

SagePoint Telecom Services M&A Review for Q4 2010

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



For more information contact David Michaels at (858) 926-5950 or dmichaels@sagepointadvisors.com

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SagePoint's Viewpoint - Key Takeaways

- M&A dollar volume across SagePoint's entire Internet, Communications & IT Infrastructure ("ICIT") more than doubled in 2010 compared to 2009
 - Multi-billion dollar deals in all segments helped drive the strong rebound
 - Q4 M&A dollar volume across SagePoint's ICIT universe rose 13%, driven by the \$23B telco megamerger of VimpelCom and Weather Investments
- M&A transaction volume across SagePoint's ICIT universe was up nearly 25% in 2010 compared to 2009
 - Telecom Services and Software & Services drove the growth
 - Q4 M&A transaction volume across SagePoint's ICIT universe was up over 10% versus Q3'10, the second straight quarter of double digit transaction volume growth
- Median deal size across all targets in SagePoint's ICIT universe more than doubled to \$25M in 2010 from \$12M in 2009
- The Median LTM revenue multiple across all targets in SagePoint's ICIT Universe increased over 40% in 2010 to 2.0x
 - Improved market valuations and buyers aggressively acquiring to drive scale and broaden product offerings resulted in the highest annual median revenue multiple level in the past four years
 - The Q\$ Median LTM revenue multiple across all targets in SagePoint's ICIT Universe fell to 1.7x in Q4 as software multiples dropped significantly

SagePoint's Viewpoint - Key Takeaways

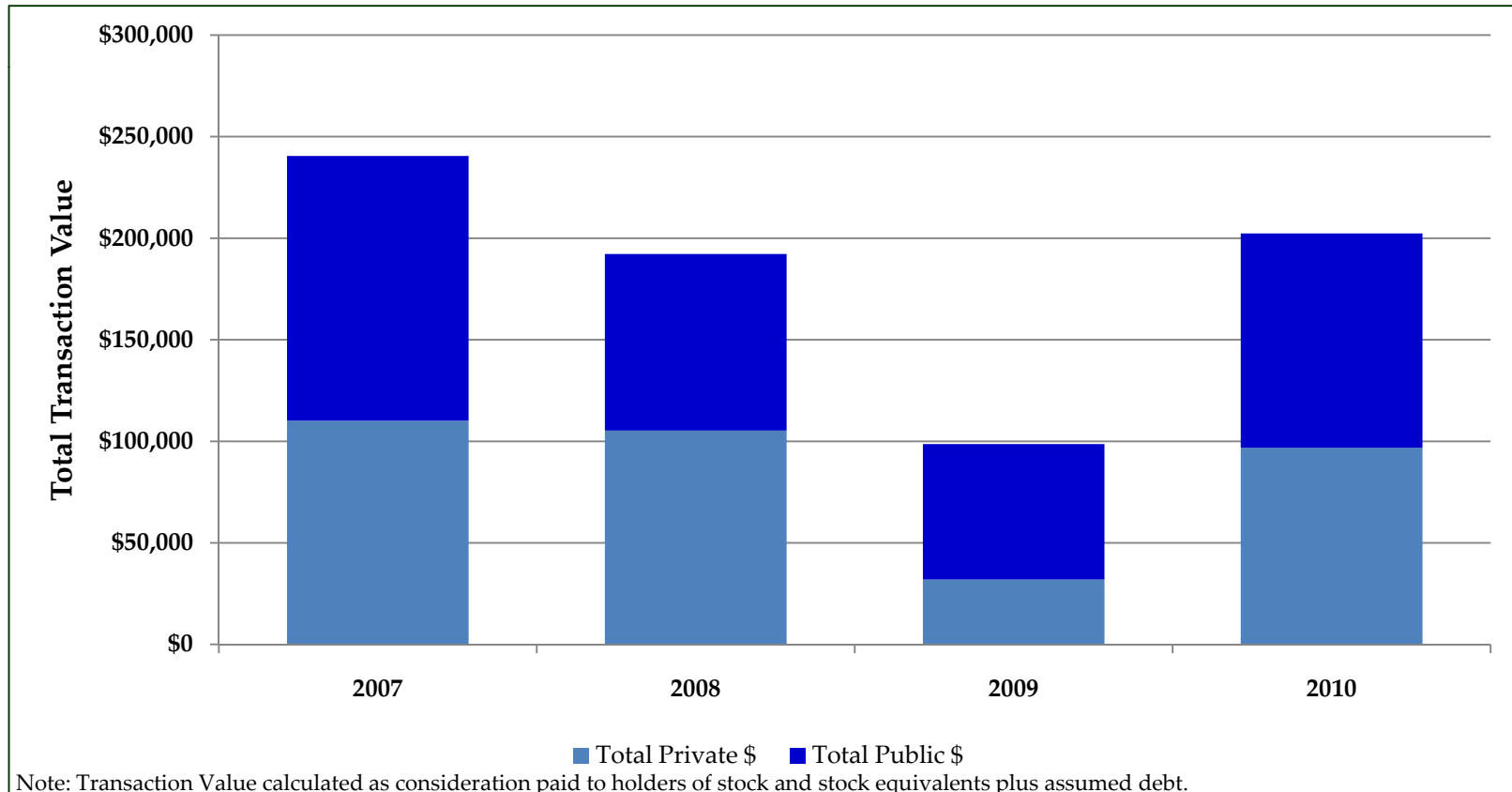
- 2010 M&A dollar volume for SagePoint's Telecom Services Universe more than tripled from 2009 to \$130B fueled by several megamergers
 - Q4 Telecom Services M&A dollar volume nearly doubled on the Weather Investments deal reaching the second highest in the past ten quarters
- 2010 Telecom Services M&A transaction volume rose 14% from 2009 but remains significantly below 2007 levels
 - The surge in traffic growth is driving strong deal activity in the Hosting & Data Center and Data Access & Transport segments
 - Q4 Telecom Services M&A transaction volume was up over 25% from Q3
 - VoIP, Wireless International, Diversified International and Wireless Towers saw the strongest increases in deal activity
- 2010 Private Telecom Services deal volume was up from 2009 across all deal sizes
 - Large private transaction volume was particularly impressive in 2010 with eight \$1B+ deals and another eight \$500M-\$1B deals
 - Q4 Telecom Services deal volume remained strong in the \$100M - \$1B private size range
- 2010 Public Telecom Services deal volume fell significantly at less than half 2009 levels
 - Just two \$1B+ public deals in 2010 represents a huge drop from prior years
 - Public deals returned with five in Q4 after no public Q3 deals
- 2010 median private revenue multiple increased more than 40% to 1.7x while public multiple plunged to just 1.1x, half 2009's level
 - Q4 Median private revenue multiples fell slightly to 1.9x, still at the high end of historic norms
 - Public multiples were quite low at just 0.3x for the five public deals in the quarter, a level that SagePoint considers to be an aberration as three struggling service providers were taken out at weak multiples

SagePoint's Viewpoint - Key Takeaways Continued

- The most active buyers over the last 24 months include just one tier 1 carrier, France Telecom, while Russian carriers are showing a lot of activity
 - OAO Svyazinvest, MegaFon and Sistema are Russia-based telecom providers active with smaller deals
 - Omnicity, a wireless ISP in the Midwest which is rolling up other wireless ISPs in the region, leads deal activity with 7 deals in the past two years, though just two small deals in '10
 - Daisy Group is a UK-based, business focused telecom operator that has made several small acquisitions
 - PE players have been very active in the telecom space in recent quarters
- Notable Q4 M&A transactions include:
 - Vimpelcom's acquisition of Weather Investments for \$23B
 - AT&T's acquisition of Qualcomm's 700MHz Spectrum for \$1.9B
 - Qater Telecom and Princesse Holding's acquisition of Orascom Telecom Tunisia for \$1.2B
 - Macquarie Capital's acquisition of Ceske Radiokomunikace for \$762M
 - Earthlink's acquisition of ITC^DeltaCom for \$573M
 - American Tower's acquisition of Cell C's South African Towers for \$430M
 - Mobile Telesystems' acquisition of Sistema Telecom for \$429M
 - Rogers Communications' acquisition of Atria Networks for \$418M
- SagePoint expects strong M&A activity to continue through 2011
 - Lumpiness of megamergers will continue to cause large swings in dollar volume, but SagePoint expects to see 80-120 deals a quarter in Telecom with revenue multiples in the low 2s
 - Companies will continue to utilize M&A to add scale and drive growth, particularly in emerging growth areas, and carrier consolidation is bound to continue with more \$1B+ transactions in 2011
 - It will be interesting to see if financial buyers continue their telecom acquisition spree

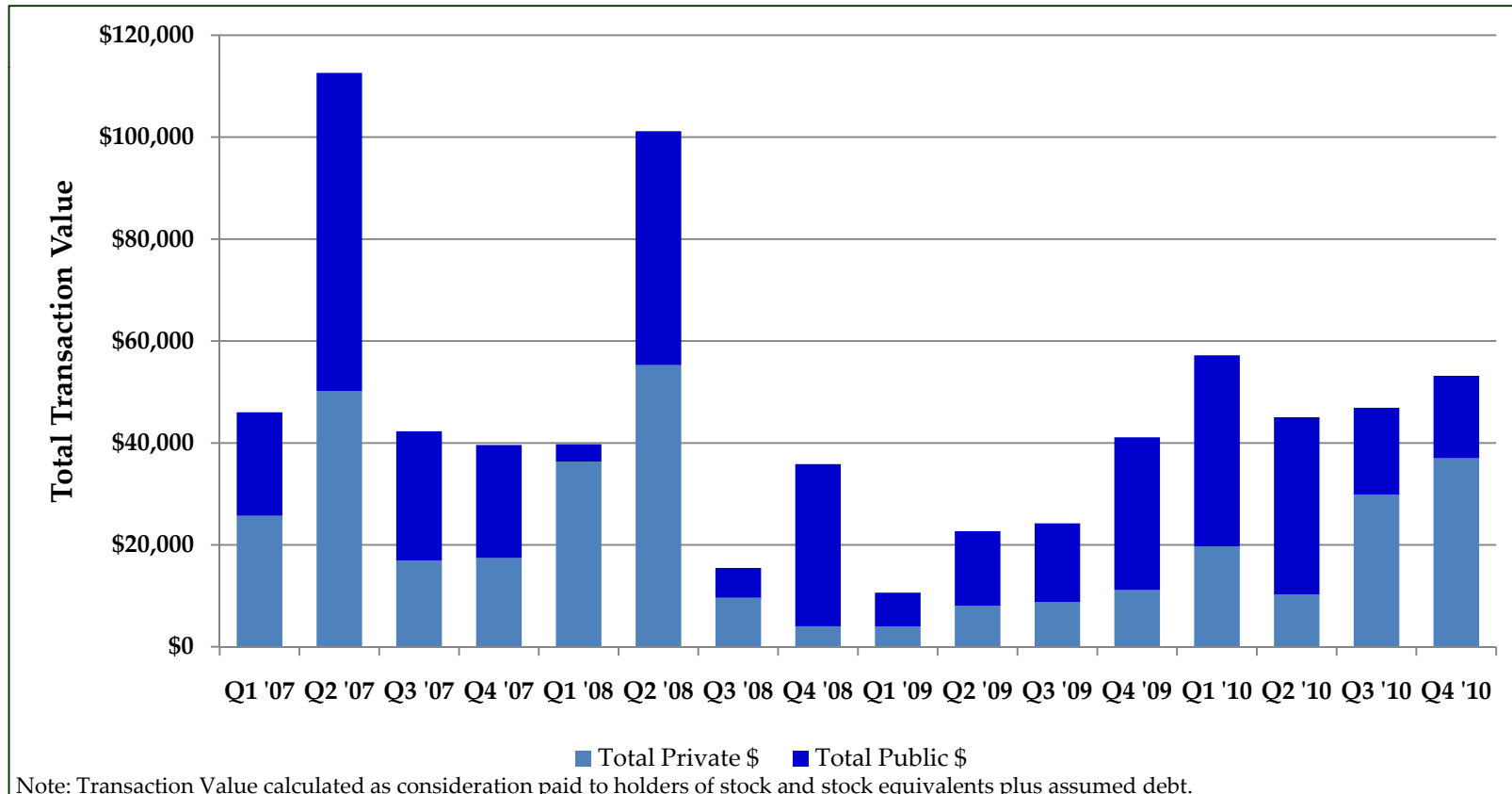
Annual M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's entire Internet, Communications & IT Infrastructure (“ICIT”) more than doubled in 2010 compared to 2009
- Multi-billion dollar deals in all segments helped drive the strong rebound
 - Telecom Services drove most of the increase with \$130.7B in 2010 versus \$38.4B in 2009, fueled by mega-mergers
 - Software & Services also grew significantly to \$47.9B in 2010 from \$9.9B in 2009



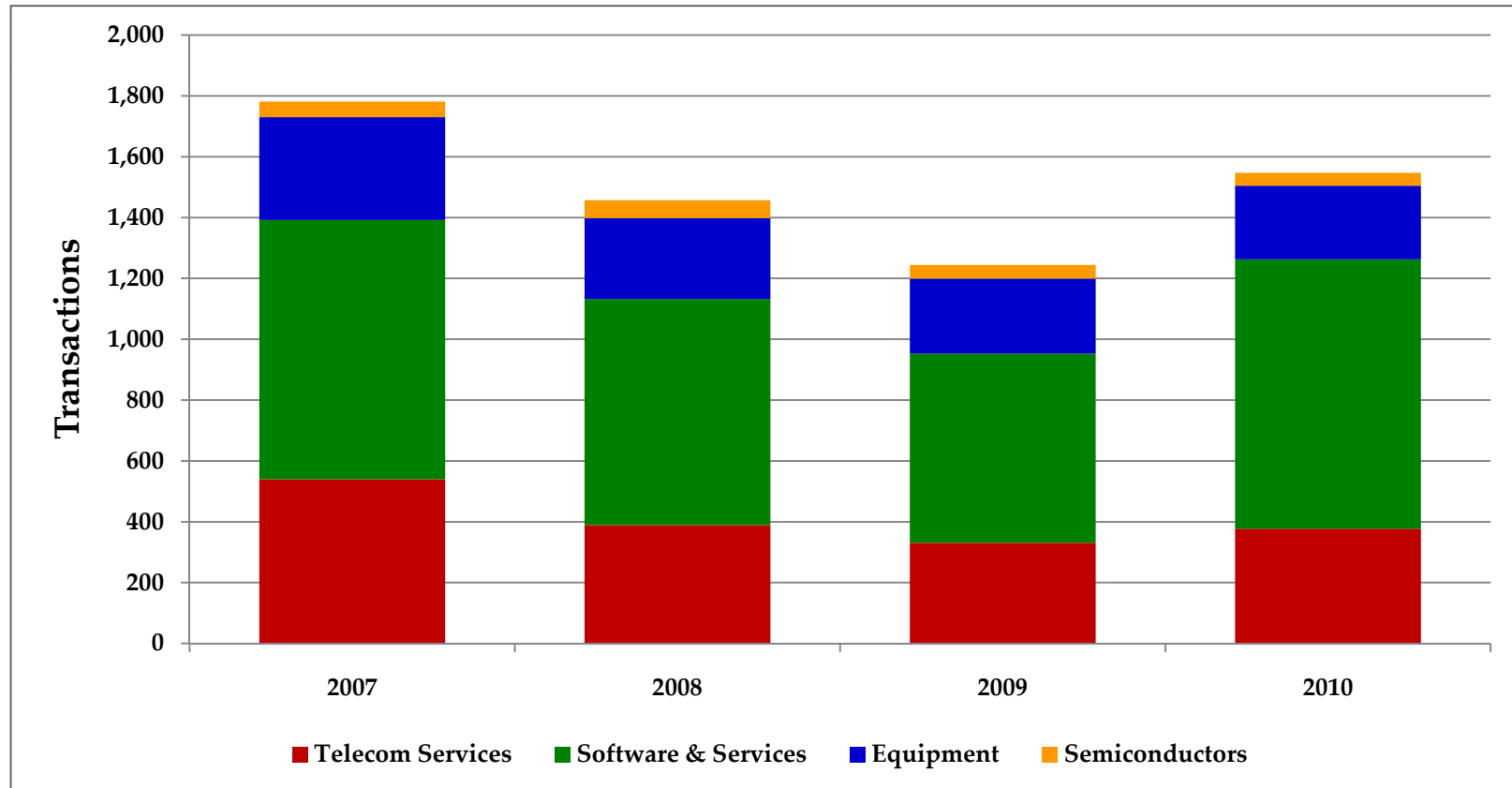
Quarterly M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's ICIT Universe rose 13%, driven by the \$23B telco megamerger of VimpelCom and Weather Investments
 - Equipment total deal dollars showed continued growth, buoyed by Carlyle's \$4.5B buyout of CommScope and EMC's \$2.5B bid for Isilon
 - Semis deal dollars fell back to typical levels after an uncharacteristically strong Q3
 - Software total deal dollars were cut by more than half compared to huge Q3 that was driven by Intel's \$7.5B acquisition of McAfee



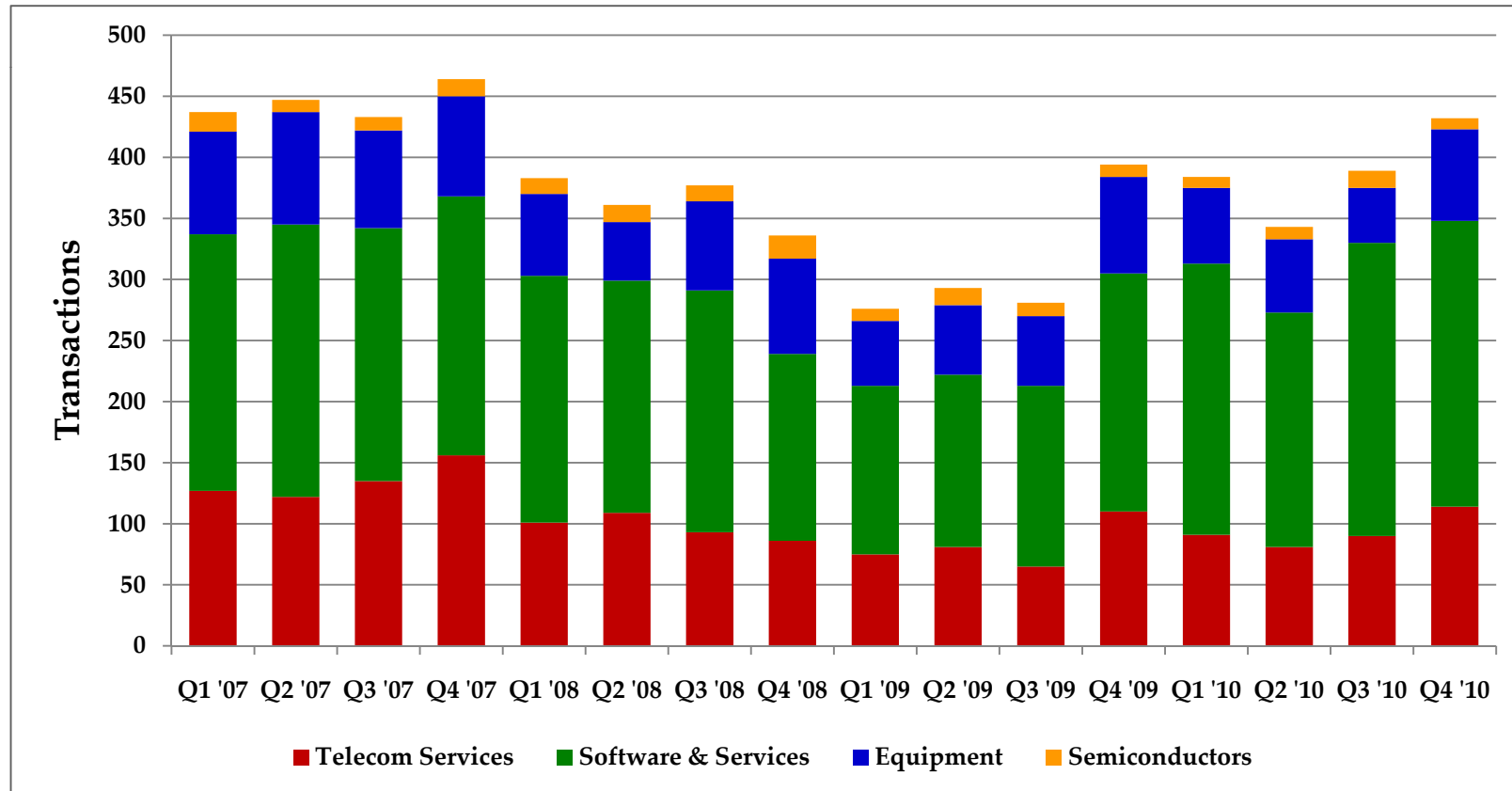
Annual M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up nearly 25% in 2010 compared to 2009
 - Telecom Services and Software & Services drove the growth while Semiconductors and Equipment were both slightly down
- Median deal size doubled from \$12M in 2009 to \$25M in 2010



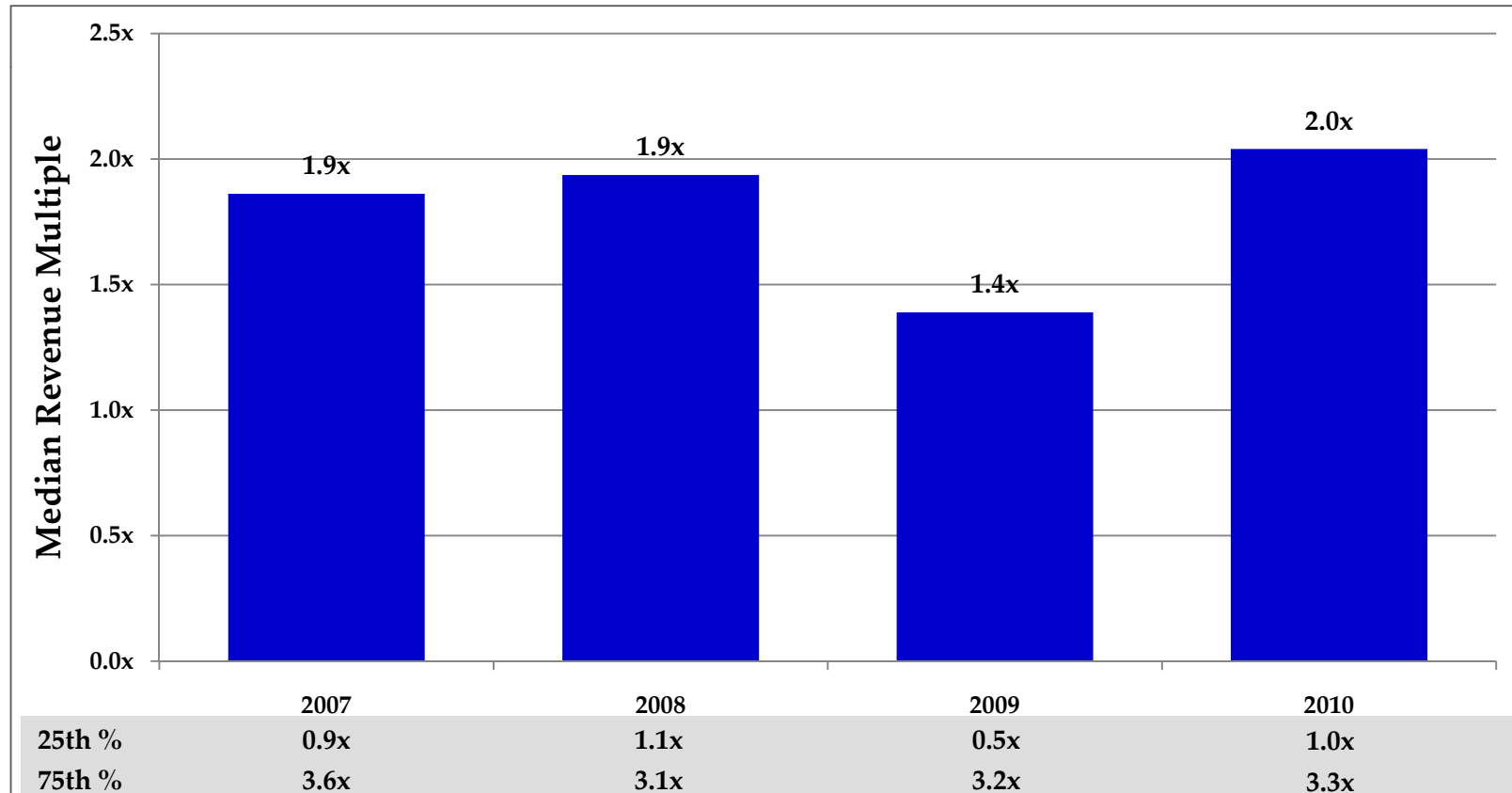
Quarterly M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up over 10% Q/Q again
- Q4’10 deal volume is nearing 2007 levels with over 400 deals for the first time since Q4’07
 - Equipment and Telco hit their highest quarterly volumes for the year, at or near two year highs
 - Software is down slightly from Q3’10 but still the largest deal volume for software in the past three years aside from Q3’10
- SagePoint expects M&A transaction volume to remain robust throughout 2011



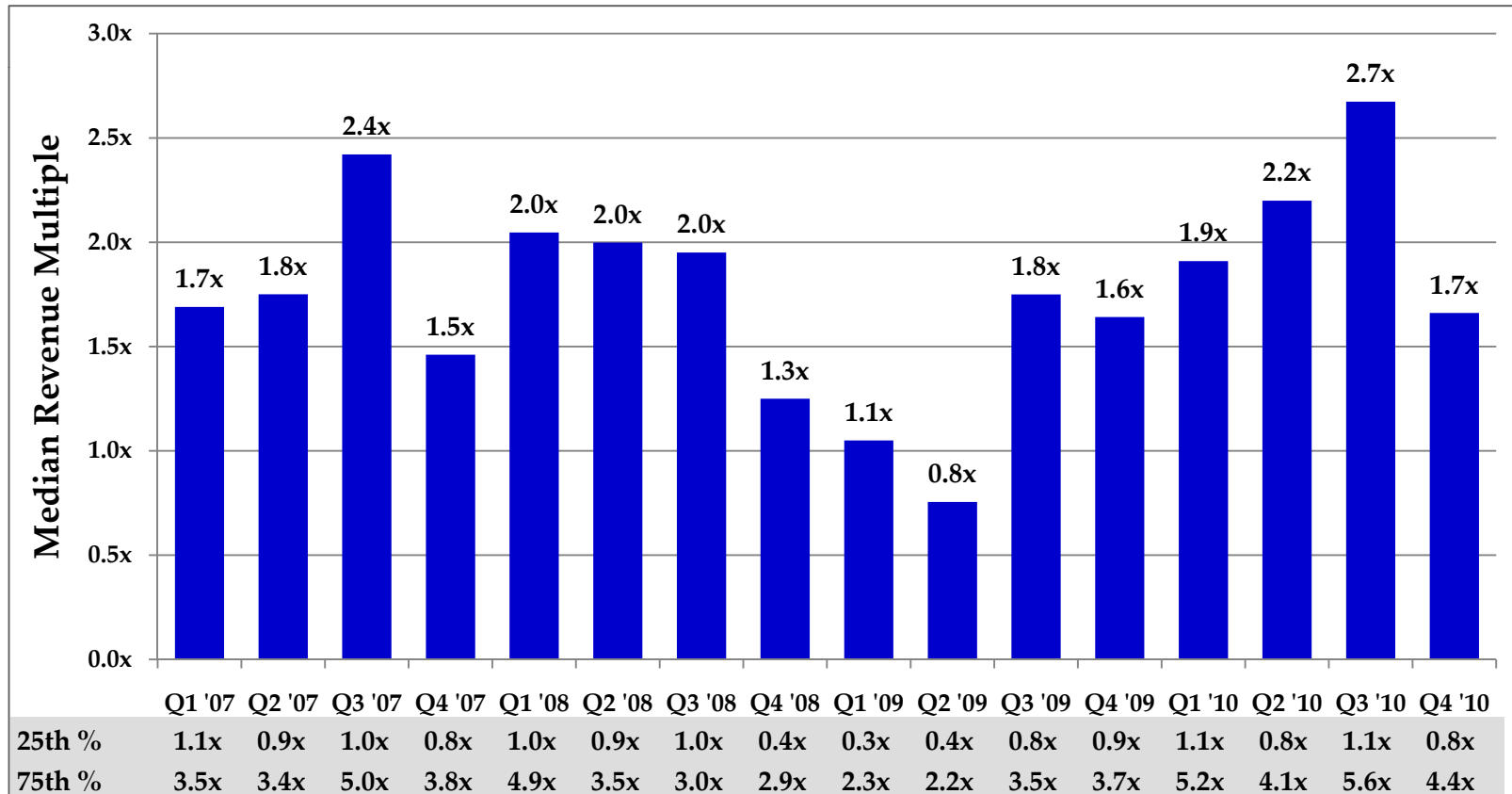
Annual M&A Median LTM Revenue Multiple – ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe increased over 40% in 2010 to 2.0x
- Improved market valuations and buyers aggressively acquiring to drive scale and broaden product offerings resulted in the highest median revenue multiple level in the past four years
 - A multiple of 1.0x at the 25th percentile in 2010 demonstrates that distressed sales constituted a smaller portion of the mix compared to 2009



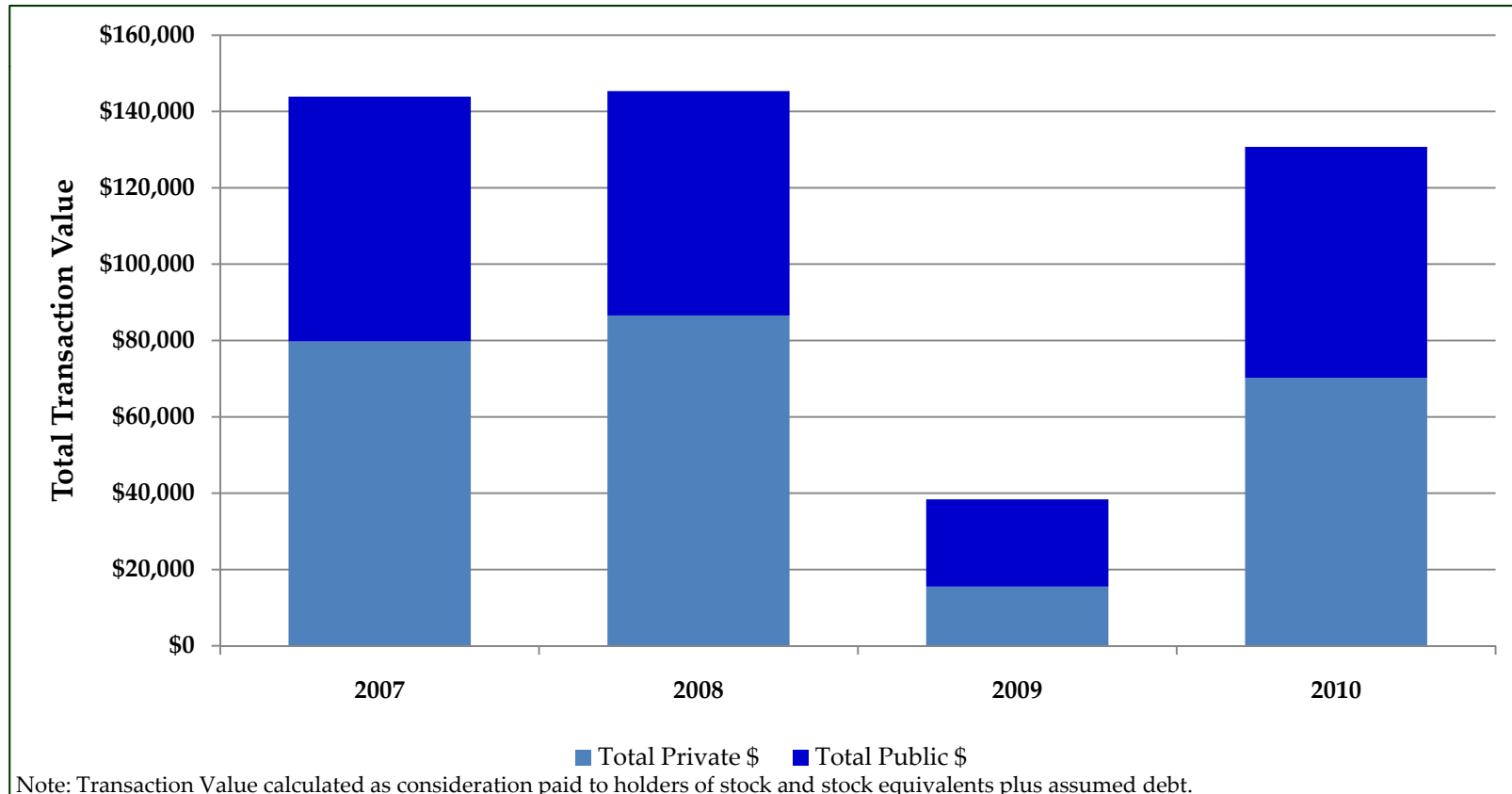
Quarterly M&A Median LTM Revenue Multiple – ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe fell significantly to 1.7x in Q4, back within historical norms after hitting a three year high in Q3’10
 - The large drop came as the median Software & Services valuation multiple fell back to within its historic range to 2.8x, following three quarters of lofty valuations around 4x
 - Last quarter we stated that Q3’s 2.7x median revenue multiple was an aberration and expected multiples to settle closer to 2x and we believe the multiples will pull back up into the 2s for 2011



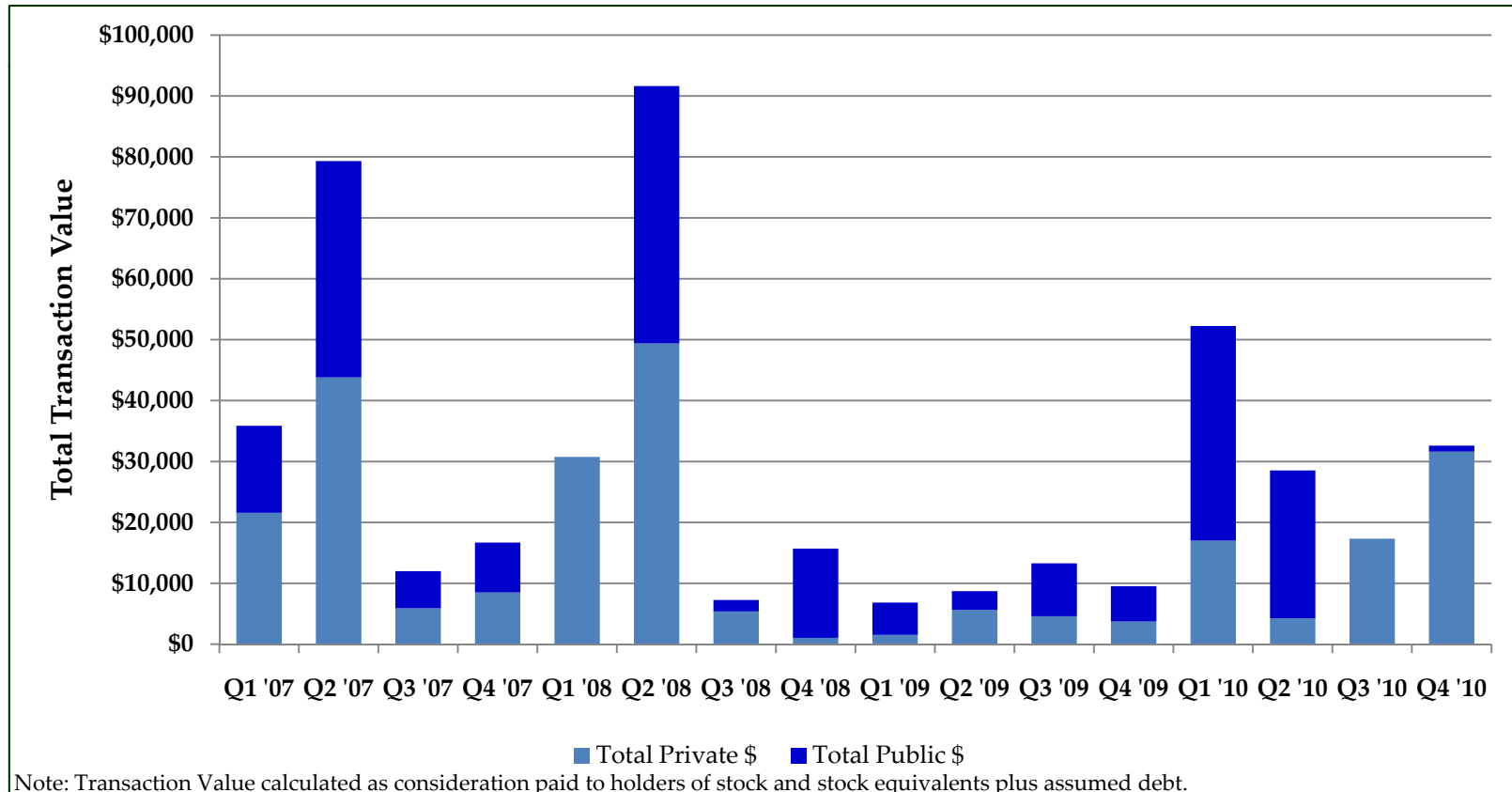
Annual M&A Dollar Volume – Telecom Services Universe

- 2010 Telecom Services M&A dollar volume more than tripled from 2009 to \$130B fueled by several megamergers
- However, total dollar volume is still slightly below 2007 and 2008 levels



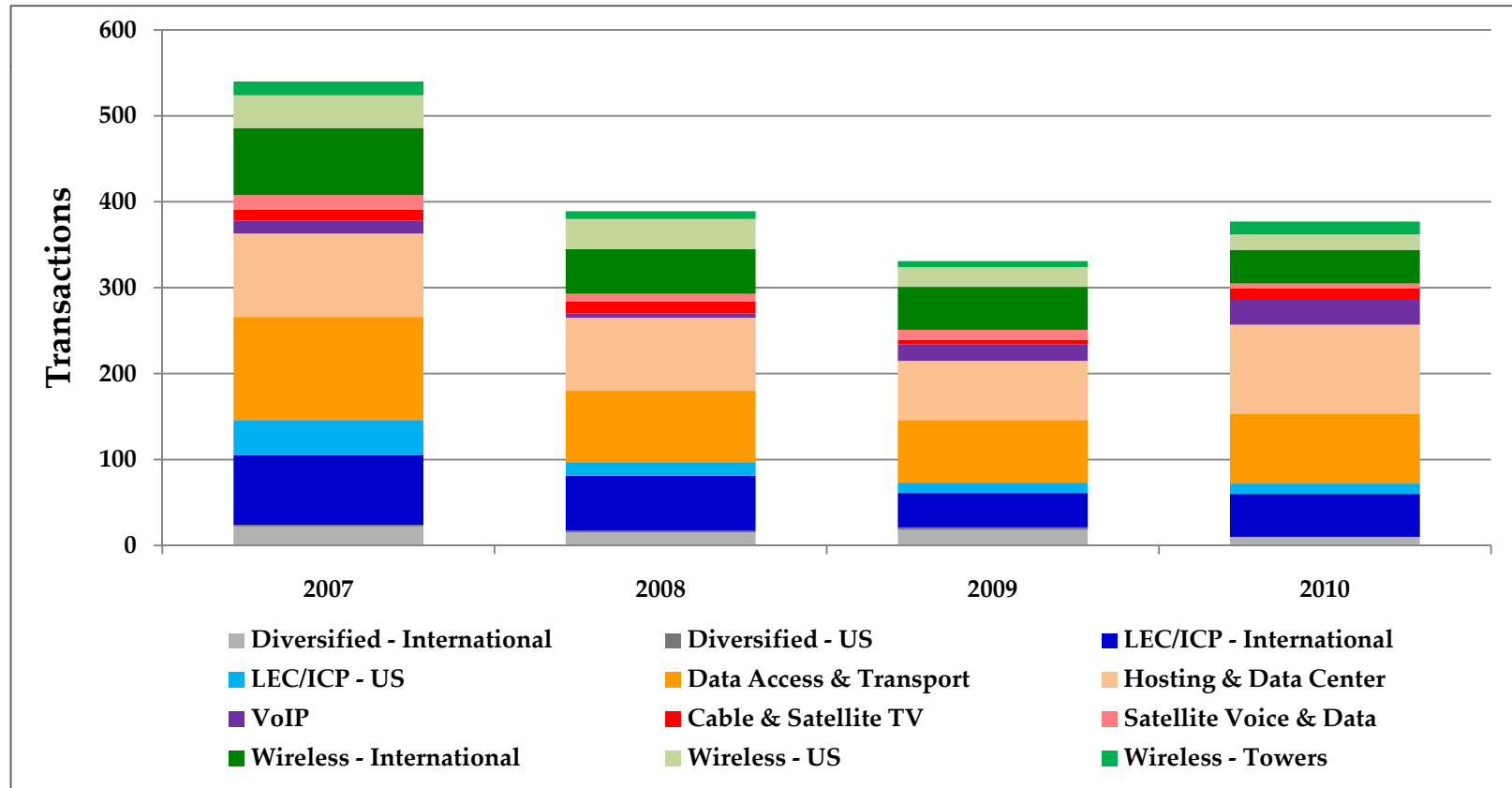
Quarterly M&A Dollar Volume – Telecom Services Universe

- Q4 Telecom Services M&A dollar volume nearly doubled from Q3 on Vimpelcom’s \$23B offer for Weather Investment which represented more than two-thirds of total dollars
- Q4 represented the second highest M&A dollar volume since Q2’08
 - Q4’10 driven by Vimpelcom/Weather (\$23.0B), AT&T/Qualcomm 700MHz Spectrum (\$1.9B) and Qatar Telecom and Princesse Holding/Orascom Telecom Tunisia (\$1.2B)
 - Q2’08 peak driven by Verizon/Alltel (\$30B) and China Unicom/China Netcom (\$33B) transactions



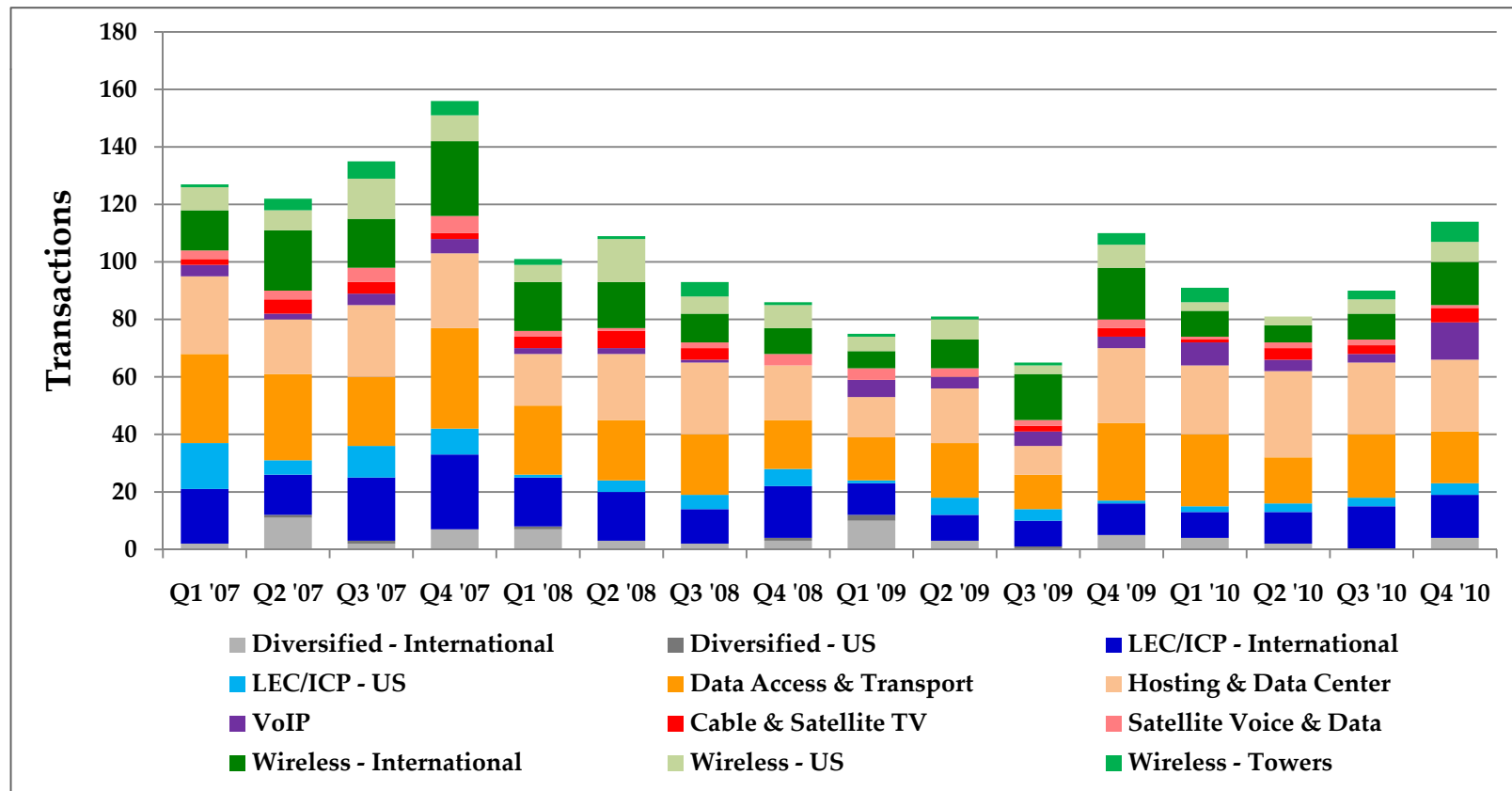
Annual M&A Transaction Volume – Telecom Services by Segment

- 2010 Telecom Services M&A transaction volume rose 14% from 2009
 - The surge in traffic growth is driving strong deal activity in the Hosting & Data Center and Data Access & Transport segments
- However, deal volume remains significantly below 2007 levels



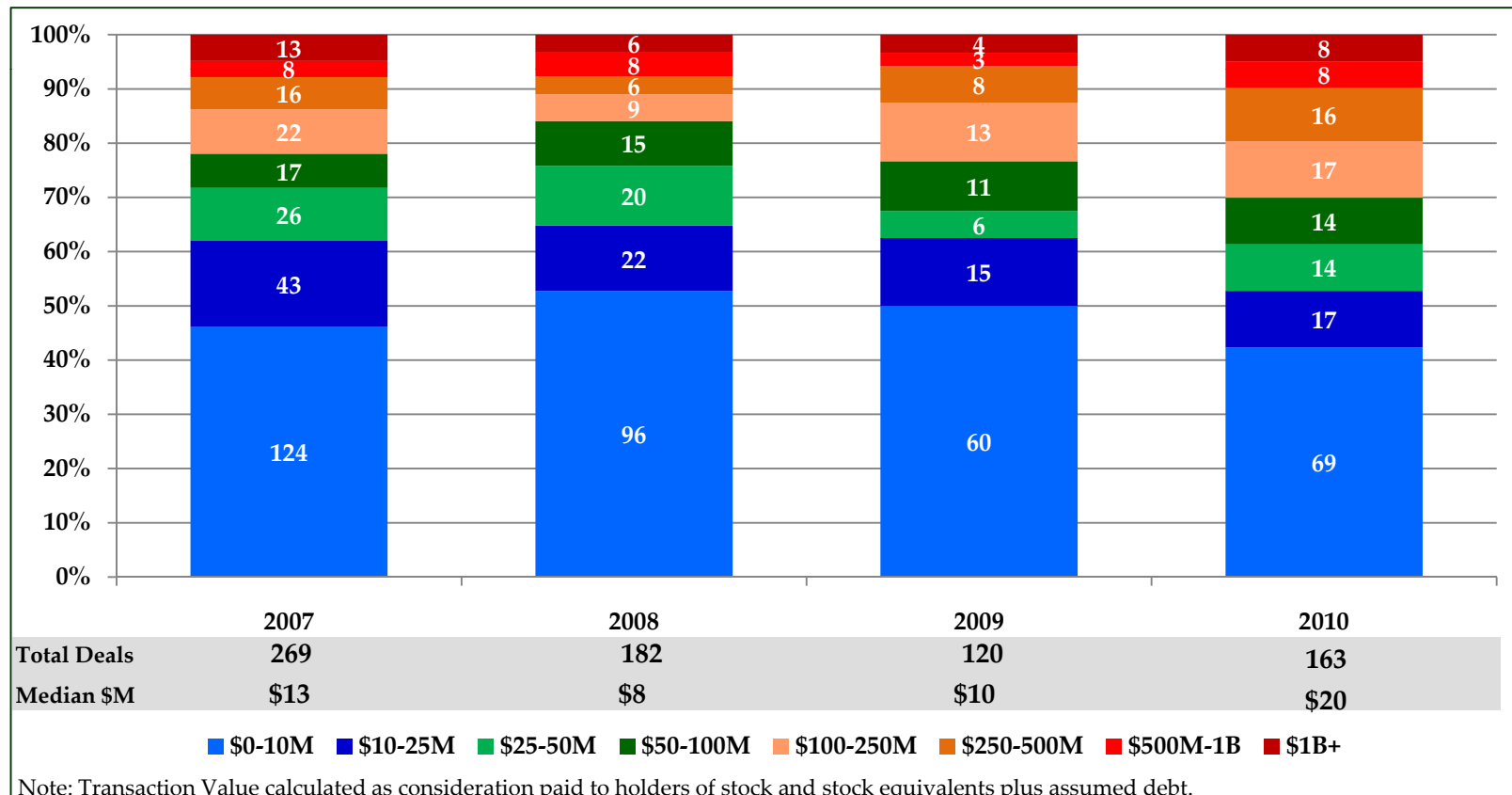
Quarterly M&A Transaction Volume – Telecom Svcs. by Segment

- Telecom Services M&A transaction volume rose 26% in Q4 versus Q3
- VoIP, Wireless International, Diversified International and Wireless Towers saw the strongest increases in deal activity
 - VoIP transactions were all small as the space consolidates with smaller players unable to survive on their own
 - International Wireless activity was near its three year high for transaction and dollar volume
 - Diversified International showed four deals after none the prior quarter, though no significant deals
 - Wireless Towers saw its highest deal volume in three years as major players continually seek more scale



Annual M&A Transaction Volume by Deal Size – Private Targets

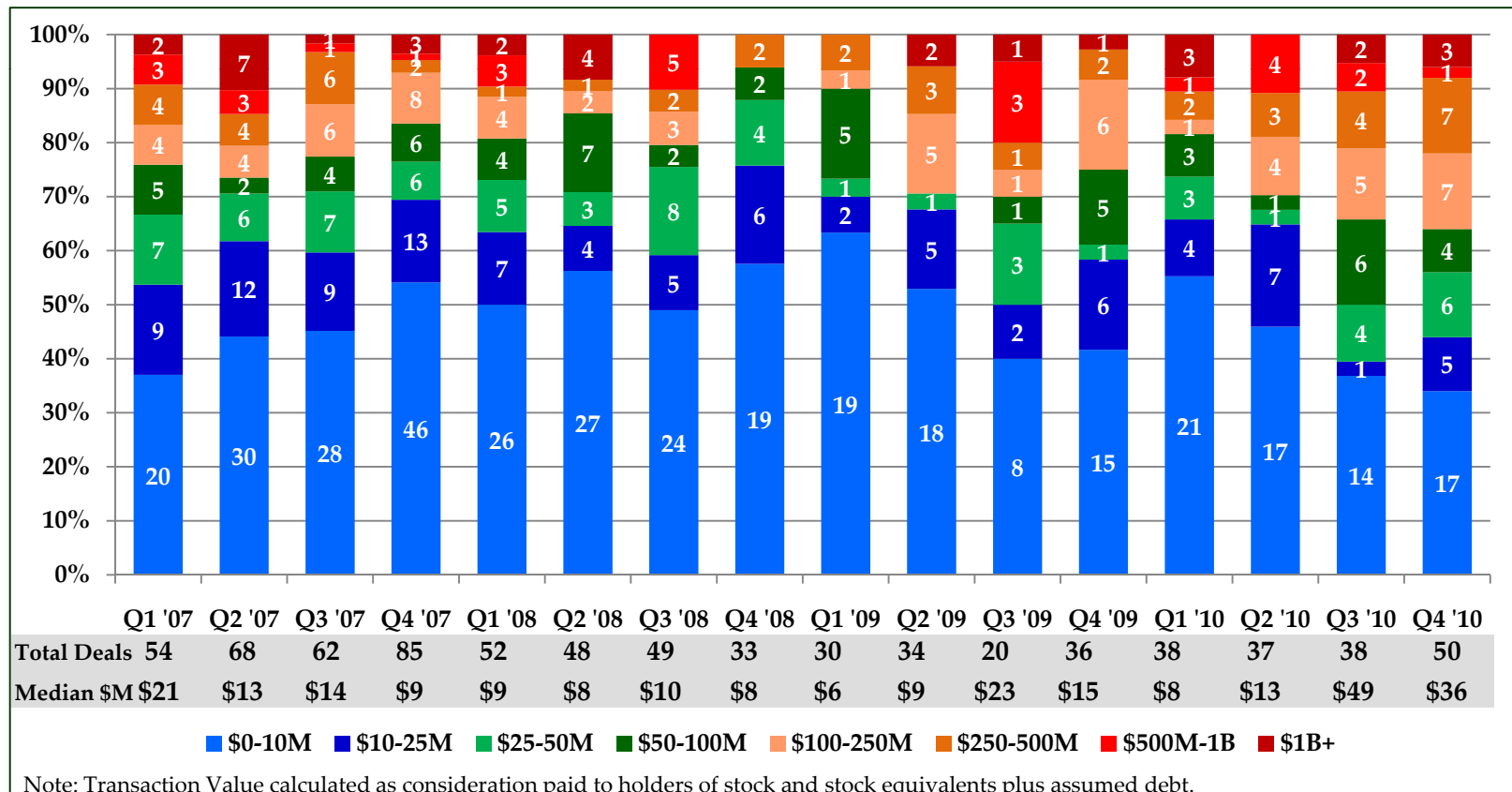
- 2010 Telecom Services private deal volume was up from 2009 across all deal sizes
- Large transaction volume was particularly impressive with eight \$1B+ deals and another eight \$500M-\$1B deals
- The higher number of large deals caused a surge in median deal value to \$20M, its highest level in the past four years



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

Quarterly M&A Transaction Volume by Deal Size – Private Targets

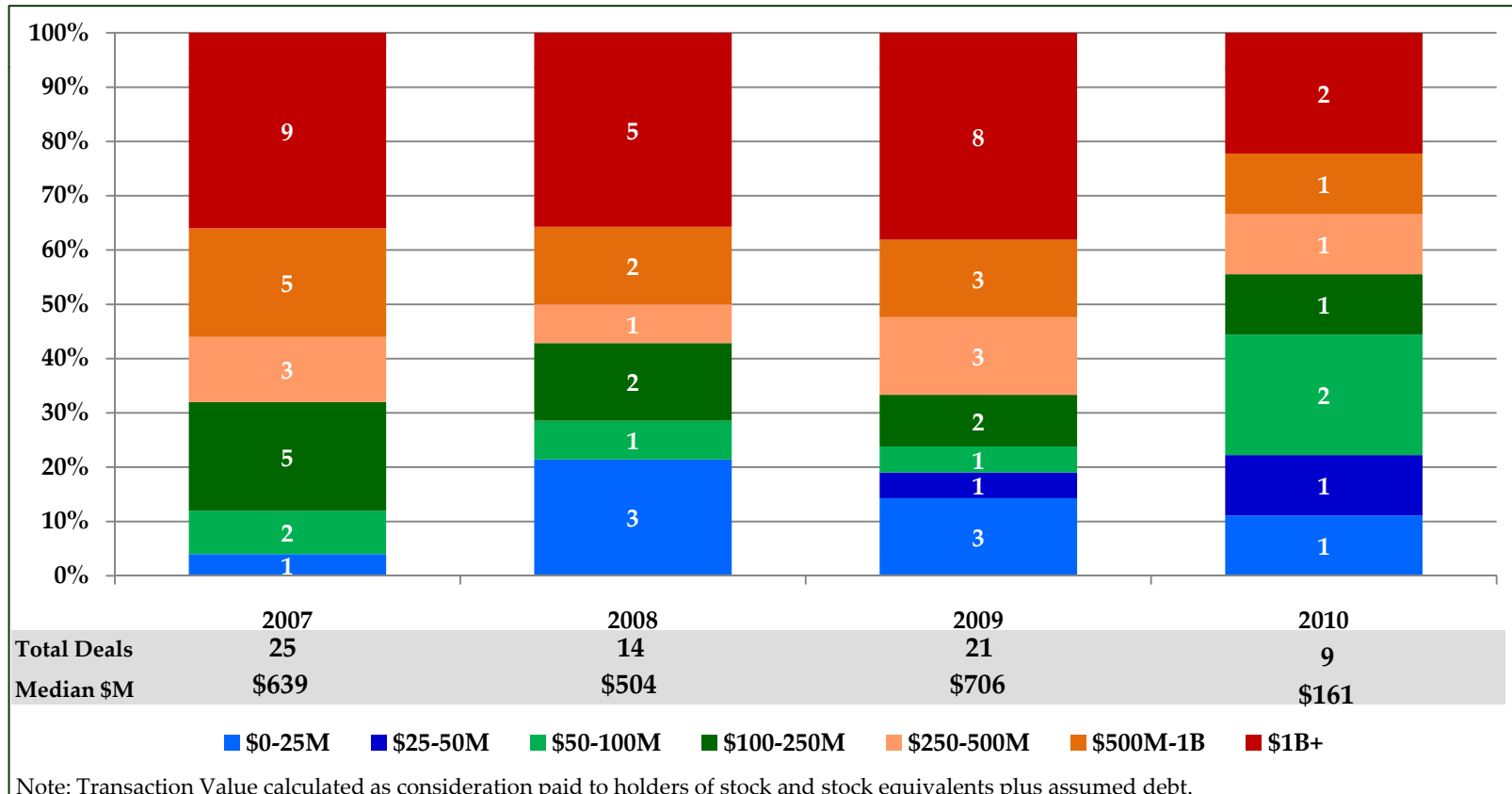
- Q4 Telecom Services deal volume remained strong in the \$100M - \$1B private size range, reaching its second highest level in three years with three \$1B+ deals announced
 - Median deal value dipped versus Q3 but remains above all other quarters for the past three years
- The largest private deals were Vimpelcom/Weather Investments (\$22.3B), AT&T/Qualcomm 700MHz Spectrum (\$1.9B), Qatar Telecom and Princesse Holding/Orascom Telecom Tunisia (\$1.2B) and MacQuarie Capital/Ceske Radiokomunikace (\$762M)



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

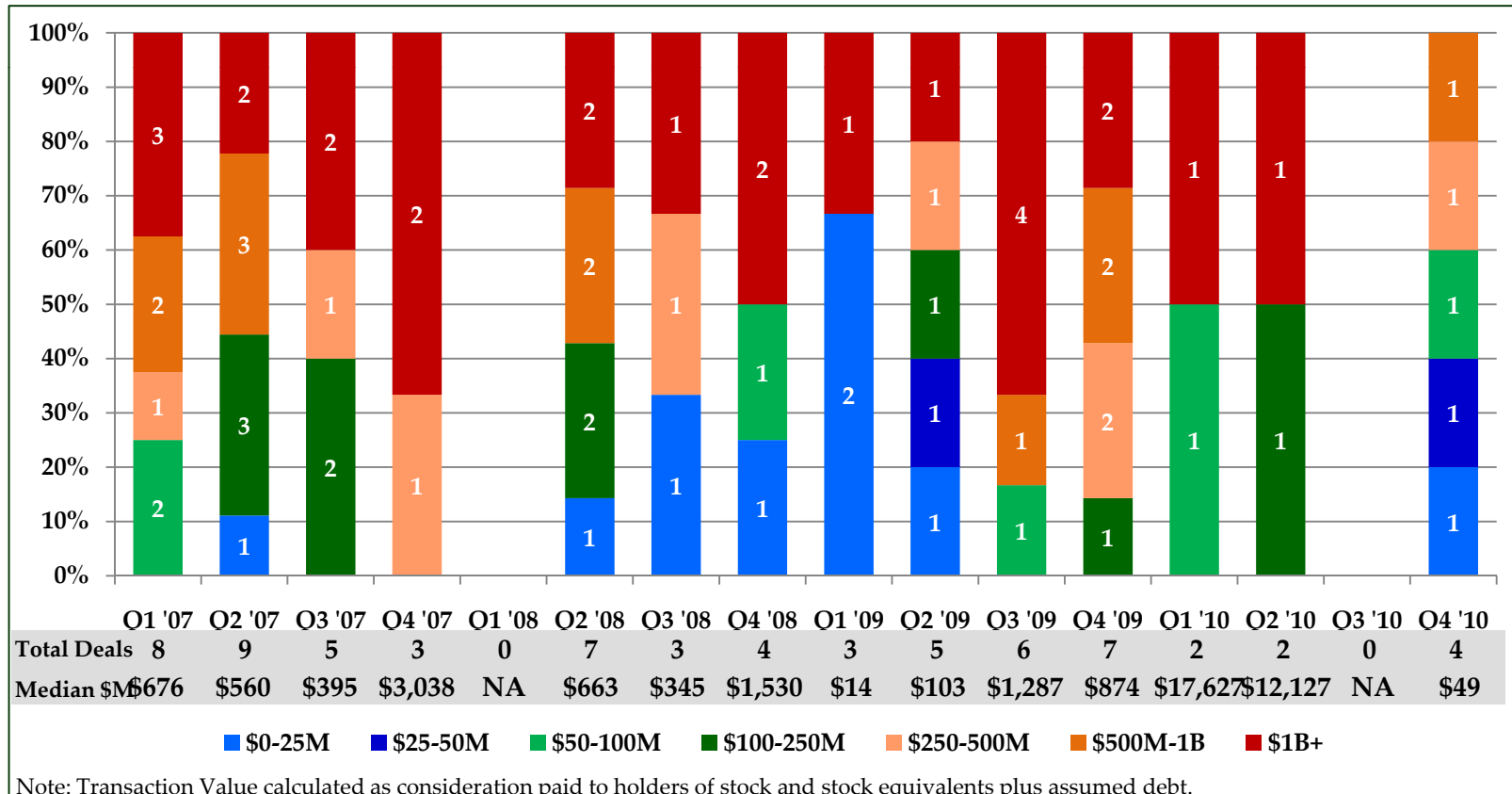
Annual M&A Transaction Volume by Deal Size – Public Targets

- 2010 Public Telecom Services deal volume fell significantly at less than half 2009 levels
- Public deals were spread evenly across the deal size spectrum
- Just two \$1B+ public deals represents a huge drop from prior years
- Not surprisingly, median deal value plunged to just \$161M
- The data suggests that large carrier consolidation is slowing as only a few large carriers remain in many of the more mature markets



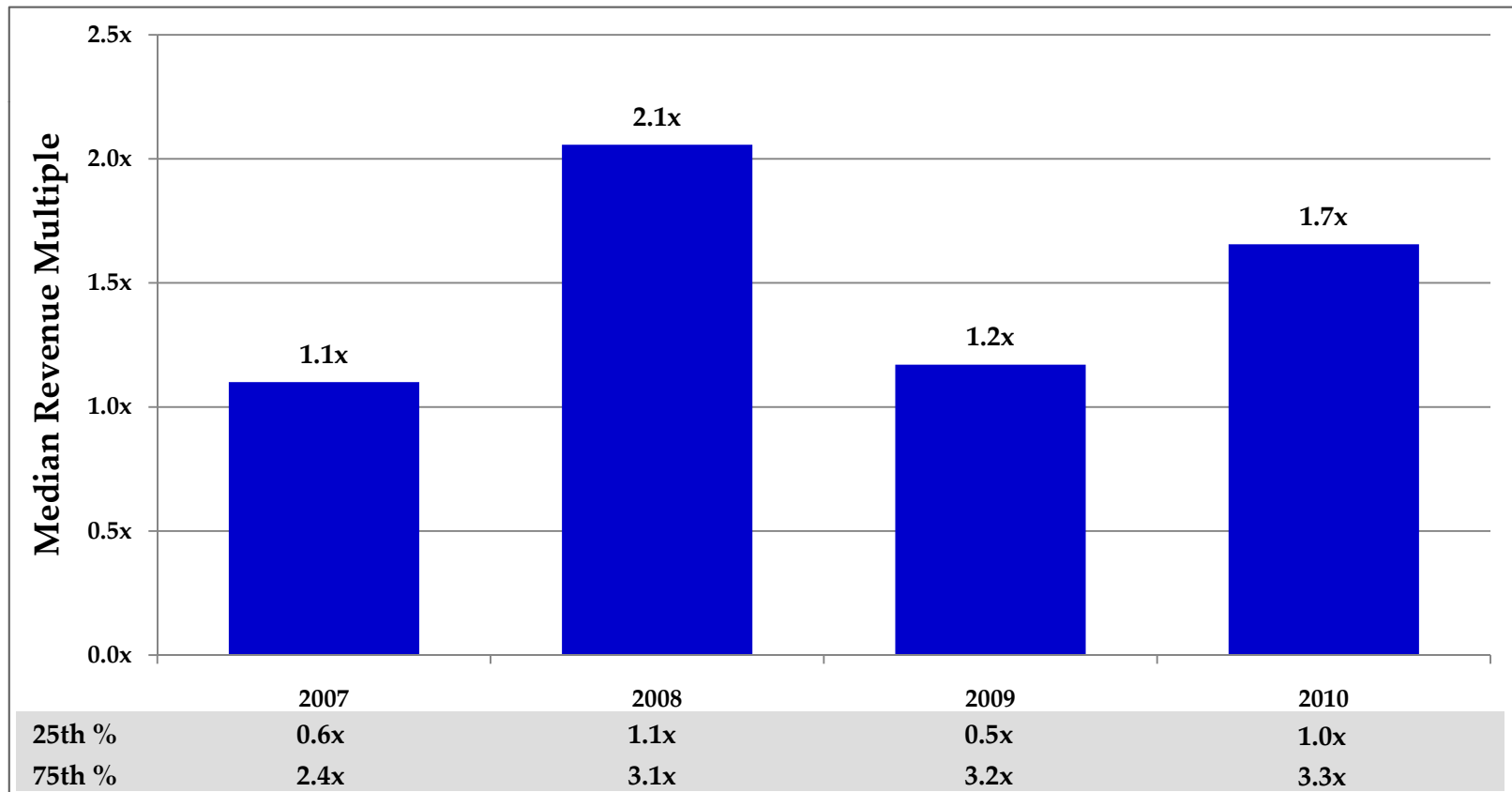
Quarterly M&A Transaction Volume by Deal Size – Public Targets

- Public Telecom Services deal volume returned in Q4 with five deals
 - Earthlink/ITC^DeltaCom (\$573M) and MBK Partners/Invoice (\$304M) were the only sizable deals for the quarter
- SagePoint expects public carrier consolidation activity to continue though deal volume will likely stay in the low to mid single digits per quarter



Annual Median Revenue Multiples – Pvt. Telecom Svcs. Targets

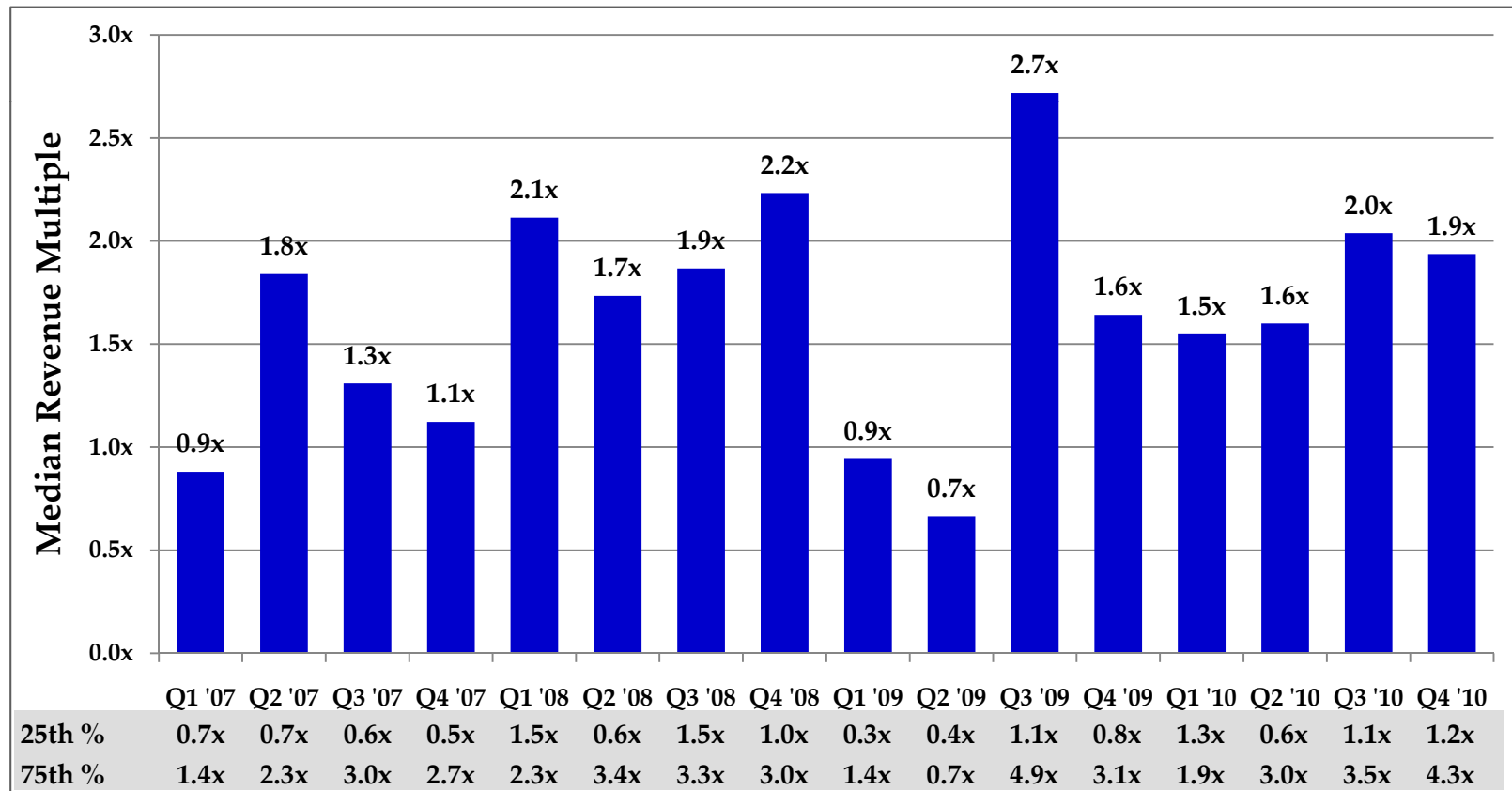
- 2010 median private revenue multiples increased by more than 40% to 1.7x
- 2010 is still well below the 2.1x median multiple in 2008 despite a very similar range between the 25th and 75th percentiles for the two years



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

Quarterly Median Revenue Multiples – Pvt. Telecom Svcs. Targets

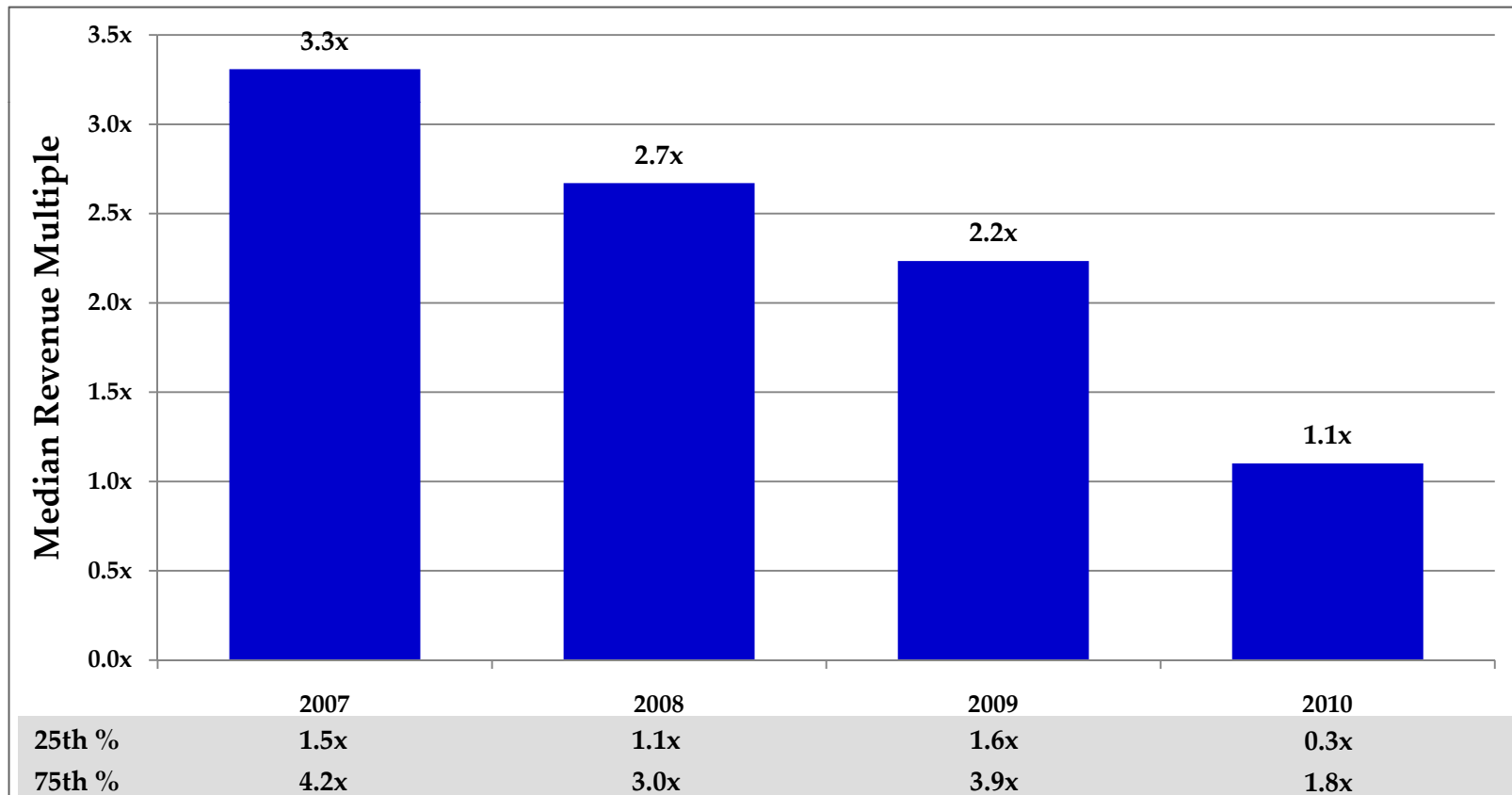
- Median private revenue multiples fell slightly to 1.9x in Q4, still at the high end of historic norms
- There were a few private deals done at premium revenue multiples in Q4:
 - EQT Partners paid 9.8x for Hafslund Fibernett
 - Rogers paid 6.0x for Atria Networks
 - Windstream paid 6.0x for Hosted Solutions
 - Time Dotcom paid 5.5x for Global Transit Communications



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

Annual Median Revenue Multiples – Public Telecom Svcs. Targets

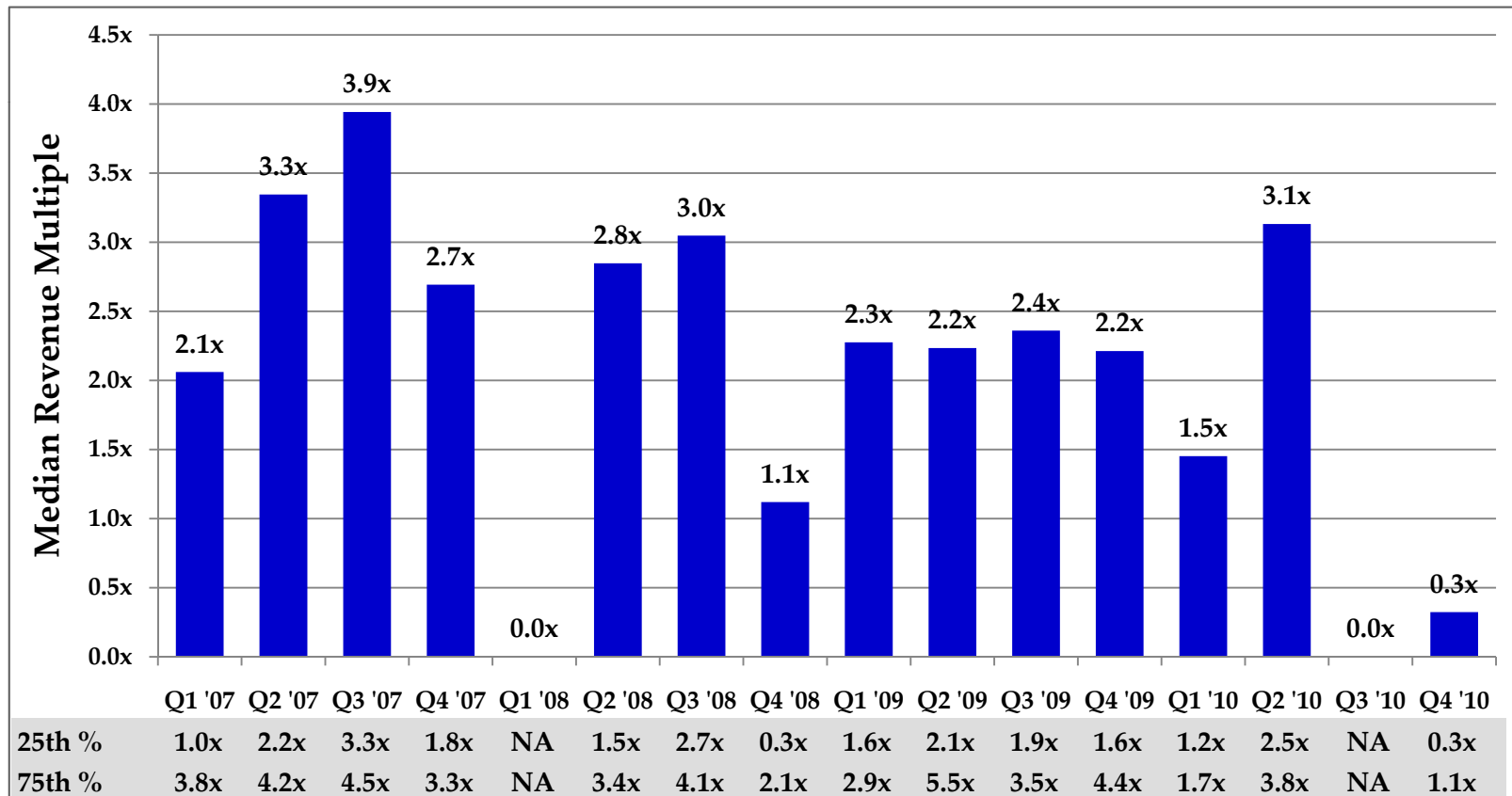
- 2010 median public M&A revenue multiples continued their three year downward slide to just 1.1x, half of 2009's multiple
 - A paltry 0.3x multiple at the 25th percentile shows a high proportion of deals at distressed valuations
 - The 1.8x multiple at the 75th percentile doesn't even reach the median of the prior three years and is only slightly above the 25th percentile in 2009



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







Quarterly Median Revenue Multiples – Pub. Telecom Svcs. Targets

- Median public M&A revenue multiple was a paltry 0.3x with Daisy paying 1.8x for Spiritel as the highest multiple deal for the quarter
 - Three struggling service providers were taken out at weak revenue multiples
- SagePoint views the Q4 median multiple as an aberration and expects public multiples in the low 2s as the economy continues to recover



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

Most Active Telecom Services Buyers – Last 2 Years

Company	# of Deals		Telecom Services Transactions	
	Telco	Comm		
	8	9	10/7/10 - Metrocom JSC - \$68.5M 9/28/10 - ZAO Peterstar - \$215M 8/4/10 - JSC Chermetresurs - NA 4/26/10 - Vimpel (Fibre Backbone Ntwks) - NA	4/19/10 - Northwest Telecom & Informatics - NA 4/6/10 - OOO Vyborgtelecom - NA 5/27/09 - Synterra CJSC - NA 3/31/09 - 51% of Aquaphone & Ostelecom - \$27.6M
	8	9	12/24/10 - CJSC Lanck Telecom - \$25.4M 12/24/10 - ZAO Regional Technical Centre - \$1.2M 11/16/10 - Sistema Telecom Group - \$429M 5/20/10 - Penza-Telekom Zao - \$20.0M	4/26/10 - Sky Link Joint Stock Company - NA 1/29/10 - Sky Link Joint Stock Company - NA 11/25/09 - OAO Eurotel - \$110M 6/18/09 - COMSTAR-United TeleSystems - \$2,580M
	7	8	11/10/10 - Spiritel plc (AIM:STP) - \$64.4M 6/22/10 - murphx Innovative Solutions Ltd - \$7.1M 2/17/10 - BNS Telecom Group plc - \$20.7M 2/8/10 - Managed Communications - \$9.9M	8/14/09 - Redstone Telecom Ltd. - \$28.1M 7/1/09 - FREEDOM4 Group plc - NA 1/23/09 - 4Com Ltd. - \$7.5M
	7	7	7/12/10 - Severen-Telekom ZAO - NA 5/27/10 - Teleset Networks PLC - \$161M 4/30/10 - OAO Dagsvyazinform - \$20.6M 12/15/09 - Southern Ural Telephone Company - NA	12/10/09 - Yuzhno-Uralskaya Telephone Co. - NA 9/7/09 - Sky Link Joint Stock Company - NA 6/8/09 - Gorodskaya Telephonnaya Svyaz - \$11.1M
	7	7	7/21/10 - RAA Services - \$0.1M 2/3/10 - Digital Network Solutions, Inc. - NA 12/23/09 - USppp, Inc. - NA 10/19/09 - Solutions Unltd (Fixed Wireless) - NA	6/17/09 - Culcom, LLC - NA 6/8/09 - Rushville Wireless & Clinton Wireless - NA 3/18/09 - Cue Connex, LLC - \$0.1M
	6	7	4/1/10 - LINKdotNET, Inc. - \$130M 2/18/10 - Mauritius Telecom Limited - NA 11/25/09 - KPN Belgium Business S.S. - \$97.9M 11/25/09 - Sunrise Communications AG - \$2,260M	11/5/09 - T-Mobile (UK) Limited - NA 2/22/09 - LINKdotNET - NA

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

Acquiror



Target



Deal Summary

Date: 10/4/10

Transaction Value: \$22,993M

% 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: 2.4x

LTM EBITDA Multiple: 6.4x

Multiple on \$ Invested: NA

Investors

Abbott Capital Management; Apax Partners
 Worldwide; Madison Dearborn Partners

Deal Rationale/Commentary

VimpelCom's acquisition of Weather Investments brings with it Wind Telecomunicazioni and a 51.7% stake in Orascom Telecom.

Analyst views were slightly disappointed as the deal did not include mobinil (valued at \$600M) as expected and VimpelCom assumes all the risk relating to the dispute between Orascom and the Algerian government. VimpelCom says the risk is priced into the deal but analysts were hesitant to embrace the deal with such a politically charged issue overhanging the transaction, though VimpelCom said it would consider selling the Algerian unit to the government for a "fair price".

The price includes \$6.6B in cash/stock and assumption of \$16.4B in debt. The deal will be dilutive, though how much depends on the outcome of the Algerian dispute.

VimpelCom claims \$2.5B NPV of synergies exist, though the market seems skeptical as the synergies are based on procurement realized at the capex level.

VimpelCom's valuation certainly has upside, particularly if the Algerian dispute is resolved favorably and synergies are achieved.

Acquiror



Target



Deal Summary

Date: 12/20/10

Transaction Value: \$1.9B

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: NA

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 2.8x

Investors

Qualcomm

Deal Rationale/Commentary

AT&T has purchased spectrum licenses from Qualcomm in the lower 700 MHz frequency band, covering about 98% of the US population.

The purchase strengthens AT&T's spectrum in New York, San Francisco, Los Angeles Philadelphia and Boston where coverage is criticized as being spotty due to high data usage from iPhones.

AT&T will utilize the spectrum for supplemental downlink using carrier aggregation technology. However, AT&T will have to wait until compatible 4G/LTE handsets and network equipment are available to take advantage of the substantial capacity gains.

Qualcomm initially purchased the spectrum to serve its FLO TV mobile video service. Qualcomm will be shutting down the service in March following lackluster adoption. It intends to integrate carrier downlink aggregation into its chipset roadmap to enable supplemental downlink to better address the increased consumer demand for rich mobile media content.

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 11/22/10

Transaction Value: \$1,200

% Sought: 50%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: 3.3x

LTM EBITDA Multiple: 6.2x

Multiple on \$ Invested: NA

Investors

Orascom Tunisia Holding Ltd Co.; Carthage Consortium Ltd Co.

Qatar Telecom (Qtel) and Tunisian investment firm Princesse Holding paid Orascom Telecom \$1.2B for a 50% stake in its Tunisian operations. Qtel will make the acquisition through its majority-owned Wataniya Telecom unit, which already controls 50% of Tunisiana, bringing its ownership to 75% with Princesse holding the remaining 25%.

Tunisiana serves more than 5.5M subscribers with a market share of 53%. The deal helps add scale to Qtel as it seeks to become a top-20 global telecom player and the company plans to continue to acquire to fuel further growth.

The Middle East and North African telecom market consolidation has been gaining momentum, with Qtel as an aggressive mover building a presence in 17 countries across Middle East, North Africa and Asia with more than 57M subscribers.

The deal values Tunisiana at 3.0x 2011 revenue and 5.9x 2011 EBITDA.

Acquiror



Target



Deal Summary

Date: 12/6/10

Transaction Value: \$762M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: NA

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 0.5x

Investors

Al Bateen Investment Co.; Mid Europa Partners



Deal Rationale/Commentary

Macquarie Group continues to increase its holdings in broadcast and transmission assets, purchasing Ceske Radiokomunikace (“CRa”) from Mid Europa and Al Bateen.

CRa is the major provider of broadcasting and telecommunications tower infrastructure in the Czech Republic, serving 98 per cent of the Czech TV and radio broadcasting market. CRa maintains a 2,600km fibre optic network, 26 primary communications towers, and over 800 secondary towers and masts.

Mid Europa and Al Bateen initially purchase CRa along with Lehman in '06 for \$1.6B, though Mid Europa bought out Lehman's stake in '08.

Mid Europa said that since '06 the company's profits have improved while refocusing on their core activities and rolling out a digital TV infrastructure.

Acquiror	Target	Deal Rationale/Commentary
		<p>ITC'Deltacom is an integrated communications services provider focused on the southeast US market with over 32k customers. Deltacom assets include 16.4k miles of fiber, 35 metro fiber rings, ~300 colocations and 20 voice/data switches.</p>
<h3>Deal Summary</h3>		<p>Deltacom's assets and customer base will be a good fit for Earthlink to complement its New Edge business services and allow the company to offer comprehensive IP business solutions. The combined company would have \$1.1B in LTM revenues, half from the business services units which could become a key growth driver.</p>
<p>Date: 10/1/10 Transaction Value: \$572.9M % Sought: 100% Consideration: Cash</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		<p>Earthlink paid 5.7x LTM EBITDA, but if you adjust for the expected \$20M in synergies the multiple comes down to a reasonable 4.7x. By comparison, PAET recently picked up Cavalier for ~4x. The deal is expected to be accretive to cash flow starting in H2'11 with Earthlink's synergies appearing conservative.</p>
<h3>Valuation Metrics</h3>		<p>The acquisition seems to be well received by analysts who view the deal as a step in the right direction, allowing Earthlink to offer comprehensive IP business solutions.</p>
<p>LTM Revenue Multiple: 1.1x LTM EBITDA Multiple: 5.7x</p> <p>Premium to:</p> <ul style="list-style-type: none"> 1 day prior: 106.9% 1 week prior: 93.6% 1 month prior: 106.9% 		

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 11/4/10

Transaction Value: \$430.0M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: NA

LTM EBITDA Multiple: NA

Multiple on \$ Invested: NA

Investors

Cell C

American Tower announced the acquisition of Cell C's South African tower portfolio. Cell C is South Africa's third largest mobile phone company with over 7M subscribers, trailing Vodafone and MTN.

The deal represents 3,200 towers including 1,400 existing towers and as many as 1,800 towers currently in construction or being built over the next 2-3 years. The purchase price equates to \$134k per tower.

Cell C will be the anchor tenant for the acquired towers, with the transaction being the first large scale sale-leaseback in South Africa.

For Cell C, the transaction unlocks value built through its infrastructure while the deal gives American Tower an entry platform into the South African market with opportunity for future growth. The independent national tower network may pave the way for a smaller players to enter the market at competitive rates.

Acquiror



Target



Deal Summary

Date: 10/5/10

Transaction Value: \$417.8M

% 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: 6.0x

LTM EBITDA Multiple: 11.9x

Multiple on \$ Invested: NA

Investors

Birch Hill Equity Partners Management Inc.

Deal Rationale/Commentary

Atria Networks offers broadband solutions for Internet access, point-to-point connections, and IT continuity over its 5,600km of fiber optic networks to 1,100 customers split evenly between enterprise, carrier providers and public sector.

Atria's network is almost entirely within Rogers footprint and the tuck-in deal is a good fit as Rogers grows its customer base and Atria's fiber optic network complements Rogers' cable platform. The deal also keeps Atria out of the hands of competitor Cogeco Cable who was reportedly also looking at Atria. Atria also speeds Rogers' strategy of developing on-net enterprise capabilities with its 3,800 on-net buildings.

The price seems to fully value Atria with multiples in line with what Rogers paid for Blink earlier this year and a bit higher than the 10x EBITDA Cogeco paid for Toronto Hydro in '08. Though significant synergies aren't expected, the business was growing well with about 15% Y/Y organic growth and strong EBITDA margins of ~50%.

Acquiror



Target



Deal Summary

Date: 10/13/10

Transaction Value: \$416.0

% 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: 1.4x

LTM EBITDA Multiple: 5.8x

Multiple on \$ Invested: 1.2x

Investors

Merhav Ampal Energy Ltd.

Deal Rationale/Commentary

Partner Communications, operating as Orange, acquired internet and long distance provider 012 Smile. 012 Smile has over 600k internet customers and about 200k landline phone subscribers.

NTM Revenue multiple of 1.2x and NTM EBITDA multiple of 4.1x make the valuation reasonable and with potential synergies with its Orange mobile business there is plenty of upside potential.

Merhav Ampal gets a quick 1.2x return on the property that Partner was outbid on just 10 months prior. It seems as though Partner revisited the potential synergies with its mobile business and, after struggling to build up an internet and landline business, decided it was worth paying up for 012 Smile, beating out HOT, a cable company, which bid the same price but wasn't able to move as quickly for a deal.

Acquiror



Target



Deal Summary

Date: 11/8/10

Transaction Value: \$397.5M

% 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: 2.3x

LTM EBITDA Multiple: 9.7x

Multiple on \$ Invested: NA

Investors

Schlumberger Limited

Deal Rationale/Commentary

Schlumberger Global Connectivity Services (GCS) provides global satellite-based communications services to customers primarily in the oil and gas industries in over 50 countries.

GCS LTM revenues of \$170M and EBITDA of \$41M are slightly down from the prior year, impacted by the weakened global economy and the temporary suspension of new drilling in the Gulf of Mexico. However, Harris expects single-digit revenue growth for the NTM and double-digit growth the following year.

Harris is combining Schlumberger GCS with CapRock, which Harris acquired for \$525M in May '10. The two businesses should be highly complementary and will help to build a strong global satellite capability for Harris as the company works to reduce reliance on its tactical radio business which currently accounts for 29% of revenues and 64% of earnings.

The 9.7x LTM EBITDA is the same multiple Harris paid for CapRock. The transaction is expected to be slightly accretive in FY'12 and significantly accretive thereafter.

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 12/20/10

Transaction Value: \$370M

% 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: 0.6x

LTM EBITDA Multiple: 4.7x

Multiple on \$ Invested: NA

Investors

Columbia Ventures Corporation; Metalmark Capital

Earthlink's acquisition of One Communications further expands the company's footprint as it continues to build out its IP-based infrastructure services, complementing the recent acquisition of ITC^Deltacom.

One Comm brings over 100k business customers and a sizable IP network footprint in the northeast, midwest and mid-atlantic US with 629 colocations and 11,700 miles of fiber, helping Earthlink to diversify its highly consumer customer base.

One Comm revenues and earnings have been dropping, with revenue recently down 16% though Earthlink management believes it can improve on that. Earthlink expects \$20M in synergies with the deal being immediately accretive to earnings.

While the move to diversify away from its dwindling consumer ISP business makes sense, Earthlink needs to reverse the declining revenues and improve margins to be successful, which will take at least a few quarters to develop.

Acquiror



Target



Deal Summary

Date: 11/4/10

Transaction Value: \$310.0M

% 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: 6.0x

LTM EBITDA Multiple: NA

Multiple on \$ Invested: 2.2x

Investors

ABRY Partners, LLC



Deal Rationale/Commentary

Hosted Solutions offers managed hosting services, which include middleware server management, database management, OS management, security, enterprise storage, network, managed collocation, disaster recovery, network, and cloud computing. The company has over 600 customers with five data centers totaling 68k sq ft of data center capacity in North Carolina and Boston.

Hosted Solutions has posted strong growth with revenue and EBITDA CAGRs of 48% and 91%, respectively, over the past three years.

The acquisition expands Windstream's footprint to 12 data centers in 23 states across the country. Windstream expects the deal to be accretive to FCF in the first year including an expected \$1.5M in opex synergies. Windstream estimates NPV of tax benefits from the transaction to be ~\$52M.

ABRY Partners gets a quick 2.2x return on the \$144M price it paid for the company in early 2008.

Acquiror	Target	Deal Rationale/Commentary
		<p>Invoice engages in the resale of fixed-line and broadband communications services in Japan. The company provides communications integration and consolidated billing.</p> <p>Invoice has been struggling since 2007, impacted by the struggling economy, increased competition from mobile communication players and internal issues.</p> <p>The low multiples reflect Invoice’s current struggles and MBK will likely shake the company up to try to get the business turned around and may look to M&A to grow scale in an effort to drive higher profitability.</p> <p>MBK invests exclusively in Asia.</p>
<h3>Deal Summary</h3>		
<p>Date: 12/2/10</p> <p>Transaction Value: \$304M</p> <p>% Sought: 100%</p> <p>Consideration: Cash</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		
<h3>Valuation Metrics</h3>		
<p>LTM Revenue Multiple: 0.3x</p> <p>LTM P/E Multiple: 5.1x</p> <p>Premium to:</p> <ul style="list-style-type: none"> 1 day prior: 19.0% 1 week prior: 34.9% 1 month prior: 53.1% 		

Appendix – Telecom Services M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
International Diversified				
12/24/10	Joint Stock Company COMSTAR - United TeleSystems (MICEX:CMST)	ZAO Regional Technical Centre	1.2	NA
11/26/10	EFTEL Limited (ASX:EFT)	Rabbit Net	NA	NA
11/23/10	Enforta Limited	Complex Telecommunications Systems	NA	NA
11/15/10	Advantage Partners, LLP	Teleguam Holdings, LLC	NA	NA
International LEC/ICP				
12/24/10	ZAO Comstar-Regions	CJSC Lanck Telecom	25.4	NA
12/7/10	Pin Group	Kurort Telecom Ltd.	NA	NA
12/2/10	Cable & Wireless Communications Plc (LSE:CWC)	The Bahamas Telecommunications Company Limited	210.0	1.1x
11/19/10	Kainuun Puhelinosuuskunta (KPO)	Isalmen Puhelin Oy	NA	NA
11/16/10	Mobile Telesystems OJSC (NYSE:MBT)	Sistema Telecom Group	429.2	NA
11/12/10	CVC Capital Partners Ltd.	R Cable Y Telecomunicaciones Galicia, S.A.	216.1	NA
11/10/10	Daisy Group plc (AIM:DAY)	Spiritel plc (AIM:STP)	64.4	1.8x
11/1/10	LAP Green Network	Societe des Telecommunications du Tchad	90.0	NA
10/31/10	GCI Telecom Group Limited	Hive Telecom Limited	NA	NA
10/13/10	Partner Communications Company Ltd. (NasdaqGS:PTNR)	012 Smile Telecom Ltd.	191.0	1.4x
10/7/10	Open joint stock company MegaFon	Metrocom JSC	68.5	1.5x
10/6/10	Caribbean Asset Holdings	New Innovative Communication Corporation	NA	NA
10/5/10	ENTEL Telefonía Local SA; Entel Inversiones S.A.	Transam Comunicaciones S.A.	NA	NA
10/5/10	Devoteam SA (ENXTPA:DV T)	MATERNA Information Systems s.r.o.	NA	NA
10/4/10	TATA Communications Lanka Ltd.	Suntel Ltd.	NA	NA

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
US LEC/ICP				
12/20/10	EarthLink Inc. (NasdaqGS:ELNK)	One Communications Corp.	370.0	0.6x
12/10/10	Sidera Networks, Inc.	Long Island Fiber Exchange, Inc.	NA	NA
11/17/10	Lexicon United Inc. (OTCBB:LXUN)	Empire One Telecommunications Inc.	NA	NA
10/18/10	Integra Telecom, Inc.	National Brands, Inc.	NA	NA
Data Access/Transport				
12/22/10	EQT Partners AB	Hafslund Fibernet AS	247.4	9.8x
12/10/10	Enforta Limited	New Telecommunications LLC, Fibre-Optic Channels	NA	NA
12/8/10	AFC Holding AS	FiberNet Communications LTD.	NA	NA
12/8/10	Trusling Pte Ltd.	Alstra Pacific Pte Ltd.	0.0	NA
12/7/10	VimpelCom Ltd. (NYSE:VIP)	Belgorodskie Digital Mains	14.5	NA
12/2/10	MBK Partners	Invoice Inc. (TSE:9448)	304.1	0.3x
12/1/10	Tele-Polska Holding SA (WSE:TPH)	Cool47 Sp. zoo	0.2	NA
11/23/10	Bulgarian Telecom and Television Investors	Pow erNet Telecommunications	NA	NA
11/15/10	Investors	Onevois Communication Co., Ltd.	NA	NA
11/15/10	Time Dotcom Bhd. (KLSE:TIMECOM)	Global Transit Ltd.	20.4	NA
11/15/10	Time Dotcom Bhd. (KLSE:TIMECOM)	Global Transit Communications Sdn Bhd	36.6	5.5x
10/27/10	VimpelCom Ltd. (NYSE:VIP)	SA Polarkom	5.8	1.0x
10/15/10	Internexa S.A. E.S.P.	Network Infrastructure in Brazil and Argentina	NA	NA
10/14/10	Marca Tel, S.A. de C.V.	STI Prepaid, LLC	NA	NA
10/14/10	Griffin Information Systems Ltd.	The Fused Group Limited	NA	NA
10/8/10	Jingwei International Limited (NasdaqGM:JNGW)	Shanghai Haicom Telecommunication Corporation Limited	8.0	NA
10/6/10	Investors	IGLOONET Sp. z o.o.	NA	NA
10/5/10	Rogers Communications Inc. (TSX:RCLB)	Atria Networks LP	417.8	6.0x

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Appendix – Telecom Services M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Hosting & Data Center				
12/31/10	VimpelCom Ltd. (NYSE:VIP); CJSC Multiregion	ZAO Eitel	NA	NA
12/21/10	QSC AG (XTRA:QSC)	IP Partner AG	32.8	NA
12/17/10	Cologix, Inc.	NaviSite Inc., Colocation Business	12.8	NA
12/15/10	TDS Telecommunications Corporation	TEAM Technologies, LLC	47.0	4.7x
12/13/10	Lightower Fiber Networks	Open Access, Inc.	NA	NA
12/13/10	Leaseweb B.V.	LeaseWeb Germany GmbH	NA	NA
12/6/10	Viawest Internet Services, Inc.	SingleEdge Inc.	NA	NA
12/2/10	Orcon Internet Limited	Business Online Services Limited	NA	NA
11/30/10	DNA Digital Pty Ltd.	Your Name Pty. Ltd.	NA	NA
11/29/10	CANCOM IT Services GmbH	Plaut Systems & Solutions GmbH, SAP Hosting and IT Services Division	NA	NA
11/22/10	RCN Metro Optical Networks	Cross Connect Solutions, Inc.	NA	NA
11/18/10	Digital Realty Trust Inc. (NYSE:DLR)	375,500 Square Foot Data Center Facility in the Jurong East area	131.0	NA
11/8/10	SoftLayer Technologies, Inc.	ThePlanet.com Internet Services, Inc.	NA	NA
11/4/10	Windstream Corporation (NasdaqGS:WIN)	Hosted Solutions, LLC	310.0	6.0x
11/3/10	Cbeyond Communications, LLC	MaximumASP, LLC	35.9	3.3x
11/1/10	iomart Group plc (AIM:IOM)	Titan Internet Ltd.	6.7	1.2x
10/29/10	Bridgepoint Development Capital	Lumison Ltd.	NA	NA
10/28/10	deep AG	ASTALAVISTA IT Engineering GmbH, Hosting operations	NA	NA
10/27/10	Technology Capital Investors	Avazpour Networking Services, Inc.	NA	NA
10/5/10	Bell Canada, Inc.	Hypertec Availability Services, Data Hosting Division	NA	NA
10/4/10	MDNX	VTL (UK) Limited	NA	NA

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
10/4/10	Viawest Internet Services, Inc.	Consonus Technologies, Inc., Three Data Centers in Utah	NA	NA
10/4/10	MDNX	CI-Net Limited	NA	NA
10/1/10	EarthLink Inc. (NasdaqGS:ELNK)	ITC^DeltaCom Inc. (OTCBB:ITCD)	572.9	1.1x
VoIP Specialty				
12/20/10	Vantage Communications (USA) LLC	Digital Ingenuity, Inc.	NA	NA
12/7/10	Nerim SAS	Groupe HGT Télécom	NA	NA
12/1/10	Korea Cable T.V. Chung-Buk System Co., Ltd. (KOSE:A066790)	SB Interactive Co., Ltd.	1.0	0.1x
11/10/10	Primus Telecommunications Group Inc. (OTCBB:PMJG)	Arbinet Corporation (NasdaqGM:ARBX)	33.2	0.0x
11/10/10	YTL Communications Sdn Bhd	Extiva Communications Sdn. Bhd.	5.8	1.4x
11/3/10	M5 Networks, Inc.	Geckotech, LLC	NA	NA
11/3/10	Bahnhof AB (OM:BAHN B)	Sting Telecom AB	2.6	0.7x
10/29/10	Cbeyond, Inc. (NasdaqGS:CBEY)	Aretta Communications, Inc.	4.0	NA
10/25/10	Aster Sp. z o.o.	GH NET Sp.J.	10.7	NA
10/25/10	MGTCO Holdings, L.L.C.	Geos Communications IP Holdings, Inc., Internet-Telephony Network Assets	NA	NA
10/15/10	Broadvox, LLC	Cypress Communications Holding Co., Inc.	NA	NA
10/7/10	On Direct Business Services Limited	Activator UK Limited	NA	NA
10/1/10	Phone Power LLC	VOIP.com	NA	NA
10/1/10	Get AS	Homebase AS	NA	NA
Cable & Satellite TV				
12/15/10	UAB Viginta	UAB Kabeliniai Rysiu Tinklai	5.9	NA
12/6/10	Macquarie Capital Funds (Europe) Ltd., Investment Arm	Ceske Radiokomunikace a.s.	762.0	NA
11/23/10	Bulgarian Telecom and Television	9 Television and Internet Distribution Companies in Bulgaria	NA	NA
11/10/10	Exchequer Resource Corp. (TSXV:EXQ.H)	Media Link Technology Corporation	NA	NA
10/18/10	Satview Broadband Ltd.	Baja Broadband, LLC, Non-Core Cable System	NA	NA

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Appendix – Telecom Services M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Satellite Voice & Data				
11/8/10	CapRock Services Corp.	Schlumberger Information Solutions, Global Connectivity Services Business	397.5	2.3x
International Wireless				
12/21/10	Royal KPN N.V. (ENXTAM:KPN)	Atlantic Telecom B.V.	NA	NA
12/16/10	Narodowy Fundusz Inwestycyjny Midas S.A. (WSE:MDS)	Mobyland sp. z o.o.	58.6	NA
12/14/10	I-Tel Sistem	Eventis Mobile S.R.L.	3.4	NA
12/6/10	TeliaSonera AB (OM:TLSN)	Ncell Pvt. Ltd.	160.4	NA
12/6/10	Latez Co., Ltd.	Applifone Co. Ltd.	NA	NA
11/30/10	Emerging Markets Telecommunication Services Limited	Alheri Mobile Services Limited	NA	NA
11/23/10	China Development Bank	Hutchison 3G Austria GmbH, Radio Network	NA	NA
11/22/10	BigAir Group Limited (ASX:BGL)	Clever Communications Australia Limited (ASX:CVA)	10.1	0.3x
11/22/10	National Mobile Telecommunications Co. (K.S.C.) (KWSE:NMTC); PRINCESSE HOLDING Group	Orascom Telecom Tunisia SA	1,200.0	3.3x
11/16/10	Inukshuk Wireless Inc.	YourLink Inc., 2.5-2.6 GHz Radio Spectrum	13.7	NA
11/15/10	CompleTel Europe NV	Iliad Free Wimax	NA	NA
11/3/10	M2 Nz Ltd.	Black And White Group Limited	NA	NA
10/14/10	SOFTBANK Corp. (TSE:9984)	WILLCOM, Inc.	NA	NA
10/14/10	United Telecommunications Services N.V.	East Caribbean Cellular, NV, Post-Paid Customers	NA	NA
10/4/10	VimpelCom Ltd. (NYSE:VIP)	Weather Investments S.r.l.	22,993.4	2.4x

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
US Wireless				
12/22/10	U.S. TelePacific Corp.	NextWeb, Inc.	NA	NA
12/20/10	AT&T, Inc. (NYSE:T)	QUALCOMM Incorporated, Spectrum Licenses in Lower 700 MHz Frequency Band	1,925.0	NA
12/9/10	KeyOn Communications Holdings Inc. (OTCBB:KEYO)	Wells Rural Electric Company Inc., Certain Assets	0.4	NA
11/17/10	AT&T, Inc. (NYSE:T)	SLO Cellular, Inc.	NA	NA
11/15/10	TowerStream Corporation (NasdaqCM:TWER)	Pipeline Wireless, LLC	4.1	NA
10/23/10	KeyOn Communications Holdings Inc. (OTCBB:KEYO)	Onaway Wireless, Inc.	0.9	NA
10/6/10	Spot On Networks, LLC	GuestWiFi LLC	NA	NA
Wireless Towers				
12/1/10	SWAP Technologies and Telecomms Plc	Starcomms Plc, 407 Base Stations	81.4	NA
11/22/10	Investors	Communication Services, Inc.	9.7	NA
11/4/10	American Tower Corp. (NYSE:AMT)	Cell C (Pty) Ltd, Tower Portfolio in South Africa	430.0	NA
10/28/10	SBA Communications Corp. (NasdaqGS:SBAC)	512 Towers	166.1	NA
10/28/10	SBA Communications Corp. (NasdaqGS:SBAC)	80 Towers and Related Assets	40.7	NA
10/22/10	SBC Towers	ACME Communications Inc., Analog Towers in the Dayton and Green Bay Markets	0.6	NA
10/1/10	Global Tower, LLC	Pine Belt Cellular Inc., 32 Towers	NA	NA

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

Appendix – Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Telecom Services	127	62	49%	\$35,863	\$28	1.1x	19	15.2%	18.7%	28.6%	8
Q2 '07	Telecom Services	122	77	63%	\$79,325	\$16	2.2x	24	31.8%	45.3%	30.7%	9
Q3 '07	Telecom Services	135	67	50%	\$12,001	\$16	2.1x	25	18.7%	21.1%	22.6%	5
Q4 '07	Telecom Services	156	88	56%	\$16,686	\$9	1.2x	27	4.9%	1.9%	7.8%	3
Q1 '08	Telecom Services	101	52	51%	\$30,745	\$9	2.1x	15	NA	NA	NA	0
Q2 '08	Telecom Services	109	55	50%	\$91,628	\$9	2.1x	20	19.2%	17.3%	29.6%	7
Q3 '08	Telecom Services	93	52	56%	\$7,264	\$14	2.1x	17	(16.4)%	(19.4)%	(16.4)%	3
Q4 '08	Telecom Services	86	37	43%	\$15,705	\$9	1.8x	11	101.8%	91.7%	71.8%	4
Q1 '09	Telecom Services	75	33	44%	\$6,837	\$8	1.1x	12	67.2%	76.1%	131.6%	3
Q2 '09	Telecom Services	81	39	48%	\$8,730	\$11	0.7x	13	15.2%	10.3%	10.0%	5
Q3 '09	Telecom Services	65	26	40%	\$13,277	\$52	2.7x	15	26.1%	28.3%	17.3%	6
Q4 '09	Telecom Services	110	43	39%	\$9,540	\$27	1.7x	20	28.3%	28.2%	31.0%	7
Q1 '10	Telecom Services	91	40	44%	\$52,258	\$9	1.5x	15	3.6%	5.4%	4.8%	1
Q2 '10	Telecom Services	81	39	48%	\$28,531	\$17	1.8x	15	40.9%	64.5%	69.0%	2
Q3 '10	Telecom Services	90	38	42%	\$17,330	\$49	2.0x	12	NA	NA	NA	0
Q4 '10	Telecom Services	115	55	48%	\$32,611	\$37	1.4x	23	19.0%	21.0%	26.4%	5
Total	Telecom Services	1637	803	49%	\$458,331	\$15	1.7x	283	20.0%	22.0%	24.9%	68
Q1 '07	Diversified - International	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Diversified - International	11	11	100%	\$12,928	\$185	1.1x	6	53.5%	65.5%	57.7%	3
Q3 '07	Diversified - International	2	1	50%	\$186	\$186	NA	0	29.5%	34.3%	13.9%	1
Q4 '07	Diversified - International	7	6	86%	\$3,674	\$89	3.1x	2	(6.1)%	(4.6)%	(1.7)%	1
Q1 '08	Diversified - International	7	2	29%	\$1,139	\$570	3.0x	1	NA	NA	NA	0
Q2 '08	Diversified - International	3	2	67%	\$343	\$171	2.1x	2	NA	NA	NA	0
Q3 '08	Diversified - International	2	2	100%	\$902	\$451	4.4x	1	NA	NA	NA	0
Q4 '08	Diversified - International	3	1	33%	\$12	\$12	0.2x	1	142.2%	151.9%	186.3%	1
Q1 '09	Diversified - International	10	5	50%	\$556	\$77	2.3x	3	7.3%	1.1%	4.6%	1
Q2 '09	Diversified - International	3	1	33%	\$1	\$1	NA	0	NA	NA	NA	0
Q3 '09	Diversified - International	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Diversified - International	5	4	80%	\$358	\$49	1.7x	3	10.2%	10.2%	3.5%	1
Q1 '10	Diversified - International	4	1	25%	\$2,500	\$2,500	NA	0	NA	NA	NA	0
Q2 '10	Diversified - International	2	2	100%	\$488	\$244	2.3x	1	NA	NA	NA	0
Q3 '10	Diversified - International	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '10	Diversified - International	4	1	25%	\$1	\$1	NA	0	NA	NA	NA	0
Total	Diversified - International	65	39	60%	\$23,088	\$80	2.1x	20	35.7%	41.3%	22.3%	8

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

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

Appendix – Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Diversified - US	1	1	100%	\$686	\$686	3.3x	1	54.5%	45.5%	22.3%	1
Q3 '07	Diversified - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '07	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '08	Diversified - US	1	1	100%	\$2	\$2	2.0x	1	NA	NA	NA	0
Q2 '08	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	Diversified - US	1	1	100%	\$2,965	\$2,965	2.8x	1	145.0%	138.8%	109.9%	1
Q1 '09	Diversified - US	2	1	50%	\$0	\$0	NA	0	NA	NA	NA	0
Q2 '09	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	Diversified - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '10	Diversified - US	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	Diversified - US	7	4	57%	\$3,654	\$344	2.8x	3	99.7%	92.1%	66.1%	2
Q1 '07	LEC/ICP - International	19	12	63%	\$9,662	\$74	3.5x	3	11.9%	17.5%	10.9%	3
Q2 '07	LEC/ICP - International	14	13	93%	\$2,514	\$23	2.1x	4	6.7%	5.6%	6.3%	1
Q3 '07	LEC/ICP - International	22	12	55%	\$1,192	\$18	0.9x	8	NA	NA	NA	0
Q4 '07	LEC/ICP - International	26	15	58%	\$6,310	\$11	1.1x	6	4.9%	1.9%	7.8%	1
Q1 '08	LEC/ICP - International	17	9	53%	\$674	\$13	1.4x	3	NA	NA	NA	0
Q2 '08	LEC/ICP - International	17	6	35%	\$40,455	\$31	1.1x	3	29.4%	27.0%	37.9%	2
Q3 '08	LEC/ICP - International	12	7	58%	\$1,852	\$43	2.1x	5	(56.9)%	(53.1)%	(50.2)%	1
Q4 '08	LEC/ICP - International	18	6	33%	\$30	\$5	9.6x	2	NA	NA	NA	0
Q1 '09	LEC/ICP - International	11	4	36%	\$5,280	\$4	3.6x	1	67.2%	76.1%	201.2%	1
Q2 '09	LEC/ICP - International	9	5	56%	\$2,976	\$16	2.2x	1	(25.3)%	(25.3)%	(74.3)%	2
Q3 '09	LEC/ICP - International	9	4	44%	\$4,475	\$524	2.8x	2	(29.3)%	(28.2)%	(33.9)%	2
Q4 '09	LEC/ICP - International	11	3	27%	\$521	\$98	1.3x	2	NA	NA	NA	0
Q1 '10	LEC/ICP - International	9	9	100%	\$35,355	\$20	1.5x	2	3.6%	5.4%	4.8%	1
Q2 '10	LEC/ICP - International	11	6	55%	\$1,123	\$91	3.9x	2	64.5%	116.3%	120.4%	1
Q3 '10	LEC/ICP - International	15	3	20%	\$281	\$61	1.5x	2	NA	NA	NA	0
Q4 '10	LEC/ICP - International	15	8	53%	\$1,295	\$141	1.4x	4	9.6%	14.3%	9.6%	1
Total	LEC/ICP - International	235	122	52%	\$113,995	\$25	1.8x	50	8.2%	9.9%	9.6%	16

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 – Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	LEC/ICP - US	16	7	44%	\$1,026	\$17	1.6x	2	18.6%	19.9%	31.6%	1
Q2 '07	LEC/ICP - US	5	1	20%	\$5,149	\$5,149	3.8x	1	31.8%	45.3%	39.6%	1
Q3 '07	LEC/ICP - US	11	6	55%	\$1,169	\$70	2.4x	4	17.7%	21.1%	22.6%	1
Q4 '07	LEC/ICP - US	9	6	67%	\$177	\$6	0.9x	3	NA	NA	NA	0
Q1 '08	LEC/ICP - US	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	LEC/ICP - US	4	2	50%	\$6	\$3	NA	0	NA	NA	NA	0
Q3 '08	LEC/ICP - US	5	4	80%	\$164	\$31	1.1x	1	NA	NA	NA	0
Q4 '08	LEC/ICP - US	6	4	67%	\$11,709	\$54	2.3x	2	35.9%	21.7%	(6.0)%	1
Q1 '09	LEC/ICP - US	1	1	100%	\$1	\$1	NA	0	NA	NA	NA	0
Q2 '09	LEC/ICP - US	6	5	83%	\$354	\$2	1.5x	2	61.2%	94.3%	97.9%	1
Q3 '09	LEC/ICP - US	4	2	50%	\$863	\$431	2.2x	2	NA	NA	NA	0
Q4 '09	LEC/ICP - US	1	1	100%	\$1,138	\$1,138	4.4x	1	28.3%	28.9%	32.0%	1
Q1 '10	LEC/ICP - US	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	LEC/ICP - US	3	2	67%	\$24,097	\$12,049	1.0x	2	17.3%	12.7%	17.5%	1
Q3 '10	LEC/ICP - US	3	3	100%	\$1,408	\$460	2.2x	3	NA	NA	NA	0
Q4 '10	LEC/ICP - US	4	1	25%	\$370	\$370	0.6x	1	NA	NA	NA	0
Total	LEC/ICP - US	81	45	56%	\$47,630	\$42	1.8x	24	28.3%	21.7%	31.6%	7
Q1 '07	Data Access & Transport	31	15	48%	\$790	\$24	0.9x	8	12.7%	17.2%	23.7%	2
Q2 '07	Data Access & Transport	30	14	47%	\$1,413	\$3	2.2x	1	NA	NA	NA	0
Q3 '07	Data Access & Transport	24	16	67%	\$267	\$9	0.4x	4	NA	NA	NA	0
Q4 '07	Data Access & Transport	35	23	66%	\$442	\$1	1.4x	6	NA	NA	NA	0
Q1 '08	Data Access & Transport	24	13	54%	\$468	\$11	2.2x	4	NA	NA	NA	0
Q2 '08	Data Access & Transport	21	13	62%	\$529	\$12	0.4x	1	NA	NA	NA	0
Q3 '08	Data Access & Transport	21	13	62%	\$159	\$4	1.8x	3	(16.4)%	(19.4)%	(16.4)%	1
Q4 '08	Data Access & Transport	17	8	47%	\$493	\$3	0.4x	1	61.3%	44.6%	33.6%	1
Q1 '09	Data Access & Transport	15	6	40%	\$121	\$8	0.3x	3	NA	NA	NA	0
Q2 '09	Data Access & Transport	19	9	47%	\$2,008	\$48	0.4x	3	4.1%	(4.1)%	6.8%	1
Q3 '09	Data Access & Transport	12	2	17%	\$21	\$11	1.8x	1	NA	NA	NA	0
Q4 '09	Data Access & Transport	27	11	41%	\$4,045	\$27	3.1x	5	50.2%	51.8%	51.0%	2
Q1 '10	Data Access & Transport	25	9	36%	\$104	\$6	1.5x	1	NA	NA	NA	0
Q2 '10	Data Access & Transport	16	5	31%	\$61	\$3	0.6x	1	NA	NA	NA	0
Q3 '10	Data Access & Transport	22	11	50%	\$941	\$46	1.1x	4	NA	NA	NA	0
Q4 '10	Data Access & Transport	18	10	56%	\$1,055	\$17	5.5x	5	19.0%	34.9%	53.1%	1
Total	Data Access & Transport	357	178	50%	\$12,917	\$8	1.3x	51	12.1%	17.2%	23.7%	8

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

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

Appendix – Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Hosting & Data Center	27	11	41%	\$231	\$3	2.2x	3	NA	NA	NA	0
Q2 '07	Hosting & Data Center	19	12	63%	\$821	\$8	1.6x	4	16.2%	18.2%	23.4%	2
Q3 '07	Hosting & Data Center	25	6	24%	\$423	\$33	2.5x	2	NA	NA	NA	0
Q4 '07	Hosting & Data Center	26	10	38%	\$857	\$19	1.2x	7	59.4%	59.4%	52.2%	1
Q1 '08	Hosting & Data Center	18	10	56%	\$1,074	\$4	2.0x	2	NA	NA	NA	0
Q2 '08	Hosting & Data Center	23	13	57%	\$989	\$6	2.3x	6	23.9%	15.4%	19.2%	3
Q3 '08	Hosting & Data Center	25	10	40%	\$409	\$5	1.7x	5	31.0%	36.4%	35.3%	1
Q4 '08	Hosting & Data Center	19	8	42%	\$101	\$12	1.3x	3	NA	NA	NA	0
Q1 '09	Hosting & Data Center	14	7	50%	\$526	\$10	1.2x	4	266.7%	214.3%	131.6%	1
Q2 '09	Hosting & Data Center	19	6	32%	\$143	\$9	1.2x	2	15.2%	10.3%	13.1%	1
Q3 '09	Hosting & Data Center	10	4	40%	\$169	\$52	2.7x	3	30.7%	30.9%	20.5%	1
Q4 '09	Hosting & Data Center	26	10	38%	\$1,466	\$7	2.7x	6	25.9%	19.4%	16.2%	2
Q1 '10	Hosting & Data Center	24	7	29%	\$163	\$6	1.6x	4	NA	NA	NA	0
Q2 '10	Hosting & Data Center	30	15	50%	\$2,029	\$13	1.6x	5	NA	NA	NA	0
Q3 '10	Hosting & Data Center	25	9	36%	\$1,420	\$50	4.1x	1	NA	NA	NA	0
Q4 '10	Hosting & Data Center	25	9	36%	\$1,569	\$47	3.3x	5	106.9%	93.6%	106.9%	1
Total	Hosting & Data Center	355	147	41%	\$12,389	\$10	1.6x	62	30.7%	29.3%	31.0%	13
Q1 '07	VoIP	4	2	50%	\$24	\$12	NA	0	NA	NA	NA	0
Q2 '07	VoIP	2	1	50%	\$5	\$5	NA	0	NA	NA	NA	0
Q3 '07	VoIP	4	1	25%	\$161	\$161	6.5x	1	NA	NA	NA	0
Q4 '07	VoIP	5	3	60%	\$30	\$4	0.3x	1	NA	NA	NA	0
Q1 '08	VoIP	2	1	50%	\$2	\$2	NA	0	NA	NA	NA	0
Q2 '08	VoIP	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	VoIP	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	VoIP	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	VoIP	6	2	33%	\$2	\$1	NA	0	NA	NA	NA	0
Q2 '09	VoIP	4	2	50%	\$18	\$9	0.3x	1	NA	NA	NA	0
Q3 '09	VoIP	5	2	40%	\$2,053	\$1,027	2.7x	2	NA	NA	NA	0
Q4 '09	VoIP	4	1	25%	\$3	\$3	0.4x	1	NA	NA	NA	0
Q1 '10	VoIP	8	4	50%	\$43	\$10	0.7x	4	NA	NA	NA	0
Q2 '10	VoIP	4	1	25%	\$2	\$2	NA	0	NA	NA	NA	0
Q3 '10	VoIP	3	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '10	VoIP	14	6	43%	\$57	\$5	0.4x	4	(26.3)%	(20.8)%	(28.3)%	1
Total	VoIP	68	26	38%	\$2,400	\$4	0.4x	14	(26.3)%	(20.8)%	(28.3)%	1

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 – Telecom Services M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Cable & Satellite TV	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Cable & Satellite TV	5	4	80%	\$18	\$2	NA	0	NA	NA	NA	0
Q3 '07	Cable & Satellite TV	4	2	50%	\$20	\$10	NA	0	NA	NA	NA	0
Q4 '07	Cable & Satellite TV	2	1	50%	\$0	\$0	NA	0	NA	NA	NA	0
Q1 '08	Cable & Satellite TV	4	2	50%	\$555	\$277	2.7x	2	NA	NA	NA	0
Q2 '08	Cable & Satellite TV	6	3	50%	\$83	\$9	3.4x	1	NA	NA	NA	0
Q3 '08	Cable & Satellite TV	4	2	50%	\$518	\$259	3.6x	1	NA	NA	NA	0
Q4 '08	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Cable & Satellite TV	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	Cable & Satellite TV	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Cable & Satellite TV	3	2	67%	\$395	\$198	NA	0	NA	NA	NA	0
Q1 '10	Cable & Satellite TV	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	Cable & Satellite TV	4	3	75%	\$172	\$20	2.6x	1	NA	NA	NA	0
Q3 '10	Cable & Satellite TV	3	1	33%	\$7	\$7	NA	0	NA	NA	NA	0
Q4 '10	Cable & Satellite TV	5	2	40%	\$768	\$384	NA	0	NA	NA	NA	0
Total	Cable & Satellite TV	45	22	49%	\$2,537	\$11	3.3x	5	NA	NA	NA	0
Q1 '07	Satellite Voice & Data	3	2	67%	\$728	\$364	1.1x	1	9.6%	11.1%	34.6%	1
Q2 '07	Satellite Voice & Data	3	3	100%	\$15,925	\$38	4.9x	2	NA	NA	NA	0
Q3 '07	Satellite Voice & Data	5	3	60%	\$4	\$1	NA	0	NA	NA	NA	0
Q4 '07	Satellite Voice & Data	6	3	50%	\$13	\$6	NA	0	NA	NA	NA	0
Q1 '08	Satellite Voice & Data	2	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	Satellite Voice & Data	1	1	100%	\$5	\$5	0.6x	1	NA	NA	NA	0
Q3 '08	Satellite Voice & Data	2	1	50%	\$700	\$700	NA	0	NA	NA	NA	0
Q4 '08	Satellite Voice & Data	4	2	50%	\$47	\$24	NA	0	NA	NA	NA	0
Q1 '09	Satellite Voice & Data	4	1	25%	\$7	\$7	0.7x	1	NA	NA	NA	0
Q2 '09	Satellite Voice & Data	3	2	67%	\$9	\$4	0.7x	1	NA	NA	NA	0
Q3 '09	Satellite Voice & Data	2	2	100%	\$2,102	\$1,051	23.1x	2	47.1%	72.4%	75.4%	1
Q4 '09	Satellite Voice & Data	3	1	33%	\$110	\$110	1.6x	1	NA	NA	NA	0
Q1 '10	Satellite Voice & Data	1	1	100%	\$26	\$26	1.3x	1	NA	NA	NA	0
Q2 '10	Satellite Voice & Data	2	1	50%	\$525	\$525	1.5x	1	NA	NA	NA	0
Q3 '10	Satellite Voice & Data	2	1	50%	\$1	\$1	NA	0	NA	NA	NA	0
Q4 '10	Satellite Voice & Data	1	1	100%	\$398	\$398	2.3x	1	NA	NA	NA	0
Total	Satellite Voice & Data	44	25	57%	\$20,600	\$21	1.4x	12	28.3%	41.8%	55.0%	2

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

Appendix – Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Wireless - International	14	10	71%	\$23,095	\$282	3.2x	2	47.7%	47.7%	59.0%	1
Q2 '07	Wireless - International	21	13	62%	\$6,854	\$16	2.2x	3	NA	NA	NA	0
Q3 '07	Wireless - International	17	8	47%	\$1,067	\$83	3.4x	4	5.3%	11.1%	66.7%	1
Q4 '07	Wireless - International	26	13	50%	\$2,473	\$50	NA	0	NA	NA	NA	0
Q1 '08	Wireless - International	17	8	47%	\$26,050	\$0	NA	0	NA	NA	NA	0
Q2 '08	Wireless - International	16	11	69%	\$19,618	\$73	3.5x	4	13.2%	22.9%	30.2%	2
Q3 '08	Wireless - International	10	7	70%	\$1,160	\$28	9.0x	1	NA	NA	NA	0
Q4 '08	Wireless - International	9	3	33%	\$55	\$19	NA	0	NA	NA	NA	0
Q1 '09	Wireless - International	6	4	67%	\$313	\$31	NA	0	NA	NA	NA	0
Q2 '09	Wireless - International	10	4	40%	\$429	\$69	2.0x	2	NA	NA	NA	0
Q3 '09	Wireless - International	16	7	44%	\$2,851	\$18	2.0x	1	1.7%	1.0%	2.3%	1
Q4 '09	Wireless - International	18	6	33%	\$473	\$46	NA	0	NA	NA	NA	0
Q1 '10	Wireless - International	9	4	44%	\$11,826	\$563	2.4x	2	NA	NA	NA	0
Q2 '10	Wireless - International	6	2	33%	\$33	\$16	1.0x	1	NA	NA	NA	0
Q3 '10	Wireless - International	9	5	56%	\$13,113	\$62	3.6x	2	NA	NA	NA	0
Q4 '10	Wireless - International	15	7	47%	\$24,440	\$59	2.4x	3	24.6%	21.0%	26.4%	1
Total	Wireless - International	219	112	51%	\$133,849	\$34	2.5x	25	13.2%	19.1%	30.2%	6
Q1 '07	Wireless - US	8	3	38%	\$307	\$5	NA	0	NA	NA	NA	0
Q2 '07	Wireless - US	7	3	43%	\$28,067	\$313	2.9x	2	9.7%	8.5%	15.5%	1
Q3 '07	Wireless - US	14	9	64%	\$5,713	\$10	3.7x	2	30.1%	24.7%	13.8%	2
Q4 '07	Wireless - US	9	5	56%	\$2,543	\$7	1.8x	2	NA	NA	NA	0
Q1 '08	Wireless - US	6	4	67%	\$90	\$10	1.5x	2	NA	NA	NA	0
Q2 '08	Wireless - US	15	4	27%	\$29,599	\$24	1.7x	2	NA	NA	NA	0
Q3 '08	Wireless - US	6	3	50%	\$60	\$2	NA	0	NA	NA	NA	0
Q4 '08	Wireless - US	8	3	38%	\$285	\$8	0.4x	1	NA	NA	NA	0
Q1 '09	Wireless - US	5	2	40%	\$30	\$15	NA	0	NA	NA	NA	0
Q2 '09	Wireless - US	7	4	57%	\$2,791	\$220	0.4x	1	NA	NA	NA	0
Q3 '09	Wireless - US	3	2	67%	\$706	\$353	0.5x	1	59.2%	60.1%	41.1%	1
Q4 '09	Wireless - US	8	2	25%	\$911	\$455	1.5x	1	34.2%	34.8%	32.2%	1
Q1 '10	Wireless - US	3	1	33%	\$2	\$2	NA	0	NA	NA	NA	0
Q2 '10	Wireless - US	3	2	67%	\$2	\$1	3.0x	1	NA	NA	NA	0
Q3 '10	Wireless - US	5	3	60%	\$106	\$0	NA	0	NA	NA	NA	0
Q4 '10	Wireless - US	7	4	57%	\$1,930	\$3	NA	0	NA	NA	NA	0
Total	Wireless - US	114	54	47%	\$73,141	\$7	2.0x	15	34.2%	34.8%	24.9%	5

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

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

Appendix – Telecom Services M&A Data

Quarter	Sector	# of Deals		% w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Wireless - Towers	4	1	25%	\$4,944	\$4,944	NA	0	NA	NA	NA	0
Q3 '07	Wireless - Towers	6	3	50%	\$1,798	\$215	NA	0	NA	NA	NA	0
Q4 '07	Wireless - Towers	5	3	60%	\$166	\$9	NA	0	NA	NA	NA	0
Q1 '08	Wireless - Towers	2	2	100%	\$691	\$345	NA	0	NA	NA	NA	0
Q2 '08	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Wireless - Towers	5	3	60%	\$1,340	\$426	NA	0	NA	NA	NA	0
Q4 '08	Wireless - Towers	1	1	100%	\$9	\$9	NA	0	NA	NA	NA	0
Q1 '09	Wireless - Towers	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Wireless - Towers	1	1	100%	\$1	\$1	NA	0	NA	NA	NA	0
Q3 '09	Wireless - Towers	1	1	100%	\$39	\$39	4.9x	1	NA	NA	NA	0
Q4 '09	Wireless - Towers	4	2	50%	\$120	\$60	NA	0	NA	NA	NA	0
Q1 '10	Wireless - Towers	5	4	80%	\$2,241	\$174	11.9x	1	NA	NA	NA	0
Q2 '10	Wireless - Towers	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Wireless - Towers	3	2	67%	\$53	\$26	NA	0	NA	NA	NA	0
Q4 '10	Wireless - Towers	7	6	86%	\$729	\$61	NA	0	NA	NA	NA	0
Total	Wireless - Towers	47	29	62%	\$12,131	\$100	8.4x	2	NA	NA	NA	0

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



Introduction to SagePoint Advisors

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

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

David P. Michaels - Founder & Managing Director



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

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

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

Teak Murphy - Senior Associate



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

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

Primary Industry Focus – Communications & Networking

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

Transaction Experience of SagePoint Team


































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

Transaction Experience by Market Segment

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

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

Representative Buyer Relationships

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

Why Work With SagePoint?

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