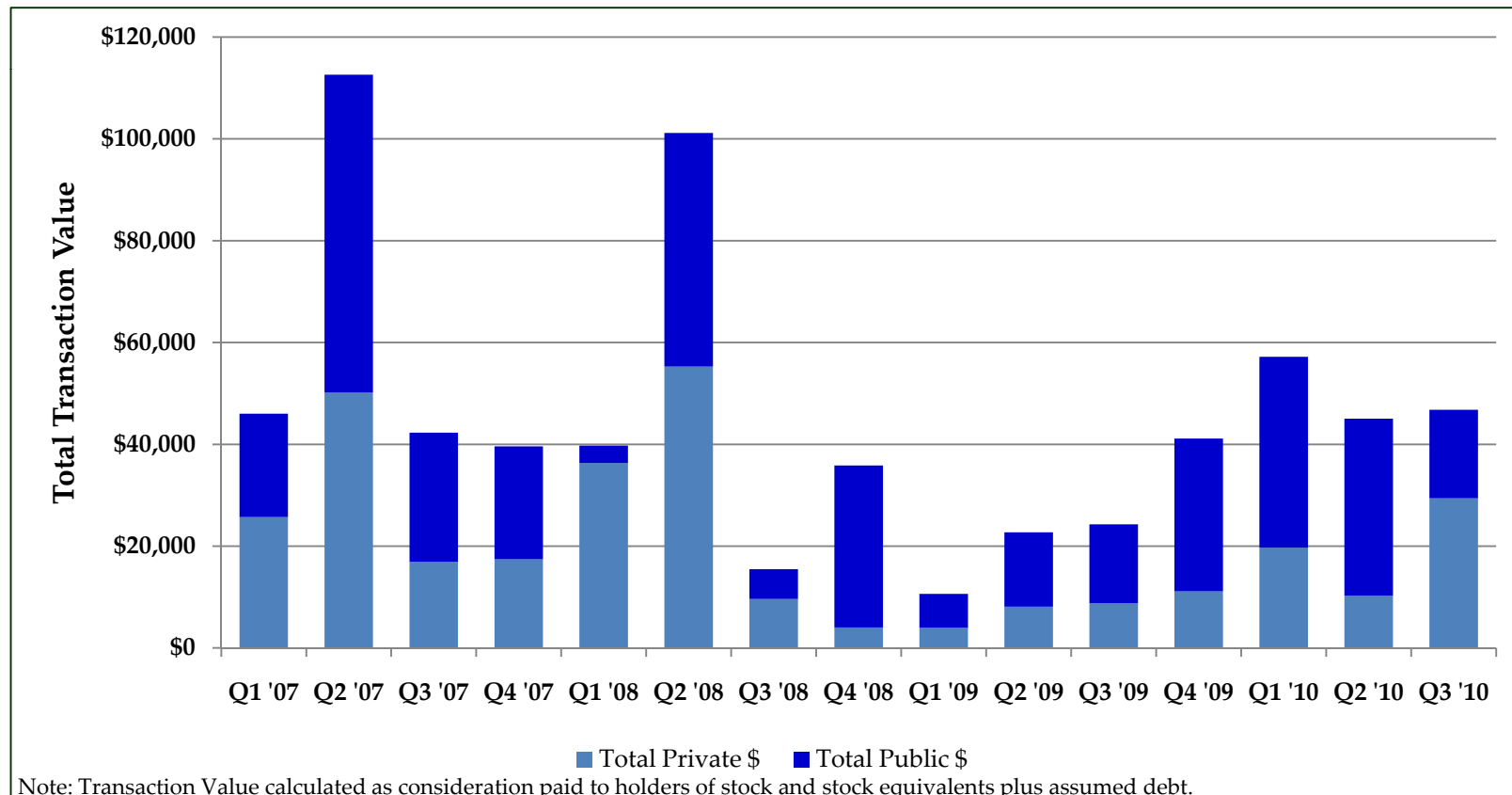
## SagePoint's Viewpoint - Key Takeaways Continued

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- Median revenue multiples for private targets surged to 2.0x after five quarters of sluggish multiples of 0.9-1.2x
- Median revenue multiples for public targets rose to 1.1x, a positive movement but still underwhelming
- The most active buyers for the past two years were led by Cisco with six deals, though they have been surprising quiet recently with just one deal in '10, and Ericsson with five deals, who has been picking up scraps of Nortel
- Notable Q2 transactions include:
  - Hewlett-Packard's \$2.3B acquisition of 3PAR
  - Tyco's \$1.9B acquisition of ADC
  - Nokia's \$1.2B acquisition of Motorola's Wireless Network Infrastructure Assets
  - Pace's \$475M acquisition of 2Wire
  - IBM's \$400M acquisition of Blade Network
  - 3M's \$230M acquisition of Attenti
- SagePoint expects M&A activity to pick back up for Equipment players in Q4 and 2011 though dollar volume will continue to bounce around depending on \$1B+ deal activity
  - SagePoint expects to continue to see \$100M+ private deals as distressed sales become less prevalent
  - SagePoint expects to see more mid cap public deals
  - SagePoint expects public M&A multiples to settle into their historical range of 1-2x revenues
  - SagePoint expects private revenue multiples to be flat or slightly down from the 2x we saw in Q3

## M&A Dollar Volume – SagePoint ICIT Universe

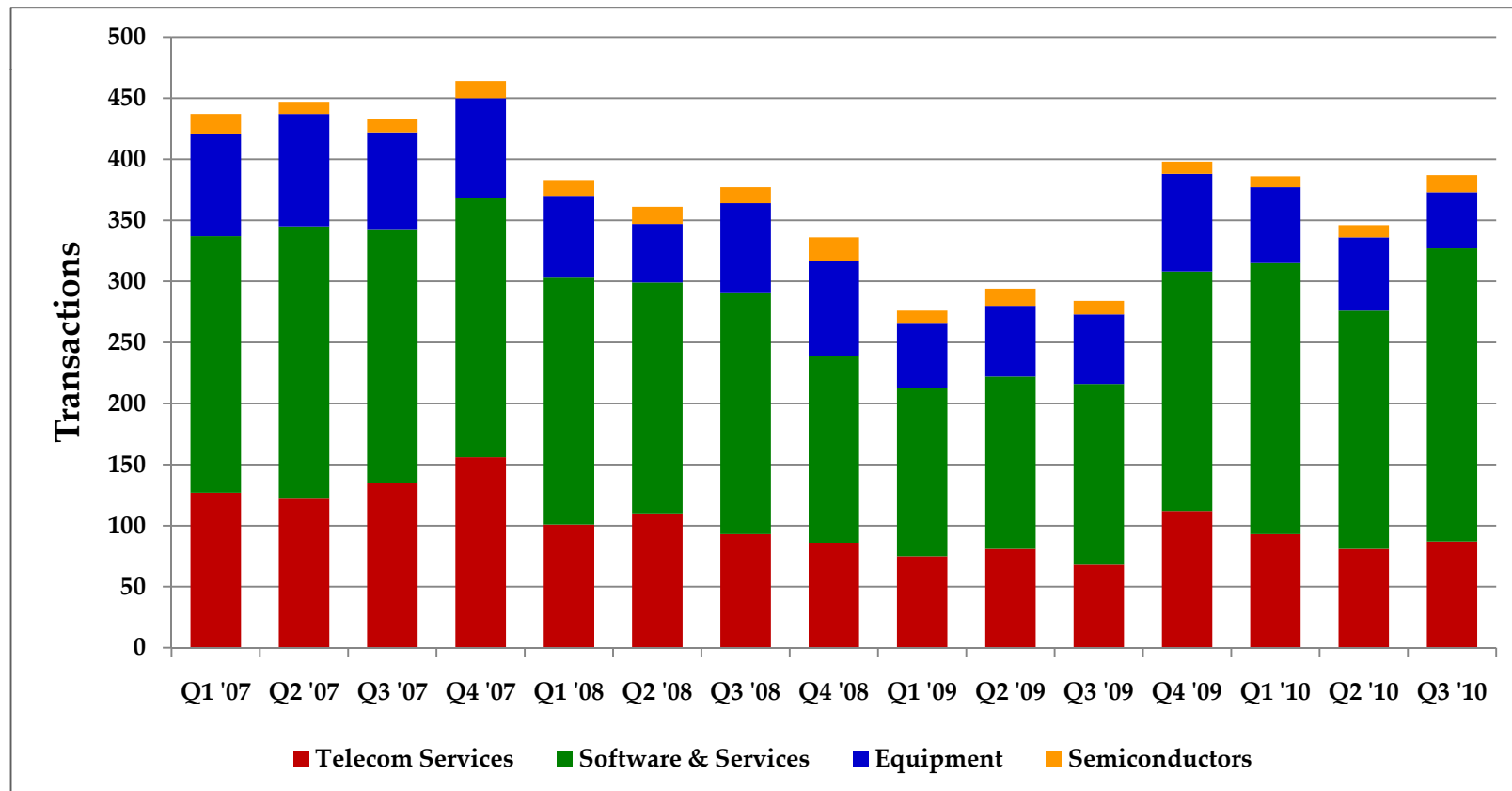
- M&A dollar volume across SagePoint 's entire Internet, Communications & IT Infrastructure (“ICIT”) rose slightly despite the lack of Telco megamergers
  - Semis, Equipment and Software & Services total deal dollars of nearly \$30B represents a major increase compared to \$16.5B in Q2
  - Telefonica’s \$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



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

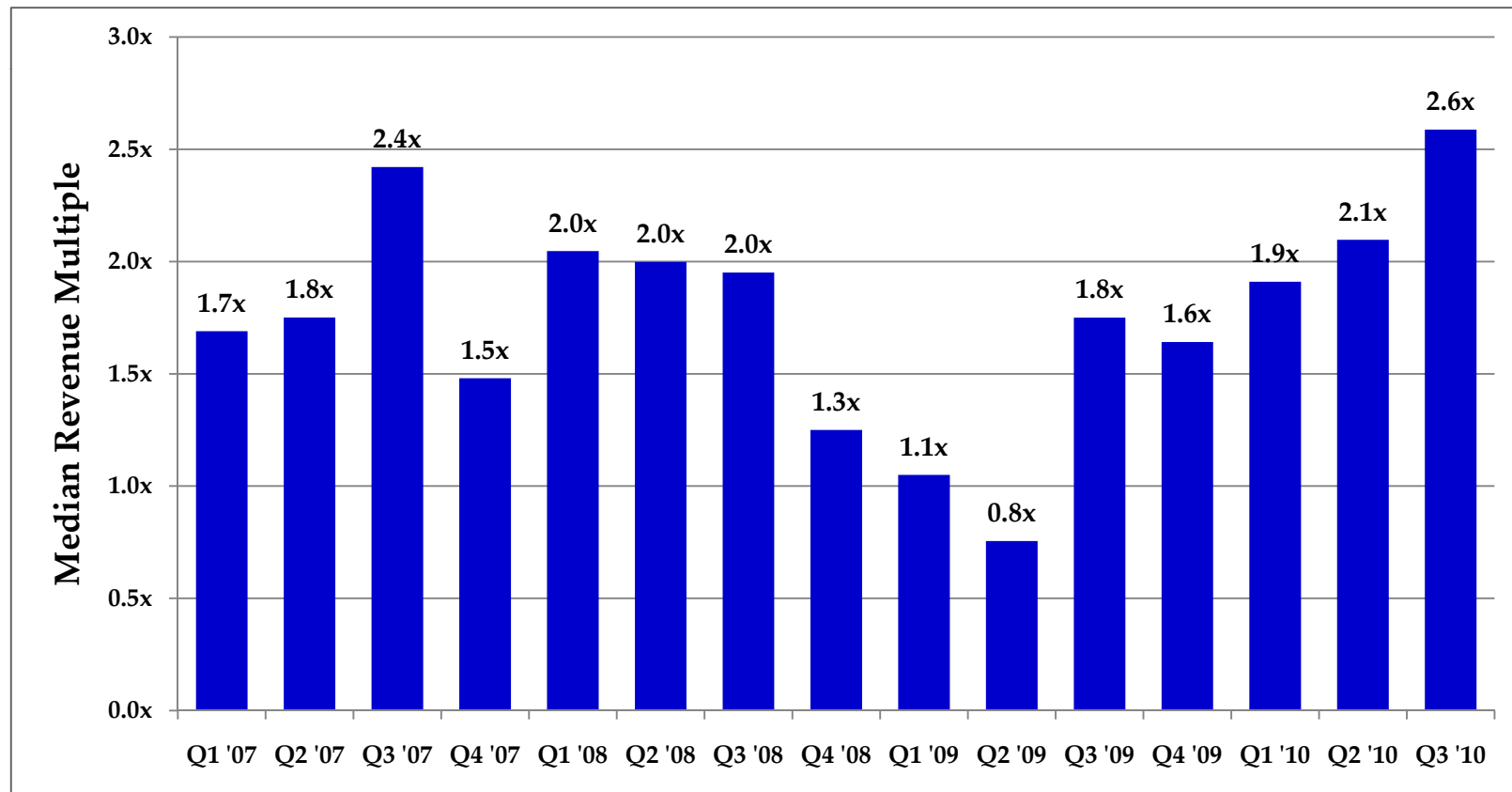
## M&A Transaction Volume – SagePoint ICIT Universe

- 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



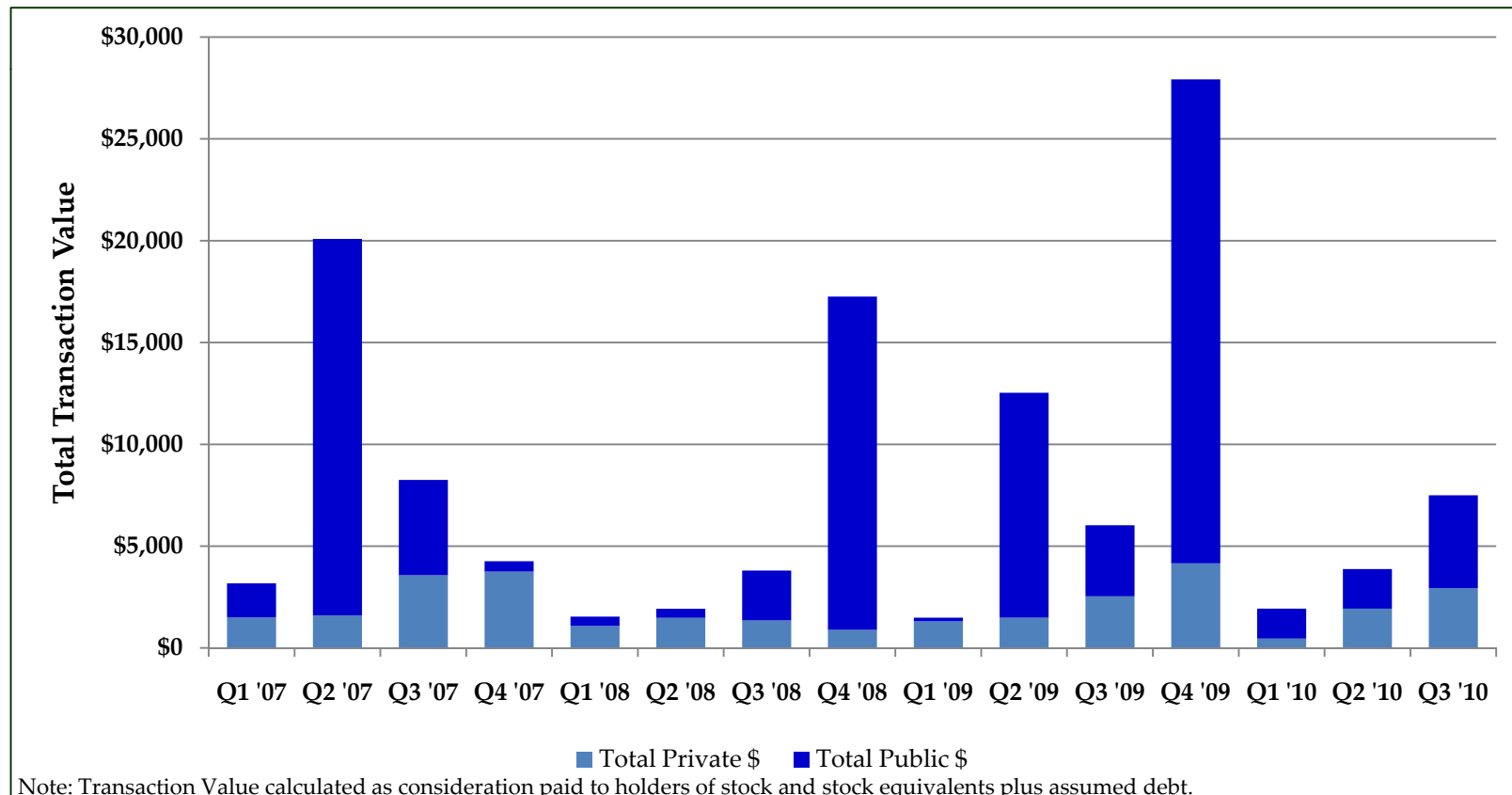
## Median M&A Revenue Multiple – SagePoint ICIT Universe

- 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 Equipment Universe

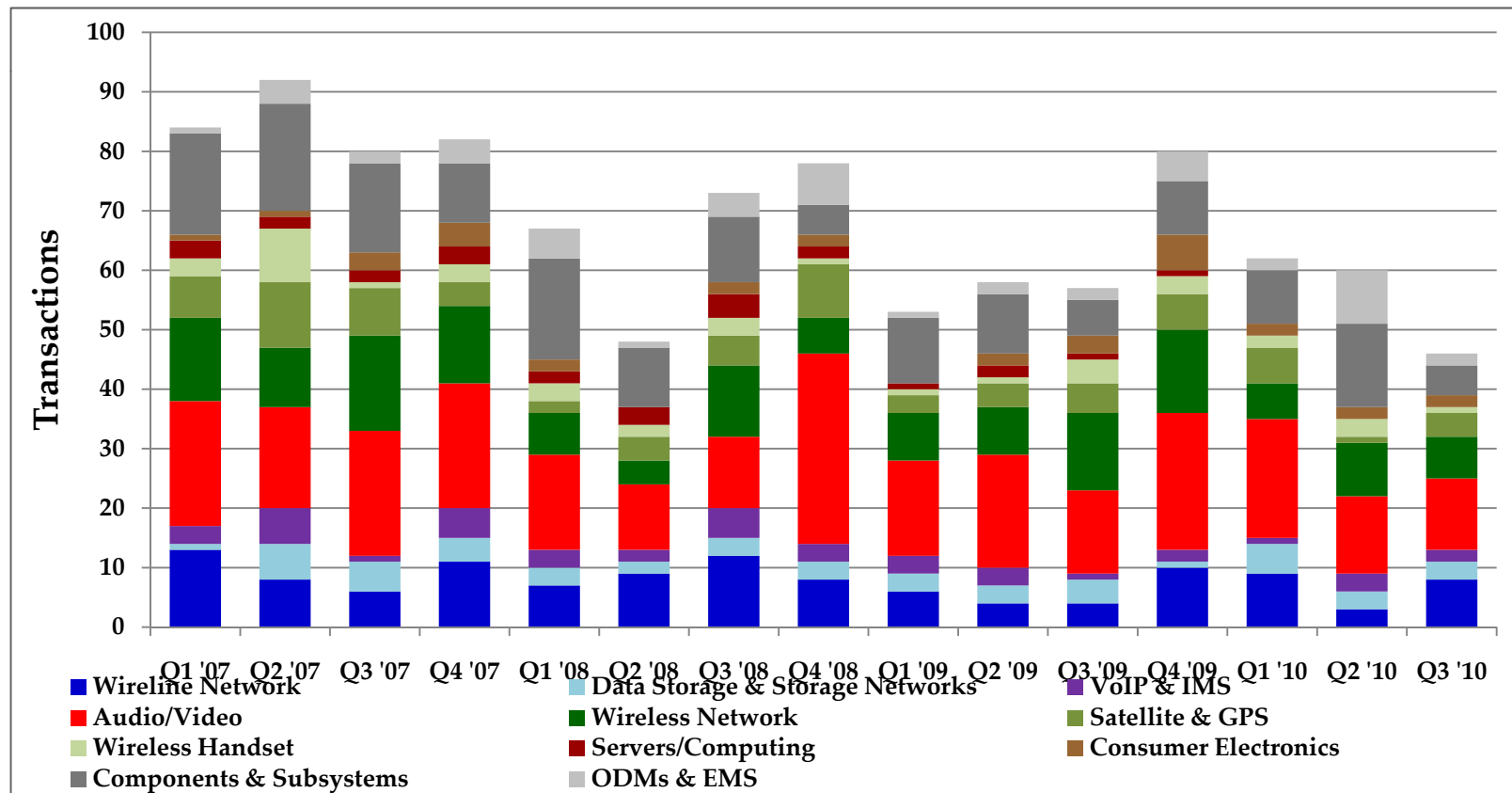
- M&A dollar volume across SagePoint's Equipment universe roughly doubled in Q3 for the second quarter in a row, but still remains far below Q4'09 which saw five \$1B+ transactions
  - \$1B+ Q3 transactions included HP/3PAR (\$2.3B), Tyco/ADC (\$1.9B) and NSN/Motorola Wireless Network Infrastructure Assets (\$1.2B) with the three deals representing 72% of total dollar volume





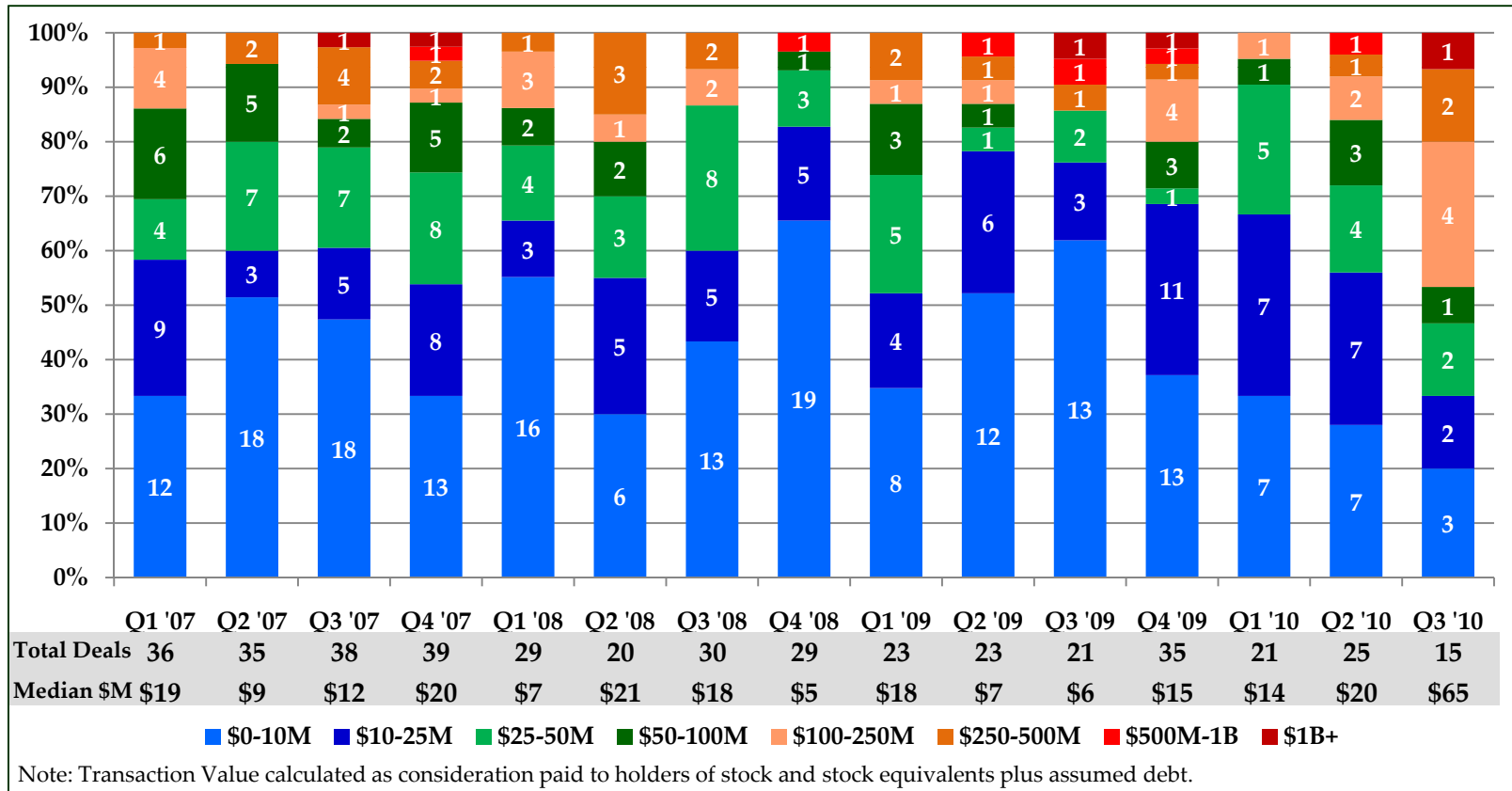
## M&A Transaction Volume – Equipment Universe by Sector

- Equipment M&A transaction volume fell 23% in Q3 versus Q2, falling for the third straight quarter
- The drop in activity was driven by Components & Subsystems and ODMs & EMS which together accounted for just 7 deals versus 23 in Q2
  - Most other segments were flat or slightly down, although Wireline Network activity rebounded to 8 deals after a slow Q2 with just 3 deals and Satellite & GPS also rebounded to 4 deals after just 1 in Q2
- SagePoint expects M&A activity to increase in Q4 and into 2011



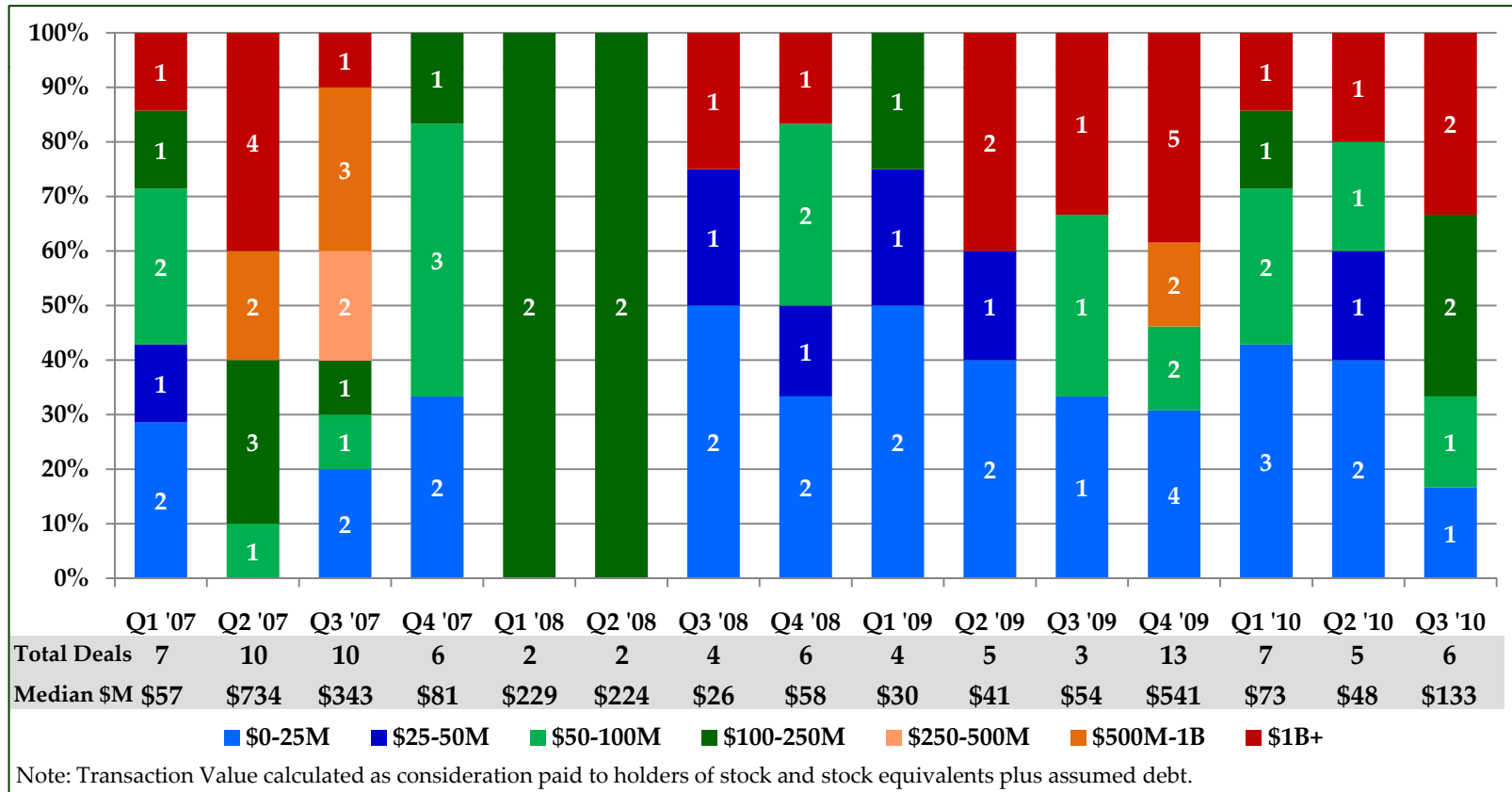
## M&A Transaction Volume by Deal Size – Private Equip. Targets

- Seven \$100M+ private deals were announced in Q3 for just the second time since beginning of '07, matching the very active Q4'09
  - Notable deals included NSN/Motorola Wireless Network Infrastructure Assets (\$1.2B), Pace/2Wire (\$475M), IBM/Blade Network (\$400M) and 3M/Attenti (\$230M)
- Median deal size surged to \$65M, its highest levels since beginning of '07, though it appears there are still a number of distressed sales occurring as 61% of deals did not disclose deal value



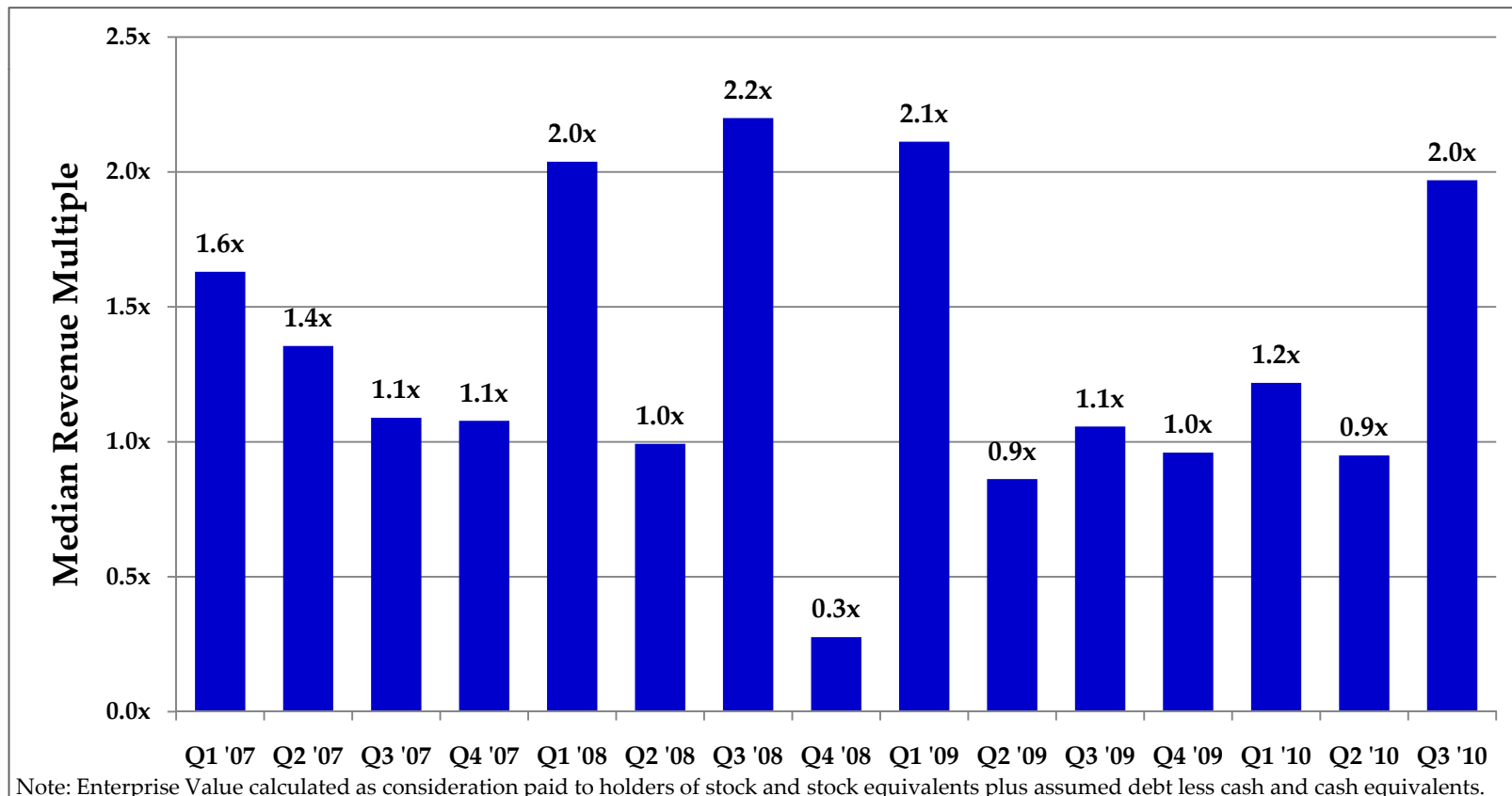
## M&A Transaction Volume by Deal Size – Public Equip. Targets

- Two \$1B+ public deals were announced in Q2, well below the five deals in Q4'09 but only the third time that more than one \$1B deal occurred in a quarter for the past three years
  - Hewlett-Packard's \$2.3B acquisition of 3PAR was HP's third \$1B+ deal in the past four quarters
  - Tyco's \$1.9B acquisition of ADC was the only other \$1B+ transaction
- Public deal size was distributed evenly across a range of deal sizes in Q3
- SagePoint expects to see mid-cap deal activity increase while \$1B+ deals will remain sporadic



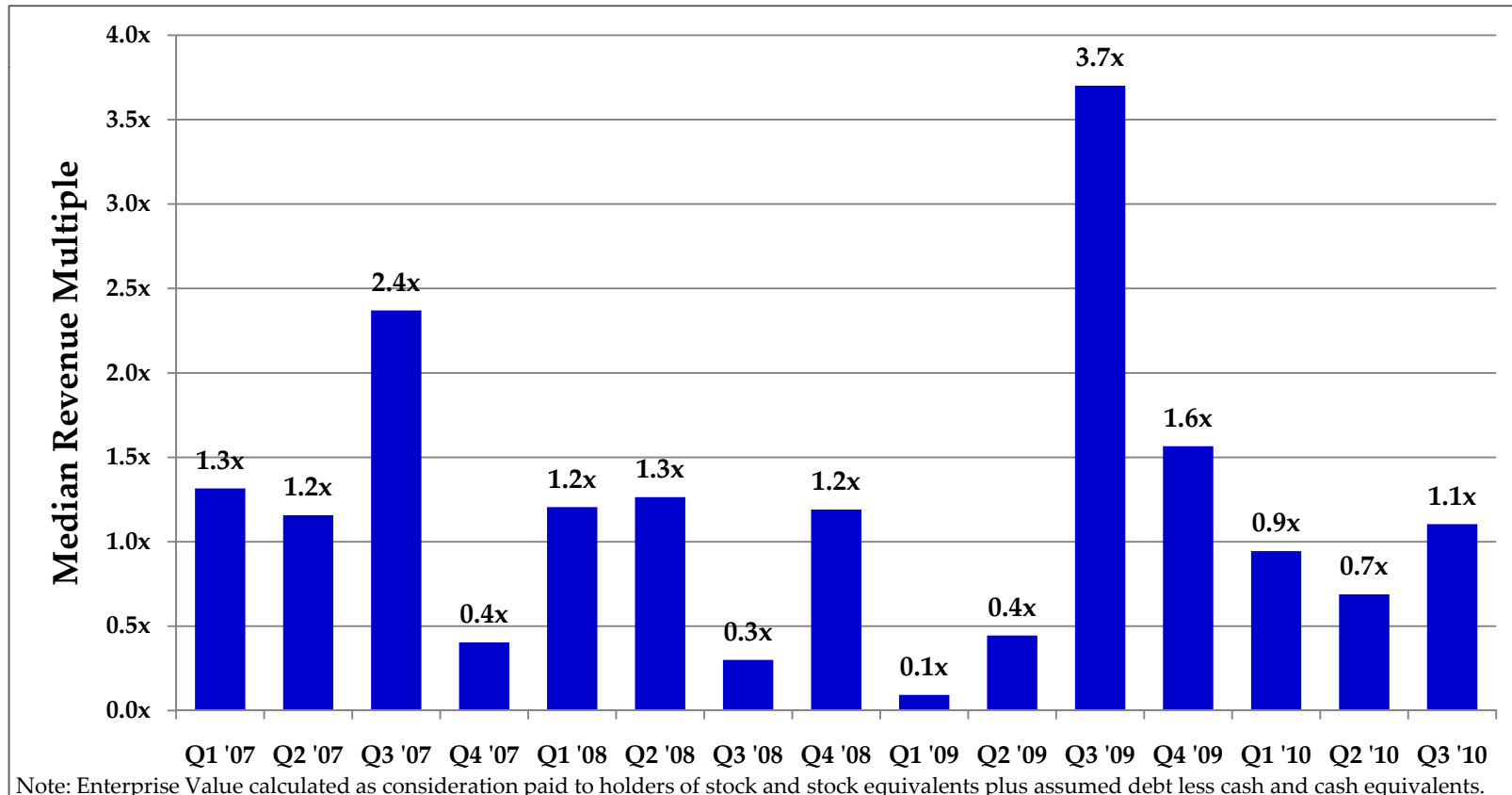
## Median M&A Revenue Multiples – Private Equipment Targets

- Median LTM revenue multiples for private targets surged to 2.0x after five quarters of sluggish multiples of 0.9-1.2x
  - IBM got aggressive, paying 3.5x for Blade Networks and 28.0x for Storwize
  - Filtronic paid 13.3x for Isotek and Datang paid 5.2x for Uniscope, though both deals were quite small
- SagePoint expects private revenue multiples to settle in the 1.5-2.0x range as distressed sales become a smaller part of the mix and healthier buyers get more aggressive, as we've seen from IBM in Q3



## Median M&A Revenue Multiples – Public Equipment Targets

- Median LTM revenue multiples for public targets rose to 1.1x, a positive movement but still underwhelming
  - HP’s 10.9x multiple paid for 3PAR, driven up by a bidding war with Dell, was the only deal above 1.5x
  - Healthier players are bargain hunting for opportunities to add scale and synergies to drive profits
- SagePoint expects public M&A multiples to increase slightly but stay in the historical range of low 1s



## Most Active Equipment Buyers – Last 2 Years

Company	# of Deals		Communications Equipment Transactions	
	Equip	Comm		
	6	6	9/2/10 - Arch Rock Corporation - NA 12/31/09 - Rohati Systems, Inc. - NA 10/23/09 - Digital Video Networks (STB) - \$44.5M	10/12/09 - Starent Networks, Corp. - \$2,828M 9/30/09 - Tandberg ASA (OB:TAA) - \$3,422M 3/18/09 - Pure Digital Technologies, Inc. - \$437M
	5	8	9/25/10 - Nortel Ntwks (Multi-Svc Switch) - \$65.0M 4/20/10 - LG-Nortel - \$242M 11/24/09 - Nortel Networks (GSM/GSM-R) - \$103M	7/24/09 - Nortel (CDMA & LTE Access) - \$1,130M 6/17/09 - AS Elcoteq Tallinn - \$41.6M
	4	4	6/15/09 - Perlos Telecom & Elec. Comp. - \$10.1M 6/15/09 - Perlos Precision Plastics - \$0.7M	2/27/09 - Perlos (Guangzhou) Plastics - \$47.7M 2/27/09 - Perlos (Beijing) Elec. & Telecom - \$28.2M
	3	9	8/23/10 - 3PAR, Inc. - \$2,320M 4/28/10 - Palm, Inc. - \$1,808M	11/11/09 - 3Com Corporation (NasdaqGS:COMS) - \$500M
	3	3	3/31/10 - Sony Slovakia, Spol. S R.O. - NA 11/14/09 - Chi Mei Optoelec (TSEC:3009) - \$13,413M	10/5/09 - TPO Displays (GTSM:3195) - \$1,175M
	3	3	7/20/10 - Mintera Corporation - \$32.0M 12/16/09 - Xtellus, Inc. - \$15.5M	1/27/09 - Avanex Corp. - \$34.9M
	3	3	7/12/10 - ADC Telecom (Nasdaq:ADCT) - \$1,908M 5/14/10 - Zarlink Semi (Optical Assets) - \$15.0M	1/20/10 - Sensitive Object SA - \$62.0M
	2	7	9/27/10 - Blade Network Technologies, Inc. - \$400M	7/29/10 - Storwize, Inc. - \$140M

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.  
 Communications, IT & Consumer Electronics Equipment M&A – Q3 2010

## Acquiror



## Target



## Deal Rationale/Commentary

### Deal Summary

Date: 8/23/10

Transaction Value: \$2,320M

% 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: 10.9x

LTM P/E Multiple: NM

Premium to:

1 day prior: 82.9%

1 week prior: 83.3%

1 month prior: 247.4%

HP continues its \$1B+ acquisition spree, this time besting Dell in a bidding war that saw 3PAR's market value more than triple with a final offer price of nearly 11x LTM revenue.

The bidding war for 3PAR's high-end virtualization capabilities underlies the scarcity of quality assets in the enterprise storage space and both HP and Dell's desire to strengthen their positioning where HP currently resells Hitachi's high-end SAN and Dell resells EMC's Clarion and Symmetrix.

The huge run up in offer prices for 3PAR also demonstrates Dell and particularly HP's desire to keep the key asset out of the hands of their rival.

HP expects the transaction to be accretive, particularly with the expected growth in revenue scale and margins HP believes it can drive from 3PAR.

## Acquiror



## Target



## Deal Rationale/Commentary

### Deal Summary

Date: 7/12/10

Transaction Value: \$1,908M

% 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: 1.1x

LTM P/E Multiple: 24.1x

Premium to:

1 day prior: 44.4%

1 week prior: 66.2%

1 month prior: 64.9%

ADC provides connectivity products to enable the delivery of high-speed Internet, data, video, and voice communications over wireline, wireless, cable, enterprise, and broadcast networks. Tyco paid a steep premium to acquire ADC, believing the strategic and cost synergies will add significant future value. The acquisition brings improved scale, geographic reach, better carrier relationships and increased exposure to growing wireless coverage solution opportunities.

The deal is expected to be accretive in FY'11 assuming \$100M in expected cost synergies are achieved. Some analysts appear hesitant to embrace the deal as the strategy seems sensible but the synergy bar is set high and Tyco has just come through a several year effort to cleanup its portfolio and some worry continued progress could be hindered by the acquisition.

Despite the heavy premium, if cost synergies are achieved, Tyco will have accelerated earnings and improved its strategic positioning making for a successful deal.



## Acquiror



## Target



### Deal Summary

Date: 7/16/10

Transaction Value: \$1,200M

% 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: 0.3x

LTM P/E Multiple: NA

Multiple on \$ Invested: NA

### Investors

Motorola

## Deal Rationale/Commentary

The acquisition of Motorola's Wireless Network Infrastructure business provides products and services for wireless networks including GSM, CDMA, WCDMA, WiMAX and LTE (Motorola retains the iDEN business).

The acquisition brings relationships with more than 50 operators such as Sprint, Verizon and KDDI while strengthening relationships with others. The deal also enhances Nokia Siemens' positioning in key wireless technologies and provides a global footprint in CDMA. NSN will move from the #5 to the #3 wireless infrastructure player in North America and gain necessary scale to compete with Ericsson, Alcatel-Lucent and Huawei.

At 0.3x LTM revenue the deal seems fairly valued with the acquisition expected to be earnings and cash flow positive after the deal closes.

The deal allows Motorola to focus on its Mobile Devices, Home and Enterprise Mobility businesses and improves the balance sheet while shedding an asset that lacked scale to effectively compete and was losing market share.

## Acquiror



## Target



### Deal Summary

Date: 7/25/10

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: 0.6x

LTM EBIT Multiple: 14x

Multiple on \$ Invested: 1.5x

### Investors

Accel Management; Alcatel-Lucent; AT&T; INVESCO Private Capital; Lake Street Capital; MeriTech Capital Partners; Oak Investment Partners; Technology Crossover Ventures; Telefonos de Mexico; Venrock; Weber Capital Management

### Deal Rationale/Commentary

Pace has acquired 2Wire, provider of residential home gateways and software for IP-based video over advanced STBs. 2Wire's MediaPortal platform enables multiroom DVR, video placeshifting and media on demand, powering AT&T's Homezone service and providing the hardware for Blockbuster's online rental device.

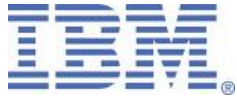
According to Pace, the deal makes it the #1 STB maker in the world as well as the top residential gateway provider in the US and #3 in the world.

The acquisition helps Pace enter a new market and supply telcos as well as adding further software and gateway expertise to strengthen the Company's positioning in converged devices.

The deal is expected to be accretive in '10 and beyond.

For investors the return is underwhelming, particularly for Alcatel who is believed to have invested \$120M at a \$500M post-\$ value in the most recent round with prior investors having already invested \$190M.

## Acquiror



## Target



### Deal Summary

Date: 9/27/10

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: 3.5x

LTM P/E Multiple: NA

Multiple on \$ Invested: NA

### Investors

Garnett & Helfrich Capital; Juniper Networks, Inc. (NYSE:JNPR); NEC Corp. (TSE:6701); and IBM?

### Deal Rationale/Commentary

Blade Networks is a provider of Ethernet, IP and application switches for blade server systems and data centers. The company has over 120k blade server switches deployed with over 3M ports. They sell primarily through OEM relationships with IBM, HP and NEC.

IBM paid a fairly aggressive 3.5x LTM revenue for the business. However, when you consider that it will nearly certainly kill off the OEM agreement with HP, and likely NEC as well, the multiple on the remaining revenue is closer to 6x. Certainly a premium price tag but with IBM now reaping the profits from future blade server switch sales and rack-based Gb and 10GbE switches that are believed to generate ~50% gross margins, the financial incentive is certainly there. Also, IBM can now more tightly integrate BNT's switches into its system and virtualization management offerings.

The deal value is nearly double the \$230M valuation of BNT's July '09 financing round which Garnett, Juniper, NEC and a silent "industry leader" believed to be IBM participated in.

Acquiror	Target	Deal Rationale/Commentary
		<p>Nokia’s Wireless Modem business includes both internal and USB-based wireless modem technology for HSPA, LTE and GSM, related patents and approximately 1,100 R&amp;D staff.</p>
<h3>Deal Summary</h3>		<p>The deal is part of an alliance to develop HSPA+ and LTE modem technologies together and to research future radio technologies.</p>
<p>Date: 7/6/10            Transaction Value: \$200M            % Sought: 100%            Consideration: Cash  <small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		<p>The Wireless Modem business has been hurt in recent years as competition from Chinese vendors Huawei and ZTE has pushed prices down substantially so margins are now quite slim. Additionally, wireless modems are increasingly integrated into multifunction chipsets, a market Nokia exited in 2007.</p>
<h3>Valuation Metrics</h3>		<p>Renesas will combine the wireless modem technology with its application processors, RFIC, high-power amps and power ICs to offer a platform for mobile devices .</p>
<p>LTM Revenue Multiple: NA            LTM P/E Multiple: NA            Multiple on \$ Invested: NA</p>		<p>Renesas hopes to gain a foothold with Nokia but competition with current chip providers Broadcom, ST-Ericsson and Infineon/Intel will be intense.</p>
<h3>Investors</h3>		
<p>Nokia</p>		

## Acquiror



## Target



## Deal Rationale/Commentary

### Deal Summary

Date: 9/16/10

Transaction Value: \$163.5M

% 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: 1.4x

LTM P/E Multiple: NM

Premium to:

1 day prior: 46.0%

1 week prior: 74.4%

1 month prior: 36.5%

Occam Networks develops broadband access products for telecom providers to offer voice, video and high speed internet over copper and fiber optic networks. Calix stated that it acquired Occam for its expertise in Ethernet access to accelerate its move into active Ethernet fiber access and expand its international presence.

Calix has butted heads with Occam as the company has been making a major push into Ethernet, particularly in the Tier 2/3 telco space.

Calix believes that active Ethernet is a growing alternative to GPONs for all-fiber access, particularly with smaller service providers and in international markets, and will become increasingly important as wireless backhaul becomes a bigger driver.

Calix expects that the deal will be 30-35% accretive to 2011 earnings. Calix paid a relatively healthy premium to Occam's stock price but the deal value equates to a relatively conservative revenue multiple of 1.4x.

## Acquiror



## Target



### Deal Summary

Date: 7/29/10

Transaction Value: \$140M

% 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: 28.0x

LTM P/E Multiple: NA

Multiple on \$ Invested: 3.5x

### Investors

Bessemer Venture Partners; Kreos Capital; Sequoia Capital Israel; Tamares Private Equity; Tenaya Capital; Tokyo Electron Device Ltd. (TSE:2760)

## Deal Rationale/Commentary

Storwize provides an enterprise-class storage capacity optimization appliance and host-based applications for in-band, real-time lossless data compression. The company has ~100 customers and \$5M in revenue.

Storwize is the latest in a string of dedupe transactions as the technology is viewed as a must have for the large strategics. The 28x LTM revenue multiple appears high, but with revenues growing quickly and IBM's plan to leverage the technology across several product lines, the premium may be justified.

The deal will help strengthen IBM's storage portfolio and complement the \$300M acquisition of XIV to address emerging storage opportunities and add capabilities to its Storage and System offerings. IBM said the compression technology will help scan more historical data for analysis without the need for extra storage, boosting performance of analytics applications and databases.

The deal appears to be a solid exit on the ~\$40M believed to be invested in the company.

## Appendix – Q3 Equipment M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
<b>Wireline Network</b>				
9/17/10	SNH Inc (KOSE:A051980)	ZPSYS Co., Ltd.	4.3	1.6x
7/20/10	Oclaro, Inc. (NasdaqGM:OCLR)	Mintera Corporation	32.0	1.6x
9/25/10	LM Ericsson Telephone Co. (OM:ERICB)	Nortel Networks Corp., Multi-Service Switch Business	65.0	NA
9/16/10	Calix Inc. (NYSE:CALX)	Occam Networks Inc. (NasdaqGM:OCNW)	163.5	1.4x
9/27/10	International Business Machines Corp. (NYSE:IBM)	Blade Networks Technologies, Inc.	400.0	4.0x
7/12/10	Tyco Electronics, Ltd. (NYSE:TEL)	ADC Telecommunications Inc. (NasdaqGS:ADCT)	1,908.0	1.1x
7/30/10	GoFoton Corporation	Zenko Technologies, Inc.	NA	NA
9/19/10	Finisar Corp. (NasdaqGS:FNSR)	Broadway Networks, Inc.	NA	NA
<b>Data Storage &amp; Storage Networks</b>				
7/29/10	International Business Machines Corp. (NYSE:IBM)	Storage, Inc.	140.0	28.0x
8/23/10	Hewlett-Packard Company (NYSE:HPQ)	3PAR, Inc.	2,320.1	10.9x
8/10/10	Teradata Corporation (NYSE:TDC)	Kickfire, Inc.	NA	NA
<b>VoIP &amp; IMS</b>				
9/17/10	Z3 Enterprises Inc	Usee, Inc.	105.0	NA
7/16/10	Ymax Communications Corp.	VocalTec Communications Ltd. (NasdaqGM:CALL)	NA	NA
<b>Audio/Video</b>				
7/30/10	Digital Barriers plc (AIM:DGB)	Coe Group plc (AIM:COE)	5.7	1.1x
7/25/10	Pace plc (LSE:PIC)	2Wire, Inc.	475.0	0.6x
7/6/10	Flextronics International Sweden AB	Proxy Electronics AB	NA	NA
7/14/10	Visionics Limited	Computer Recognition Systems	NA	NA
7/21/10	DoMark International, Inc. (OTCBB:DOMK)	Virtual Devices, Inc.	NA	NA
7/26/10	Ross Video Limited	Codan Broadcast Products	NA	NA
7/29/10	Ross Video Limited	Norpak Corporation	NA	NA
8/3/10	Chengdu Geeya Technology Co., Ltd. (SZSE:300028)	Loom Optoelectronic Technology (wuxi) Co., Ltd.	NA	NA
8/12/10	Blackmagic Design, Inc.	Echolab, Inc.	NA	NA
8/20/10	Investor Group	WOW Vision Pte Ltd.	NA	NA
9/7/10	Ficosa International, S.A.; Comsa Emte	Sony Espana S.A., Barcelona Tech Center	NA	NA
9/16/10	GSLD Holdings, Inc.	Advance Display Technologies Inc.	NA	NA

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
<b>Wireless Network</b>				
7/30/10	Filtronic plc (LSE:FTC)	Isotek (Holdings) Limited	16.8	13.3x
9/22/10	Discovery Group Holding Company, LLC	TESSCO Technologies Inc. (NasdaqGM:TESS)	102.4	0.2x
7/6/10	Renesas Electronics Corporation (TSE:6723)	Nokia Corporation, Wireless Modem Business	200.0	NA
7/16/10	Nokia Siemens Networks Oy	Motorola Inc., Certain Wireless Network Infrastructure Assets	1,200.0	0.3x
7/7/10	Textron Systems Corporation	Textron Defense Systems, Richardson Operations	NA	NA
9/2/10	Cisco Systems, Inc. (NasdaqGS:CSCO)	Arch Rock Corporation	NA	NA
9/29/10	Welltop Holdings	Radiocomp ApS	NA	NA
<b>Satellite &amp; GPS</b>				
8/5/10	QUAKE Global, Inc.	Stellar Satellite Communications Ltd.	48.0	NA
8/31/10	3M Israel Ltd.	Attenti Ltd	230.0	2.3x
7/1/10	Telogis, Inc.	Remote Dynamics, Inc., Substantially All Assets	NA	NA
7/19/10	OHB Technology AG (XTRA:OHB)	Thales Alenia Space Antwerp NV	NA	NA
<b>Wireless Handset</b>				
9/4/10	VODone LIMITED (SEHK:82)	70% in Bright Way Technology and Shenzhen Tastech Elec	11.5	NA
<b>Consumer Electronics</b>				
7/12/10	Newood Consultancy Ltd	Indigo Enterprises, Inc.	5.6	0.7x
8/4/10	Investor Group	Eastern Asia Technology Ltd. (SGX:E08)	55.8	0.2x
<b>Components &amp; Subsystems</b>				
9/21/10	Datang Telecom Technology Co., Ltd. (SHSE:600198)	Uniscope Technologies (Shanghai) Co., Ltd.	9.5	5.2x
7/7/10	Rosenberger AG	Huber & Suhner AG, FAKRA Radio Frequency Connectors Business	NA	NA
8/23/10	FOSS A/S	Ibsen Photonics	NA	NA
8/27/10	Industri Udviklings Fonden	Printca ApS	NA	NA
9/21/10	AFL Telecommunications LLC	Verrillon Inc.	NA	NA
<b>ODMs &amp; EMS</b>				
7/21/10	Gennum Corporation (TSX:GND)	CoreEL Technologies (I) Pvt. Ltd.	NA	NA
9/30/10	Investor Group	Artaflex, Inc.	NA	NA

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt. 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 Equipment M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Communications Equipment	84	43	51%	\$3,174	\$20	55%	18%	1.5x	18	21.6%	19.8%	18.0%	6
Q2 '07	Communications Equipment	92	45	49%	\$20,091	\$33	70%	6%	1.2x	26	8.9%	11.9%	12.7%	10
Q3 '07	Communications Equipment	80	48	60%	\$8,249	\$23	72%	7%	1.5x	21	20.0%	27.3%	23.5%	9
Q4 '07	Communications Equipment	82	45	55%	\$4,260	\$24	78%	3%	0.9x	24	0.9%	6.7%	6.7%	6
Q1 '08	Communications Equipment	67	31	46%	\$1,538	\$8	76%	10%	1.3x	8	36.3%	30.1%	49.9%	2
Q2 '08	Communications Equipment	48	22	46%	\$1,928	\$25	87%	3%	1.1x	10	27.1%	24.2%	30.4%	2
Q3 '08	Communications Equipment	73	34	47%	\$3,801	\$18	73%	9%	1.0x	11	12.6%	18.9%	15.3%	4
Q4 '08	Communications Equipment	78	35	45%	\$17,256	\$8	76%	10%	0.6x	13	43.8%	25.4%	25.9%	6
Q1 '09	Communications Equipment	53	27	51%	\$1,487	\$25	76%	18%	0.3x	9	71.5%	63.5%	90.0%	4
Q2 '09	Communications Equipment	58	28	48%	\$12,536	\$11	67%	18%	0.5x	13	31.5%	37.8%	38.4%	5
Q3 '09	Communications Equipment	57	24	42%	\$6,025	\$7	76%	17%	1.6x	7	189.4%	206.6%	160.1%	2
Q4 '09	Communications Equipment	80	48	60%	\$27,920	\$17	65%	16%	1.2x	21	21.1%	19.8%	25.3%	12
Q1 '10	Communications Equipment	62	28	45%	\$1,929	\$16	76%	13%	1.2x	14	28.0%	29.9%	1.2%	5
Q2 '10	Communications Equipment	60	30	50%	\$3,876	\$21	65%	14%	0.8x	15	31.1%	26.8%	39.0%	5
Q3 '10	Communications Equipment	46	21	46%	\$7,498	\$102	79%	7%	1.5x	16	45.2%	64.9%	58.5%	6
<b>Total</b>	<b>Communications Equipment</b>	<b>1020</b>	<b>509</b>	<b>50%</b>	<b>\$121,567</b>	<b>\$18</b>	<b>0%</b>	<b>0%</b>	<b>1.2x</b>	<b>226</b>	<b>24.4%</b>	<b>27.3%</b>	<b>29.5%</b>	<b>84</b>
Q1 '07	Wireline Network	13	10	77%	\$781	\$40	50%	0%	1.8x	3	NA	NA	NA	0
Q2 '07	Wireline Network	8	4	50%	\$9	\$2	83%	0%	0.3x	2	NA	NA	NA	0
Q3 '07	Wireline Network	6	3	50%	\$1,232	\$25	75%	0%	0.9x	2	9.3%	8.2%	24.5%	1
Q4 '07	Wireline Network	11	7	64%	\$428	\$28	88%	0%	1.3x	5	0.9%	1.1%	(0.3)%	2
Q1 '08	Wireline Network	7	3	43%	\$308	\$34	50%	0%	12.2x	1	NA	NA	NA	0
Q2 '08	Wireline Network	9	4	44%	\$56	\$11	80%	0%	2.9x	1	NA	NA	NA	0
Q3 '08	Wireline Network	12	6	50%	\$2,658	\$35	75%	0%	2.3x	3	12.6%	18.9%	15.3%	2
Q4 '08	Wireline Network	8	3	38%	\$18	\$8	75%	0%	NA	0	NA	NA	NA	0
Q1 '09	Wireline Network	6	4	67%	\$222	\$54	40%	60%	1.6x	2	65.7%	73.6%	110.7%	1
Q2 '09	Wireline Network	4	2	50%	\$6	\$3	100%	0%	NA	0	NA	NA	NA	0
Q3 '09	Wireline Network	4	1	25%	\$900	\$900	100%	0%	0.4x	1	NA	NA	NA	0
Q4 '09	Wireline Network	10	8	80%	\$4,219	\$12	78%	0%	0.9x	3	46.0%	50.5%	38.6%	1
Q1 '10	Wireline Network	9	3	33%	\$37	\$11	100%	0%	0.6x	1	NA	NA	NA	0
Q2 '10	Wireline Network	3	3	100%	\$292	\$50	67%	0%	0.7x	1	NA	NA	NA	0
Q3 '10	Wireline Network	8	6	75%	\$2,573	\$114	83%	0%	1.6x	5	45.2%	70.3%	50.7%	2
<b>Total</b>	<b>Wireline Network</b>	<b>118</b>	<b>67</b>	<b>57%</b>	<b>\$13,739</b>	<b>\$18</b>	<b>-173%</b>	<b>-24%</b>	<b>1.3x</b>	<b>30</b>	<b>23.5%</b>	<b>42.1%</b>	<b>25.1%</b>	<b>9</b>

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 Equipment M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Data Storage & Storage Networks	1	1	100%	\$57	\$57	0%	0%	NA	0	NA	NA	NA	0
Q2 '07	Data Storage & Storage Networks	6	3	50%	\$1,801	\$405	67%	0%	0.8x	2	10.9%	24.3%	39.5%	1
Q3 '07	Data Storage & Storage Networks	5	3	60%	\$508	\$200	100%	0%	30.5x	2	5.7%	4.0%	5.7%	1
Q4 '07	Data Storage & Storage Networks	4	3	75%	\$1,819	\$350	67%	0%	12.7x	1	NA	NA	NA	0
Q1 '08	Data Storage & Storage Networks	3	2	67%	\$244	\$122	100%	0%	0.5x	1	42.6%	20.3%	42.1%	1
Q2 '08	Data Storage & Storage Networks	2	1	50%	\$3	\$3	100%	0%	NA	0	NA	NA	NA	0
Q3 '08	Data Storage & Storage Networks	3	3	100%	\$630	\$275	50%	50%	2.8x	2	(73.9)%	(77.4)%	(89.0)%	1
Q4 '08	Data Storage & Storage Networks	3	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q1 '09	Data Storage & Storage Networks	3	1	33%	\$270	\$270	100%	0%	NA	0	NA	NA	NA	0
Q2 '09	Data Storage & Storage Networks	3	2	67%	\$2,666	\$1,333	50%	0%	4.4x	2	31.5%	37.8%	94.1%	1
Q3 '09	Data Storage & Storage Networks	4	1	25%	\$25	\$25	50%	50%	NA	0	NA	NA	NA	0
Q4 '09	Data Storage & Storage Networks	1	1	100%	\$1,304	\$1,304	0%	0%	2.1x	1	24.5%	17.8%	45.4%	1
Q1 '10	Data Storage & Storage Networks	5	2	40%	\$14	\$7	80%	0%	12.0x	1	NA	NA	NA	0
Q2 '10	Data Storage & Storage Networks	3	2	67%	\$54	\$27	50%	0%	NA	0	NA	NA	NA	0
Q3 '10	Data Storage & Storage Networks	3	2	67%	\$2,460	\$1,230	100%	0%	19.4x	2	82.9%	83.3%	247.4%	1
<b>Total</b>	<b>Data Storage &amp; Storage Networks</b>	<b>49</b>	<b>27</b>	<b>55%</b>	<b>\$11,855</b>	<b>\$140</b>	<b>71%</b>	<b>6%</b>	<b>3.7x</b>	<b>14</b>	<b>24.5%</b>	<b>20.3%</b>	<b>42.1%</b>	<b>7</b>
Q1 '07	VoIP & IMS	3	2	67%	\$258	\$129	67%	0%	1.5x	1	37.3%	30.0%	31.6%	1
Q2 '07	VoIP & IMS	6	3	50%	\$8,913	\$721	50%	25%	1.3x	2	7.8%	17.9%	19.6%	2
Q3 '07	VoIP & IMS	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q4 '07	VoIP & IMS	5	2	40%	\$72	\$36	33%	33%	2.7x	1	NA	NA	NA	0
Q1 '08	VoIP & IMS	3	2	67%	\$299	\$150	50%	0%	3.3x	2	NA	NA	NA	0
Q2 '08	VoIP & IMS	2	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '08	VoIP & IMS	5	4	80%	\$34	\$4	100%	0%	NA	0	NA	NA	NA	0
Q4 '08	VoIP & IMS	3	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q1 '09	VoIP & IMS	3	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q2 '09	VoIP & IMS	3	2	67%	\$70	\$35	50%	0%	5.5x	1	NA	NA	NA	0
Q3 '09	VoIP & IMS	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q4 '09	VoIP & IMS	2	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q1 '10	VoIP & IMS	1	1	100%	\$0	\$0	100%	0%	NA	0	NA	NA	NA	0
Q2 '10	VoIP & IMS	3	2	67%	\$50	\$25	50%	0%	0.5x	1	26.3%	26.3%	8.2%	1
Q3 '10	VoIP & IMS	2	1	50%	\$105	\$105	50%	50%	NA	0	NA	NA	NA	0
<b>Total</b>	<b>VoIP &amp; IMS</b>	<b>43</b>	<b>19</b>	<b>44%</b>	<b>\$9,802</b>	<b>\$35</b>	<b>64%</b>	<b>12%</b>	<b>1.5x</b>	<b>8</b>	<b>17.5%</b>	<b>27.1%</b>	<b>19.9%</b>	<b>4</b>

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 Equipment M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Audio/Video	21	8	38%	\$1,431	\$24	73%	18%	3.6x	4	7.8%	9.6%	9.5%	3
Q2 '07	Audio/Video	17	7	41%	\$717	\$33	67%	0%	1.8x	6	(2.2)%	7.1%	4.7%	1
Q3 '07	Audio/Video	21	14	67%	\$3,146	\$19	64%	7%	2.3x	5	28.1%	24.7%	19.0%	2
Q4 '07	Audio/Video	21	13	62%	\$335	\$13	81%	0%	1.2x	3	28.2%	28.2%	38.9%	1
Q1 '08	Audio/Video	16	6	38%	\$61	\$4	50%	13%	NA	0	NA	NA	NA	0
Q2 '08	Audio/Video	11	5	45%	\$391	\$26	86%	14%	0.9x	2	NA	NA	NA	0
Q3 '08	Audio/Video	12	5	42%	\$70	\$17	86%	0%	2.2x	3	154.6%	154.6%	37.5%	1
Q4 '08	Audio/Video	32	17	53%	\$16,446	\$9	88%	4%	0.7x	9	43.8%	31.5%	25.9%	4
Q1 '09	Audio/Video	16	8	50%	\$653	\$33	64%	18%	0.1x	3	53.3%	53.3%	9.5%	1
Q2 '09	Audio/Video	19	6	32%	\$531	\$21	60%	30%	0.4x	3	21.7%	23.3%	89.5%	2
Q3 '09	Audio/Video	14	7	50%	\$3,449	\$6	83%	0%	3.7x	1	24.4%	23.8%	22.4%	1
Q4 '09	Audio/Video	23	12	52%	\$18,111	\$142	54%	38%	1.2x	6	(0.6)%	2.5%	10.9%	3
Q1 '10	Audio/Video	20	9	45%	\$1,452	\$14	67%	33%	0.3x	3	0.0%	0.4%	0.4%	3
Q2 '10	Audio/Video	13	6	46%	\$385	\$11	50%	38%	0.7x	4	31.1%	26.8%	39.0%	1
Q3 '10	Audio/Video	12	2	17%	\$481	\$240	67%	17%	0.8x	2	63.6%	63.6%	63.6%	1
<b>Total</b>	<b>Audio/Video</b>	<b>268</b>	<b>125</b>	<b>47%</b>	<b>\$47,658</b>	<b>\$16</b>	<b>71%</b>	<b>14%</b>	<b>1.2x</b>	<b>54</b>	<b>26.3%</b>	<b>25.3%</b>	<b>16.7%</b>	<b>24</b>
Q1 '07	Wireless Network	14	10	71%	\$110	\$8	40%	20%	1.3x	4	54.2%	39.9%	44.4%	1
Q2 '07	Wireless Network	10	7	70%	\$218	\$33	75%	0%	2.5x	2	NA	NA	NA	0
Q3 '07	Wireless Network	16	6	38%	\$58	\$5	88%	0%	9.3x	2	27.3%	27.3%	23.5%	1
Q4 '07	Wireless Network	13	7	54%	\$777	\$80	70%	0%	1.2x	5	38.4%	38.4%	40.8%	1
Q1 '08	Wireless Network	7	4	57%	\$43	\$7	100%	0%	0.7x	3	NA	NA	NA	0
Q2 '08	Wireless Network	4	3	75%	\$226	\$72	100%	0%	2.4x	1	NA	NA	NA	0
Q3 '08	Wireless Network	12	3	25%	\$33	\$5	75%	0%	NA	0	NA	NA	NA	0
Q4 '08	Wireless Network	6	4	67%	\$12	\$3	50%	25%	NA	0	(50.0)%	(51.7)%	(62.3)%	1
Q1 '09	Wireless Network	8	4	50%	\$136	\$9	100%	0%	0.3x	1	77.3%	53.3%	69.2%	1
Q2 '09	Wireless Network	8	2	25%	\$665	\$333	67%	33%	1.4x	1	NA	NA	NA	0
Q3 '09	Wireless Network	13	5	38%	\$1,161	\$11	57%	29%	1.1x	2	NA	NA	NA	0
Q4 '09	Wireless Network	14	8	57%	\$3,630	\$44	70%	0%	6.2x	4	21.7%	27.0%	30.3%	2
Q1 '10	Wireless Network	6	1	17%	\$73	\$73	33%	33%	3.5x	1	70.4%	64.3%	135.9%	1
Q2 '10	Wireless Network	9	3	33%	\$106	\$41	40%	20%	8.1x	3	45.6%	51.5%	37.6%	1
Q3 '10	Wireless Network	7	4	57%	\$1,519	\$151	80%	0%	0.3x	3	30.8%	45.7%	35.6%	1
<b>Total</b>	<b>Wireless Network</b>	<b>147</b>	<b>71</b>	<b>48%</b>	<b>\$8,769</b>	<b>\$14</b>	<b>69%</b>	<b>9%</b>	<b>1.6x</b>	<b>32</b>	<b>34.6%</b>	<b>39.2%</b>	<b>39.2%</b>	<b>10</b>

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 Equipment M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Satellite & GPS	7	2	29%	\$94	\$47	67%	33%	1.3x	1	NA	NA	NA	0
Q2 '07	Satellite & GPS	11	4	36%	\$66	\$10	50%	17%	1.0x	2	NA	NA	NA	0
Q3 '07	Satellite & GPS	8	5	63%	\$556	\$38	100%	0%	3.4x	3	26.4%	31.3%	37.4%	1
Q4 '07	Satellite & GPS	4	1	25%	\$15	\$15	100%	0%	0.4x	1	NA	NA	NA	0
Q1 '08	Satellite & GPS	2	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q2 '08	Satellite & GPS	4	3	75%	\$270	\$45	100%	0%	1.1x	2	48.6%	45.2%	30.7%	1
Q3 '08	Satellite & GPS	5	1	20%	\$0	\$0	0%	0%	NA	0	NA	NA	NA	0
Q4 '08	Satellite & GPS	9	5	56%	\$138	\$20	67%	17%	1.2x	1	50.9%	50.9%	67.3%	1
Q1 '09	Satellite & GPS	3	2	67%	\$18	\$9	100%	0%	1.1x	1	NA	NA	NA	0
Q2 '09	Satellite & GPS	4	2	50%	\$133	\$67	100%	0%	0.5x	1	NA	NA	NA	0
Q3 '09	Satellite & GPS	5	3	60%	\$63	\$8	50%	50%	2.6x	2	354.5%	389.5%	297.7%	1
Q4 '09	Satellite & GPS	6	4	67%	\$25	\$3	75%	0%	NA	0	NA	NA	NA	0
Q1 '10	Satellite & GPS	6	4	67%	\$65	\$15	83%	0%	1.4x	3	NA	NA	NA	0
Q2 '10	Satellite & GPS	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '10	Satellite & GPS	4	2	50%	\$278	\$139	100%	0%	2.3x	1	NA	NA	NA	0
<b>Total</b>	<b>Satellite &amp; GPS</b>	<b>79</b>	<b>38</b>	<b>48%</b>	<b>\$1,721</b>	<b>\$18</b>	<b>76%</b>	<b>10%</b>	<b>1.3x</b>	<b>18</b>	<b>49.7%</b>	<b>48.0%</b>	<b>52.3%</b>	<b>4</b>
Q1 '07	Wireless Handset	3	1	33%	\$8	\$8	0%	0%	NA	0	NA	NA	NA	0
Q2 '07	Wireless Handset	9	5	56%	\$63	\$5	80%	20%	5.6x	1	NA	NA	NA	0
Q3 '07	Wireless Handset	1	1	100%	\$2	\$2	0%	100%	NA	0	NA	NA	NA	0
Q4 '07	Wireless Handset	3	2	67%	\$21	\$10	100%	0%	0.8x	1	NA	NA	NA	0
Q1 '08	Wireless Handset	3	3	100%	\$370	\$100	67%	33%	2.0x	1	29.9%	39.9%	57.7%	1
Q2 '08	Wireless Handset	2	1	50%	\$279	\$279	100%	0%	NA	0	NA	NA	NA	0
Q3 '08	Wireless Handset	3	3	100%	\$236	\$31	67%	33%	NA	0	NA	NA	NA	0
Q4 '08	Wireless Handset	1	1	100%	\$51	\$51	0%	0%	NA	0	NA	NA	NA	0
Q1 '09	Wireless Handset	1	1	100%	\$0	\$0	100%	0%	NA	0	NA	NA	NA	0
Q2 '09	Wireless Handset	1	1	100%	\$1	\$1	100%	0%	NA	0	NA	NA	NA	0
Q3 '09	Wireless Handset	4	3	75%	\$19	\$6	100%	0%	NA	0	NA	NA	NA	0
Q4 '09	Wireless Handset	3	2	67%	\$201	\$101	33%	33%	NA	0	NA	NA	NA	0
Q1 '10	Wireless Handset	2	1	50%	\$23	\$23	50%	50%	1.7x	1	NA	NA	NA	0
Q2 '10	Wireless Handset	3	2	67%	\$1,819	\$910	50%	0%	1.4x	2	22.6%	17.3%	46.2%	1
Q3 '10	Wireless Handset	1	1	100%	\$11	\$11	0%	0%	NA	0	NA	NA	NA	0
<b>Total</b>	<b>Wireless Handset</b>	<b>40</b>	<b>28</b>	<b>70%</b>	<b>\$3,107</b>	<b>\$13</b>	<b>66%</b>	<b>19%</b>	<b>1.7x</b>	<b>6</b>	<b>26.3%</b>	<b>28.6%</b>	<b>51.9%</b>	<b>2</b>

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 Equipment M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Servers/Computing	3	1	33%	\$3	\$3	0%	100%	0.0x	1	NA	NA	NA	0
Q2 '07	Servers/Computing	2	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '07	Servers/Computing	2	2	100%	\$241	\$121	100%	0%	0.1x	1	NA	NA	NA	0
Q4 '07	Servers/Computing	3	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q1 '08	Servers/Computing	2	1	50%	\$1	\$1	50%	50%	NA	0	NA	NA	NA	0
Q2 '08	Servers/Computing	3	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q3 '08	Servers/Computing	4	1	25%	\$34	\$34	0%	0%	1.0x	1	NA	NA	NA	0
Q4 '08	Servers/Computing	2	1	50%	\$1	\$1	0%	50%	NA	0	NA	NA	NA	0
Q1 '09	Servers/Computing	1	1	100%	\$25	\$25	100%	0%	0.1x	1	220.5%	155.1%	180.9%	1
Q2 '09	Servers/Computing	2	1	50%	\$8,342	\$8,342	100%	0%	0.4x	1	42.0%	42.2%	17.3%	1
Q3 '09	Servers/Computing	1	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q4 '09	Servers/Computing	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q1 '10	Servers/Computing	0	0	NA	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q2 '10	Servers/Computing	0	0	NA	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '10	Servers/Computing	0	0	NA	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
<b>Total</b>	<b>Servers/Computing</b>	<b>26</b>	<b>8</b>	<b>31%</b>	<b>\$8,647</b>	<b>\$30</b>	<b>64%</b>	<b>21%</b>	<b>0.1x</b>	<b>5</b>	<b>131.3%</b>	<b>98.7%</b>	<b>99.1%</b>	<b>2</b>
Q1 '07	Consumer Electronics	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q2 '07	Consumer Electronics	1	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '07	Consumer Electronics	3	2	67%	\$1,083	\$541	50%	50%	0.8x	2	12.7%	11.9%	6.1%	2
Q4 '07	Consumer Electronics	4	4	100%	\$582	\$15	100%	0%	0.3x	3	NA	NA	NA	0
Q1 '08	Consumer Electronics	2	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q2 '08	Consumer Electronics	0	0	NA	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q3 '08	Consumer Electronics	2	1	50%	\$7	\$7	50%	0%	NA	0	NA	NA	NA	0
Q4 '08	Consumer Electronics	2	1	50%	\$580	\$580	100%	0%	0.1x	1	NA	NA	NA	0
Q1 '09	Consumer Electronics	0	0	NA	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q2 '09	Consumer Electronics	2	1	50%	\$2	\$2	100%	0%	0.2x	1	(26.0)%	(7.5)%	(53.8)%	1
Q3 '09	Consumer Electronics	3	1	33%	\$42	\$42	100%	0%	NA	0	NA	NA	NA	0
Q4 '09	Consumer Electronics	6	4	67%	\$49	\$15	100%	0%	1.4x	2	366.7%	320.0%	342.1%	1
Q1 '10	Consumer Electronics	2	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q2 '10	Consumer Electronics	2	1	50%	\$90	\$90	50%	0%	NA	0	NA	NA	NA	0
Q3 '10	Consumer Electronics	2	2	100%	\$61	\$31	100%	0%	0.4x	2	31.4%	45.3%	53.3%	1
<b>Total</b>	<b>Consumer Electronics</b>	<b>32</b>	<b>17</b>	<b>53%</b>	<b>\$2,496</b>	<b>\$18</b>	<b>86%</b>	<b>5%</b>	<b>0.3x</b>	<b>11</b>	<b>23.4%</b>	<b>27.3%</b>	<b>20.2%</b>	<b>5</b>

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 Equipment M&A Data

Quarter	Sector	# of Deals		%w/ Ann.	Trans Value		Consideration <sup>(1)</sup>		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	All Cash	All Stock	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Components & Subsystems	17	7	41%	\$395	\$55	70%	20%	2.7x	3	NA	NA	NA	0
Q2 '07	Components & Subsystems	18	9	50%	\$3,195	\$7	80%	0%	1.1x	7	12.2%	11.9%	13.8%	4
Q3 '07	Components & Subsystems	15	12	80%	\$1,422	\$11	57%	7%	1.1x	4	17.5%	33.9%	28.8%	1
Q4 '07	Components & Subsystems	10	4	40%	\$193	\$52	50%	17%	1.3x	2	NA	NA	NA	0
Q1 '08	Components & Subsystems	17	8	47%	\$51	\$4	91%	9%	NA	0	NA	NA	NA	0
Q2 '08	Components & Subsystems	10	4	40%	\$692	\$124	83%	0%	1.1x	3	5.6%	3.2%	30.1%	1
Q3 '08	Components & Subsystems	11	6	55%	\$69	\$3	78%	22%	0.5x	1	NA	NA	NA	0
Q4 '08	Components & Subsystems	5	2	40%	\$3	\$1	50%	50%	0.2x	1	NA	NA	NA	0
Q1 '09	Components & Subsystems	11	5	45%	\$150	\$28	86%	14%	NA	0	NA	NA	NA	0
Q2 '09	Components & Subsystems	10	7	70%	\$97	\$10	67%	17%	1.1x	3	NA	NA	NA	0
Q3 '09	Components & Subsystems	6	3	50%	\$367	\$6	100%	0%	1.6x	1	NA	NA	NA	0
Q4 '09	Components & Subsystems	9	6	67%	\$265	\$35	75%	13%	1.6x	3	25.8%	45.1%	35.0%	2
Q1 '10	Components & Subsystems	9	5	56%	\$228	\$41	100%	0%	1.2x	2	28.0%	29.9%	33.8%	1
Q2 '10	Components & Subsystems	14	10	71%	\$1,025	\$18	100%	0%	0.8x	4	113.3%	112.6%	120.7%	1
Q3 '10	Components & Subsystems	5	1	20%	\$10	\$10	100%	0%	5.2x	1	NA	NA	NA	0
<b>Total</b>	<b>Components &amp; Subsystems</b>	<b>167</b>	<b>89</b>	<b>53%</b>	<b>\$8,161</b>	<b>\$15</b>	<b>78%</b>	<b>10%</b>	<b>1.1x</b>	<b>35</b>	<b>16.4%</b>	<b>21.9%</b>	<b>29.5%</b>	<b>10</b>
Q1 '07	ODMs & EMS	1	1	100%	\$37	\$37	0%	100%	0.2x	1	(18.4)%	(13.4)%	(18.4)%	1
Q2 '07	ODMs & EMS	4	3	75%	\$5,109	\$747	67%	0%	0.8x	2	8.8%	8.6%	12.7%	2
Q3 '07	ODMs & EMS	2	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
Q4 '07	ODMs & EMS	4	2	50%	\$19	\$9	100%	0%	0.2x	2	(14.6)%	(8.4)%	1.0%	2
Q1 '08	ODMs & EMS	5	2	40%	\$160	\$80	100%	0%	NA	0	NA	NA	NA	0
Q2 '08	ODMs & EMS	1	1	100%	\$10	\$10	0%	0%	0.9x	1	NA	NA	NA	0
Q3 '08	ODMs & EMS	4	1	25%	\$29	\$29	100%	0%	0.9x	1	NA	NA	NA	0
Q4 '08	ODMs & EMS	7	1	14%	\$8	\$8	100%	0%	0.3x	1	NA	NA	NA	0
Q1 '09	ODMs & EMS	1	1	100%	\$12	\$12	100%	0%	2.1x	1	NA	NA	NA	0
Q2 '09	ODMs & EMS	2	2	100%	\$21	\$11	0%	50%	NA	0	NA	NA	NA	0
Q3 '09	ODMs & EMS	2	0	0%	\$0	NA	NA	NA	NA	0	NA	NA	NA	0
Q4 '09	ODMs & EMS	5	3	60%	\$116	\$15	33%	67%	0.3x	2	(48.2)%	(50.3)%	(45.5)%	2
Q1 '10	ODMs & EMS	2	2	100%	\$37	\$18	50%	0%	0.3x	2	NA	NA	NA	0
Q2 '10	ODMs & EMS	9	1	11%	\$54	\$54	67%	33%	NA	0	NA	NA	NA	0
Q3 '10	ODMs & EMS	2	0	0%	\$0	NA	100%	0%	NA	0	NA	NA	NA	0
<b>Total</b>	<b>ODMs &amp; EMS</b>	<b>51</b>	<b>20</b>	<b>39%</b>	<b>\$5,612</b>	<b>\$23</b>	<b>67%</b>	<b>19%</b>	<b>0.3x</b>	<b>13</b>	<b>(9.0)%</b>	<b>(12.8)%</b>	<b>(3.4)%</b>	<b>7</b>

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

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## 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.*

<b>Mission</b>	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.
<b>Services</b>	Sell Side Advisory, Divestitures, Buy Side Advisory, Strategic Investments
<b>Industry Focus</b>	Software, hardware and services in the Wireless, VoIP, IP Video, Networking, Internet, Telecom Equipment, IT Infrastructure and Enabling Technology sectors
<b>Offices</b>	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>  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"> <li>• Sale of Xumii to Myriad Group</li> <li>• Capital Raise for InfoSonics</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of AccessLine to Telanetix</li> <li>• Strategic Advisory for Voice 2.0 Service Provider</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for DirecTV Reseller</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Compute Intensive to Verio</li> <li>• Sale of GeoNet to Level 3</li> <li>• Capital Raise for Speakeasy</li> </ul>
Software	<ul style="list-style-type: none"> <li>• Sale of Neven Vision to Google</li> <li>• Sale of SKY MobileMedia,</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of CrystalVoice to Global IP Solutions</li> <li>• Buyside Advisory for VOIP Softphone Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• IPO for Divx</li> <li>• Strategic Advisory for Mobile Video SW Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of LVL7 to Broadcom</li> <li>• Sale of Neteon to CA</li> </ul>
Equipment	<ul style="list-style-type: none"> <li>• Sale of Strix to Idream</li> <li>• Sale of Aiprime to Sierra Wireless</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Unified Messaging Vendor</li> <li>• Strategic Advisory for IP-PBX Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Gyration to Philips</li> <li>• Sale of TIR to Philips</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Network Physics to OpNet</li> <li>• Capital Raise for Raptor Networks</li> <li>• Sale of Procom to Sun</li> </ul>
Semis	<ul style="list-style-type: none"> <li>• Sale of CommAsic to Freescale</li> <li>• Peregrine Strategic Investment</li> <li>• Sale of Synad to ST</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Noise Cancellation IC Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Vativ to Entropic</li> <li>• Strategic Advisory for Video Processing IC Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Storage Networking IC Vendor</li> </ul>

# Representative Buyer Relationships

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

## Why Work With SagePoint?

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- 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