Q Advisors
An Investment Banking Partnership

Presentation to Cable Academy

April 2011

www.qllc.com

Cable Industry Overview

- **Annual growth for cable providers over the next five years is estimated at 6.3%[1]**
- **Strong competition may lead to price compression and industry consolidation**
- **Residential Outlook**
  - Number of basic household subscribers is in decline, however, as cable customers move to new value-added services such as premium HD revenues will continue to grow
  - 300,000 TV subscriptions were added in 2010, down from 1.8 million in 2009[2]
  - A forecasted 1.15 million US households will cut TV subscriptions in place for online, Netflix, and OTA in 2011[2]
- **Commercial Outlook**
  - Firms continue to expand services into SOHO and SME customer segments
  - The industry is in a position to capture 10-15% of the SME market share over the next five years[3]
  - Cable's largest advantage is network in place that passes through or by buildings, cell towers, industrial parks that all need larger pipes and higher bandwidth
  - Serving the large enterprise should be on the radar for all cable companies
- **Managed Services**
  - Firms are seeking opportunities to provide value-added services through UC, Hosting, and other Managed Services
  - Time Warner Cable – NaviSite
  - Comcast Corporation – NGT
  - Cox Business voice services now includes a managed IP PBX solution
- **Wholesale**
  - Prospects are widely available for increased revenue from dark fiber, fiber-to-the-tower and fiber to the premise
  - Cable providers should focus on cell tower backhaul with fiber-based solutions
- **Cablevision and Time Warner Cable rumored to be in talks with LightSquared**

[1]IBISWorld [2]Convergence Consulting Group [3] RBCCM Research Report

Telecommunications Industry Overview

- **Global telecom M&A volume reached $162.7 billion in 2010, a 65% increase from 2009's $98.4 billion[1]**
  - Telecom focused mergers and acquisitions led the way in Q1 2011 with an aggregate value of $94.4 billion, representing a 48% increase from a year ago[2]
- **Yearly sales in unified communications solutions will continue growing from nearly $17 billion dollars in 2010 up to approximately $30 billion dollars in 2012[3]**
  - By the year 2012, the number of unified communications customers will grow in excess of 135 million users[3]
- **The VoIP services market reached $49.8 billion in 2010, a 43% increase compared to $34.8 billion in 2008[4]**
  - Based on healthy demand for cloud-based services, hosted UC was one of the fastest growing segments with the total number of seats growing 20% in 2010[4]
  - While half of SMBs are currently using a PBX system, and just 7% are on a hosted platform, $3.9 billion in future growth is estimated as the hosted PBX industry takes advantage of product adoption[5]
- **The industry contains a significant number of high growth companies in the $10 to $40 million revenue range**
- **Consolidation is an evident, rising trend throughout the telecommunications industry**
  - Several major west coast based CLECs are actively pursuing M&A strategies
  - Fiber and hosting providers are actively looking at voice, data and UC providers
  - Cable companies and IT services providers are seeking additional providers and solutions
- **Platforms, both proprietary and BroadSoft based, are engineered to add additional managed services and cloud functions as additional seats and locations are implemented**

[1]Bloomberg 2011 M&A Outlook
[2]Dealogic
[3]The Radicati Group
[4]Infonetics Research
[5]Parallels Market Study

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Cable Providers and Telecommunications M&A – Overview

2010 Retrospective

- **Cable providers experienced an increase in small and mid-sized system deals in 2010**
  - Three times as many deals were announced or proposed in 2010 versus 2009
  - Activity fueled by smaller systems who have not fully deployed new products like VoIP, Broadband, HD, DVR, etc
- **Global M&A value was $2.4 trillion in 2010**
  - This was a 22.9% increase from 2009
  - 3 of the top 4 M&A deals were in the telecom sector
- **Private equity buyers were as active as strategic buyers, often paying the same valuation multiple**
- **Fiber and managed services deals occurred at an accelerated pace due to technology de-risking and the need for increased flexibility and mobility**
- **Examples of 2010 deals**
  - Cable:
    - CSC Holdings Inc. – Bresnan Comm. (8.3x EBITDA)
    - Knology, Inc. – Sunflower (8.4x EBITDA)
    - ABRY Partners, LLC – RCN Corp. (6.0x EBITDA)
  - Fiber
    - Sidera Networks – Cross Connect, L.I.F.E. (N/A)
    - Windstream – KDL / Norlight (3.4x Revenue)
  - Managed Services:
    - Windstream – Hosted Solutions (6.0x Revenue)
    - SAVVIS – Fusepoint (3.5x Revenue)
  - Unified Communications:
    - J2 Global Comm. – Protus IP Solutions (2.6x Revenue)

2011 Overview

- **2011 has begun with the same heightened level of deal activity, primarily resulting from:**
  - Lack of organic growth by landline providers
  - Need for spectrum by wireless providers
  - Portfolio shortcomings of cable companies and other traditional telecom providers
  - Easing of the credit markets
  - Private equity interest in convergence
  - Enterprise adaptation of new technologies
- **Cable digital transition is over 70% complete and as a result cable providers will have opportunities to tap into the commercial segment, MS, UC, and Hosting in 2011**
- **Transaction multiples continue to expand for both M&A and financing transactions**
  - Valuations remain firmly in the 8 - 10x EBITDA range or 1.5-2.5x revenue in many telecom and related sectors
- **Notable deals in the first quarter of 2011 include:**
  - Broadvox – Cypress (N/A)
  - Earthlink – STS (N/A)
  - Verizon – Terremark (4.7x Revenue)
  - Time Warner Cable – NaviSite (1.9x Revenue)
- **While the grass is seemingly green, there are forces that could depress transaction volume and valuations**
  - Double-dip recession
  - Uncertainty abroad (Japan, Middle East)
  - Exuberant stock market valuations in specific sectors

Equity Capital Activity

Cable

- **Equity investors will continue to play a role in the cable market this year, searching for further investment opportunities within a shifting marketplace**
  - Factors driving investment interest include continued growth into the commercial segment, consumers increased bandwidth needs and opportunities within Unified Communications, Managed Services and Wholesale
  - Cable's robust cash flow, historic low valuation, ability to take on debt, and current low interest rates are attractive to private equity investors
  - Cable plant and footprint makes it attractive as a growth platform
- **Cable providers have a track record of going private over the last decade providing opportunities for private equity**
  - Cox and Insight in 2004 and 2005 respectively
  - In 2010, ABRY Partners took RCN private and Mediacom CEO took Mediacom private with EBITDA multiples of 6.0x and 7.2x, respectively
- **Large backlog of private equity firms are ready to cash out after purchasing cable systems in the early part of the decade**

Equity Capital Activity

Telecom Services

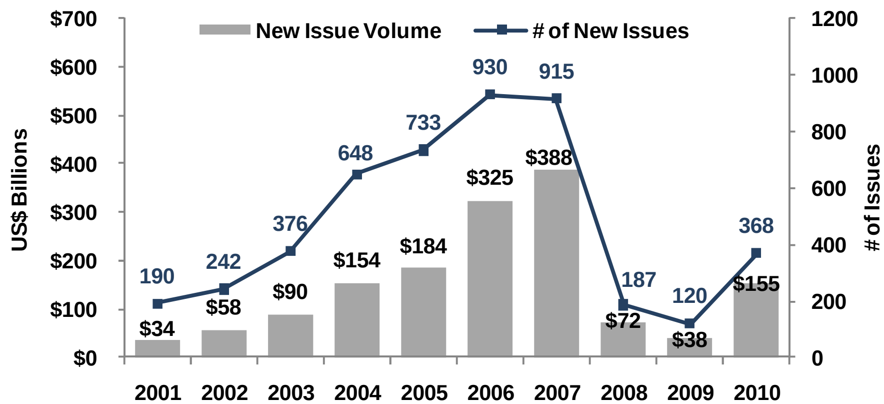
- **Equity investors will continue to circle the telecommunications market this year, searching for further investment opportunities within a consolidating marketplace**
  - Factors driving investment interest include attractive economies of scale, distressed sales due to the economic downturn and the move towards unified communications and managed services
  - Consolidation has been a key feature of the sector, with 24 deals tracked over the past year involving approximately $1,153 million in consideration; at an average valuation of 5.6x historic EBITDA[1]
  - Private equity investors has been behind two-thirds of the deals by number, but approximately 94% by value[1]
- **Voice, Data & UC providers are experiencing increased interest from private equity and strategic investors / buyers**
  - Bandwidth.com recently raised $22 million in equity financing, the funding was received shortly after the company's acquisition of Dash Carrier Services in Q1 2011
  - A large proprietary VoIP provider is rumored to be closing in on a recap transaction in the 2.0x revenue range
  - Cbeyond purchased Aretta Communications and MaximumASP near the end of 2010 to establish a foothold within the hosted solutions marketplace
- **Investors see great opportunity in the market to drive profitability by making consolidation focused acquisitions**
  - Firms are rarely looking for one-off investments, rather their strategy is to go out and buy a number of companies to gain economies of scale, geographic expansion and increased technological abilities[1]
  - Private equity investors are also attracted by the sector's other growth opportunities, such as cloud based services, which is driving investment in data centers and network services

[1]IS Research Report

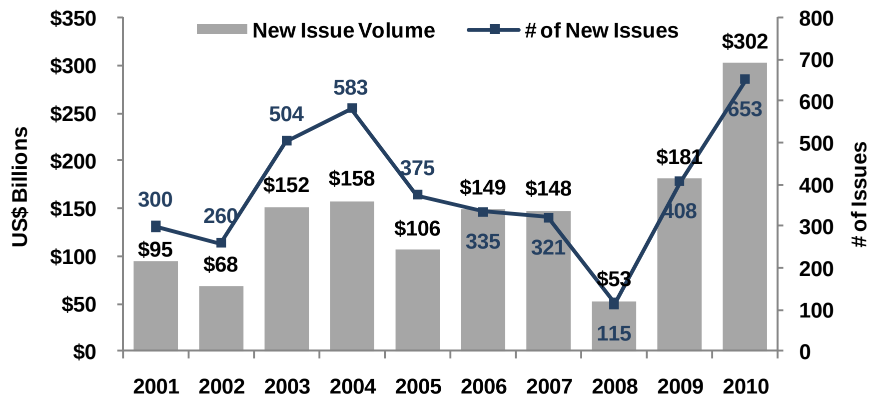
Debt Capital Markets

- The debt capital markets have recovered nicely, particularly for larger, established credits with substantial EBITDA
- Cable and Telecom/IT issues are being well received, bolstered by predictable business models (recurring revenue), attractive equity valuations and robust M&A activity
- Money is flowing into high yield and leveraged loan funds as investors seek higher/floating rates and expect credit quality to improve as the economy recovers
- Spreads/yields are at attractive levels
- The venture debt market continues to be an attractive option for growth companies in the Voice, Data & UC space

Institutional Loan New Issuance



High Yield Primary Issuance



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Capitalizing on an Ideal Market Opportunity

Market Trends

- **Despite an uncertain economic climate, business VoIP adoption has seen a dramatic increase with the improvement of quality and penetration of the service**
  - Primary reasons for adoption include lower total cost of ownership, simple IT support, reduced capital investment, easy scalability, added functionality and automatic upgrades
- **Cloud based solutions for the enterprise are rapidly expanding beyond back-office processing and document management services**
  - Cloud offerings are now being used to address critical, customer-facing business functions, with the ability to access updates and new technology at a fraction of the cost
- **Historically costly SIP technology is moving beyond large enterprises, and being embraced by SMBs**
  - IP-based systems are able to extend the simplicity, flexibility and cost efficiency of SIP to smaller businesses, some of which are finding new ways to use the technology
- **Traditional telephone service providers and cable companies are squeezing weaker VoIP start-ups out of the market**
  - Of Comcast's 23 million cable subscribers in mid 2010, 16 million purchased high-speed Internet services, with 8 million also receiving VoIP services[1]
- **SME and Enterprises are looking beyond traditional telecom providers (ILEC, RBOC, CLEC) for communications and managed services**

[1]Plunkett Research

Capitalizing on an Ideal Market Opportunity (cont'd)

Industry Drivers

- **The rapid proliferation of high-speed Internet access is causing VoIP usage to dramatically increase**
  - In 2004, there were fewer than 1 million VoIP lines in the US, by mid-2010 this number had grown to over 21 million, or 13% of wireline telephone service in the US[2]
- **The expansion of VoIP consumption is largely dependent on the predicted increase in broadband demand and further adoption of smart mobile devices**
  - The fixed broadband subscriber base is expected to grow from approximately 600 million current subscribers, to 1 billion by 2013[3]
  - Users seek smart devices that allow for the personalization of communication services and the management of availability
- **Fully hosted, as well as hybrid services, are driving gains with the unified communications market**
  - The market for unified communications infrastructure is expected to hit $4.8 billion by 2015[4]
  - IP PBX vendors are estimated to have filled over 35 million IP lines - including native IP and hybrid lines - during 2010[4]
  - In 2010 hosted IP PBX services are expected to have grown 15.3 percent, accounting for $3.4 billion in revenue[4]

[2]Federal Communications Commission
[3]Scott Hoffpauir, BroadSoft CTO
[4]ABI Research

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Public Market Comparables – Cable Providers

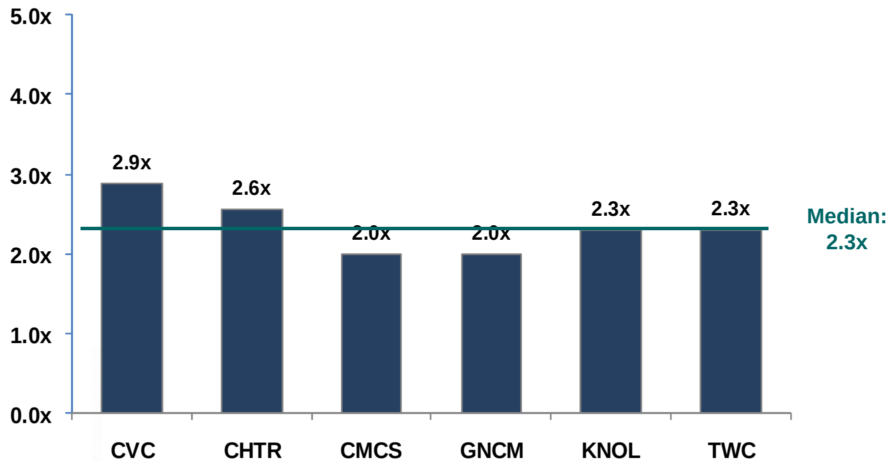
Cable Providers Comparable Trading Multiples [1]

Trading Multiples as of 4/8/2011; (US$ in Millions)

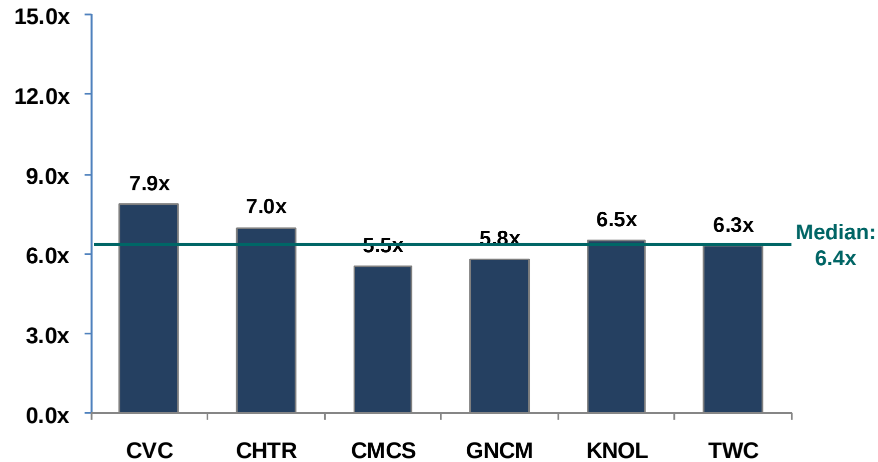
			Operating Metrics				Margins		Growth		TEV Multiple			
Comparable Companies	*TEV*	*Market Cap.*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*	*Gross Profit*	*EBITDA*	*1 Yr. Revenue*	*1 Yr. Fwd. Revenue*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*
Cable Providers														
Cablevision Systems Corporation	$22,431.3	$9,814.4	$7,231.2	$7,752.1	$2,521.3	$2,847.6	58.4%	34.9 %	5.6 %	7.2 %	3.1x	2.9x	8.9x	7.9x
Charter Communications Inc.	$18,702.9	$6,343.9	$7,059.0	$7,293.8	$2,573.0	$2,671.7	56.6%	36.4 %	4.5 %	3.3 %	2.6x	2.6x	7.3x	7.0x
Comcast Corporation	$92,789.2	$67,216.2	$37,937.0	$46,115.1	$14,662.0	$16,791.1	59.8%	38.6 %	6.1 %	21.6 %	2.4x	2.0x	6.3x	5.5x
General Communications Inc.	$1,362.6	$522.8	$651.3	$692.1	$214.6	$236.4	68.1%	33.0 %	9.3 %	6.3 %	2.1x	2.0x	6.3x	5.8x
Knology, Inc.	$1,204.7	$519.9	$459.5	$523.3	$149.6	$185.5	67.8%	32.6 %	8.0 %	13.9 %	2.6x	2.3x	8.1x	6.5x
Time Warner Cable Inc.	$45,055.2	$24,674.2	$18,868.0	$19,557.6	$6,875.0	$7,152.1	52.6%	36.4 %	5.6 %	3.7 %	2.4x	2.3x	6.6x	6.3x
						High	**68.1 %**	**38.6 %**	**9.3 %**	**21.6 %**	**3.1x**	**2.9x**	**8.9x**	**7.9x**
						Low	**52.6 %**	**32.6 %**	**4.5 %**	**3.3 %**	**2.1x**	**2.0x**	**6.3x**	**5.5x**
						Mean	**60.6 %**	**35.3 %**	**6.5 %**	**9.3 %**	**2.5x**	**2.3x**	**7.2x**	**6.5x**
						Median	**59.1 %**	**35.7 %**	**5.9 %**	**6.8 %**	**2.5x**	**2.3x**	**6.9x**	**6.4x**

Sources: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

CY 2011 Revenue Multiples [1]



CY 2011 EBITDA Multiples [1]



[1]Source: Capital IQ as of April 8, 2010 and Q Advisors LLC Estimates

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Public Market Comparables – Fiber Providers / Wholesale

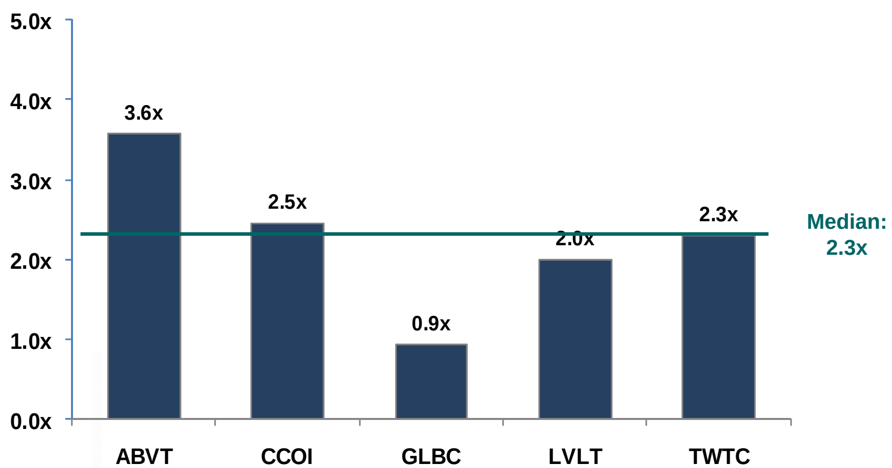
Fiber Providers / Wholesale Comparable Trading Multiples [1]

Trading Multiples as of 4/8/2011; (US$ in Millions)

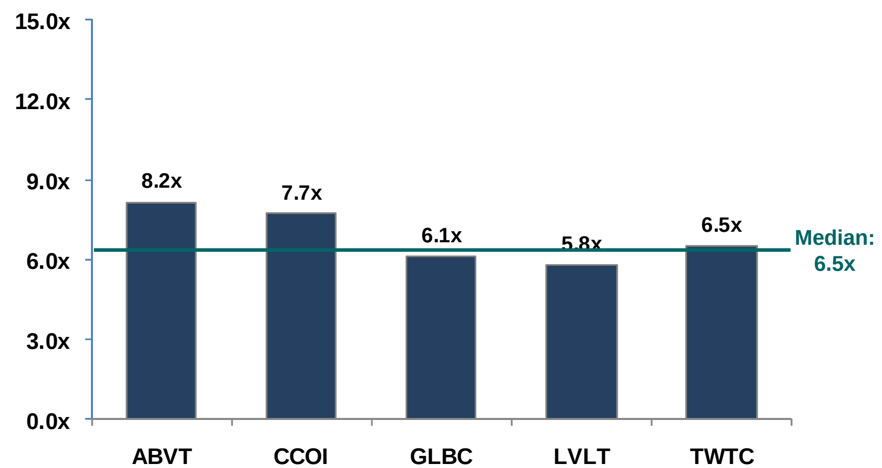
Comparable Companies	TEV	Market Cap.	Operating Metrics CY 2010 Revenue	CY 2011 Revenue	CY 2010 EBITDA	CY 2011 EBITDA	Margins Gross Profit	EBITDA	Growth 1 Yr. Revenue	1 Yr. Fwd. Revenue	TEV Multiple CY 2010 Revenue	CY 2011 Revenue	CY 2010 EBITDA	CY 2011 EBITDA
Fiber Providers / Wholesale														
AboveNet, Inc.	$1,666.1	$1,676.7	$409.7	$467.0	$172.3	$204.2	65.6%	42.1 %	13.8 %	14.0 %	4.1x	3.6x	9.7x	8.2x
Cogent Communications Group Inc.	$725.1	$598.4	$263.4	$295.2	$72.3	$94.0	54.8%	27.5 %	11.7 %	12.1 %	2.8x	2.5x	10.0x	7.7x
Global Crossing Ltd.	$2,608.2	$1,517.2	$2,609.0	$2,778.7	$396.0	$426.8	31.7%	15.2 %	2.9 %	6.5 %	1.0x	0.9x	6.6x	6.1x
Level 3 Communications Inc.	$1,362.6	$522.8	$651.3	$692.1	$214.6	$236.4	68.1%	33.0 %	9.3 %	6.3 %	2.1x	2.0x	6.3x	5.8x
TW Telecom Inc.	$1,204.7	$519.9	$459.5	$523.3	$149.6	$185.5	67.8%	32.6 %	8.0 %	13.9 %	2.6x	2.3x	8.1x	6.5x
High							**68.1 %**	**42.1 %**	**13.8 %**	**14.0 %**	**4.1x**	**3.6x**	**10.0x**	**8.2x**
Low							**31.7 %**	**15.2 %**	**2.9 %**	**6.3 %**	**1.0x**	**0.9x**	**6.3x**	**5.8x**
Mean							**57.6 %**	**30.1 %**	**9.1 %**	**10.5 %**	**2.5x**	**2.3x**	**8.1x**	**6.9x**
Median							**65.6 %**	**32.6 %**	**9.3 %**	**12.1 %**	**2.6x**	**2.3x**	**8.1x**	**6.5x**

Sources: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

CY 2011 Revenue Multiples [1]



CY 2011 EBITDA Multiples [1]



[1]Source: Capital IQ as of April 8, 2010 and Q Advisors LLC Estimates

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Public Market Comparables – Voice, Data & UC Providers

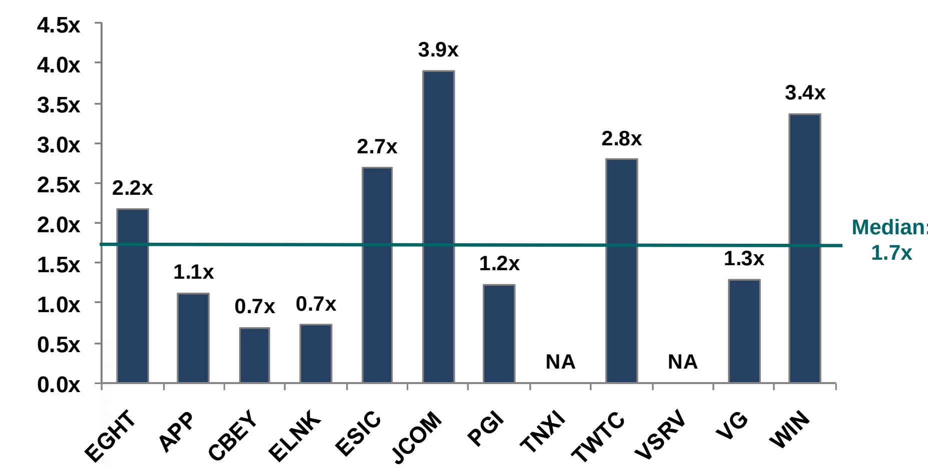
Voice, Data & UC Providers Comparable Trading Multiples [1]

Trading Multiples as of 4/7/2011; (US$ in Millions)

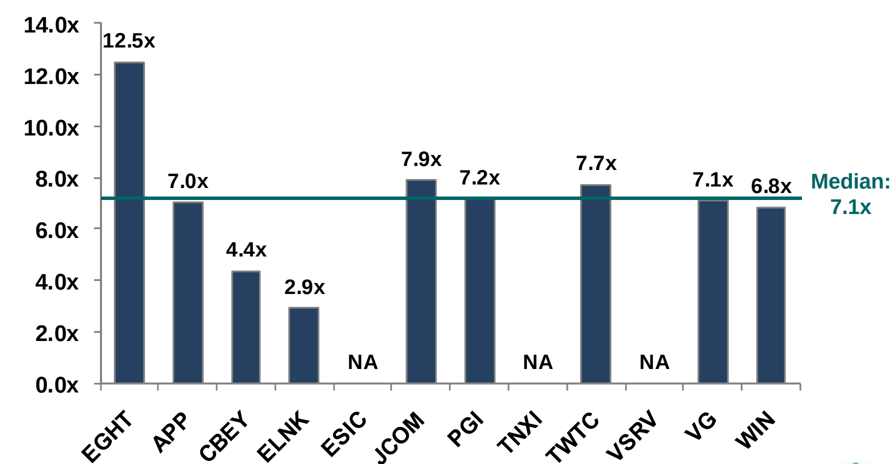
			Operating Metrics				Margins		Growth		TEV Multiple			
Comparable Companies	*TEV*	*Market Cap.*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*	*Gross Profit*	*EBITDA*	*1 Yr. Revenue*	*1 Yr. Fwd. Revenue*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*
Voice, Data & UC Providers														
8x8	$163.7	$184.2	$67.8	$75.3	$6.9	$13.1	67.8%	10.2 %	7.2 %	11.1 %	2.4x	2.2x	23.7x	12.5x
Apptix	$57.0	$47.5	$40.1	$50.8	$2.4	$8.1	35.4%	6.0 %	(5.0)%	26.7 %	1.4x	1.1x	23.8x	7.0x
Cbeyond	$334.6	$361.0	$452.0	$482.7	$59.1	$76.5	68.2%	13.1 %	9.2 %	6.8 %	0.7x	0.7x	5.7x	4.4x
EarthLink	$914.7	$871.2	$622.2	$1,263.4	$209.2	$313.8	62.3%	33.6 %	(14.0)%	103.1 %	1.5x	0.7x	4.4x	2.9x
EasyLink Services	$219.7	$124.9	NA	$81.7	NA	NA	NA	NA	34.0 %	NA	NA	2.7x	NA	NA
j2 Global Communications	$1,294.2	$1,373.0	$255.4	$331.7	$119.7	$164.4	82.7%	46.9 %	4.3 %	29.9 %	5.1x	3.9x	10.8x	7.9x
Premiere Global	$559.7	$391.1	$441.8	$456.0	$61.8	$78.2	59.4%	14.0 %	(2.7)%	3.2 %	1.3x	1.2x	9.1x	7.2x
Telanetix	$17.9	$13.3	$28.5	NA	$0.3	NA	57.5%	1.1 %	0.8 %	NA	0.6x	NA	59.7x	NA
TW Telecom	$3,781.0	$2,908.7	$1,273.2	$1,354.5	$455.1	$489.4	58.5%	35.7 %	5.1 %	6.4 %	3.0x	2.8x	8.3x	7.7x
VoiceServe	$4.5	$4.8	$4.3	NA	($0.7)	NA	51.2%	(16.3)%	46.1 %	NA	1.0x	NA	NM	NA
Vonage	$1,146.3	$1,012.8	$885.0	$885.3	$149.0	$161.6	66.1%	16.8 %	(0.5)%	0.0 %	1.3x	1.3x	7.7x	7.1x
Windstream	$13,795.1	$6,400.3	$3,712.0	$4,098.7	$1,808.9	$2,018.3	62.2%	48.7 %	23.9 %	10.4 %	3.7x	3.4x	7.6x	6.8x
High							**82.7 %**	**48.7 %**	**46.1 %**	**103.1 %**	**5.1x**	**3.9x**	**59.7x**	**12.5x**
Low							**35.4 %**	**(16.3)%**	**(14.0)%**	**0.0 %**	**0.6x**	**0.7x**	**4.4x**	**2.9x**
Mean							**61.0 %**	**19.1 %**	**9.0 %**	**21.9 %**	**2.0x**	**2.0x**	**16.1x**	**7.1x**
Median							**62.2 %**	**14.0 %**	**4.7 %**	**10.4 %**	**1.4x**	**1.7x**	**8.7x**	**7.1x**

Sources: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

CY 2011 Revenue Multiples [1]



CY 2011 EBITDA Multiples [1]



[1]Source: Capital IQ, market data as of April 7, 2011

Public Market Comparables – Data Center / Managed Services

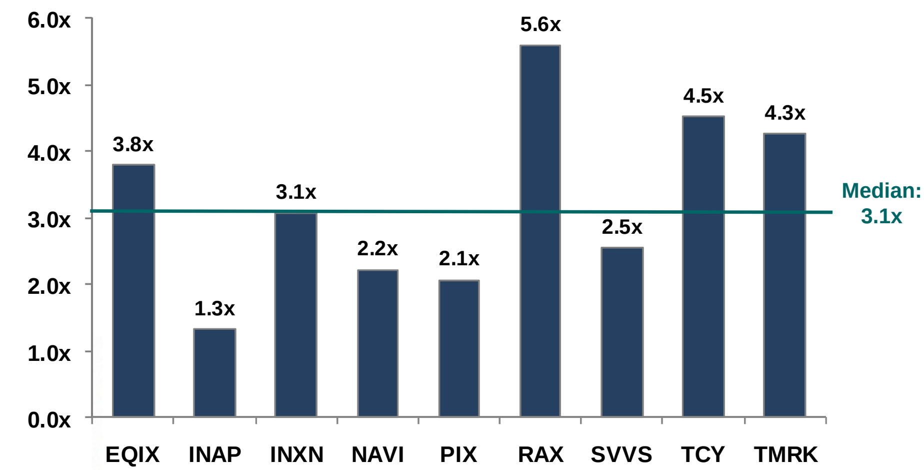
Data Center / Managed Services Comparable Trading Multiples [1]

Trading Multiples as of 4/7/2011; (US$ in Millions)

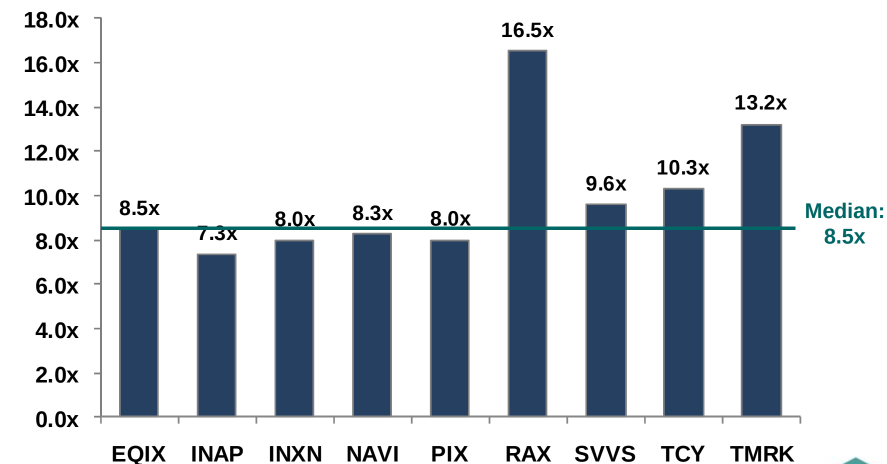
			Operating Metrics				Margins		Growth		TEV Multiple			
Comparable Companies	*TEV*	*Market Cap.*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*	*Gross Profit*	*EBITDA*	*1 Yr. Revenue*	*1 Yr. Fwd. Revenue*	*CY 2010 Revenue*	*CY 2011 Revenue*	*CY 2010 EBITDA*	*CY 2011 EBITDA*
Data Center / Managed Services														
Equinix	$5,723.6	$4,265.1	$1,220.3	$1,510.3	$476.8	$674.4	44.7%	39.1 %	38.3 %	23.8 %	4.7x	3.8x	12.0x	8.5x
Internap Network Services	$334.8	$354.9	$244.2	$252.5	$34.6	$45.6	39.7%	14.2 %	(4.7)%	3.4 %	1.4x	1.3x	9.7x	7.3x
Interxion Holding	$1,075.3	$859.9	$279.4	$349.7	$106.2	$134.9	56.3%	38.0 %	21.4 %	25.2 %	3.8x	3.1x	10.1x	8.0x
NaviSite	$299.8	$217.2	$131.0	$134.8	$24.3	$36.3	50.6%	18.5 %	8.3 %	2.9 %	2.3x	2.2x	12.3x	8.3x
Peer 1 Network Enterprises	$252.5	$216.8	$104.9	$121.9	$21.4	$31.6	38.8%	20.4 %	13.4 %	16.2 %	2.4x	2.1x	11.8x	8.0x
Rackspace Hosting	$5,500.0	$5,473.3	$780.6	$984.2	$217.6	$333.2	68.0%	27.9 %	24.1 %	26.1 %	7.0x	5.6x	25.3x	16.5x
Savvis	$2,701.7	$2,057.0	$933.0	$1,060.0	$207.6	$282.0	46.4%	22.3 %	6.7 %	13.6 %	2.9x	2.5x	13.0x	9.6x
Telecity Group	$1,707.5	$1,614.6	$306.7	$378.2	$130.3	$165.8	55.9%	42.5 %	15.9 %	23.3 %	5.6x	4.5x	13.1x	10.3x
Terremark Worldwide	$1,814.4	$1,279.3	$340.7	$425.8	$82.1	$137.2	48.0%	24.1 %	22.2 %	25.0 %	5.3x	4.3x	22.1x	13.2x
High							**68.0 %**	**42.5 %**	**38.3 %**	**26.1 %**	**7.0x**	**5.6x**	**25.3x**	**16.5x**
Low							**38.8 %**	**14.2 %**	**(4.7)%**	**2.9 %**	**1.4x**	**1.3x**	**9.7x**	**7.3x**
Mean							**49.8 %**	**27.4 %**	**16.2 %**	**17.7 %**	**3.9x**	**3.3x**	**14.4x**	**10.0x**
Median							**48.0 %**	**24.1 %**	**15.9 %**	**23.3 %**	**3.8x**	**3.1x**	**12.3x**	**8.5x**

Sources: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

CY 2011 Revenue Multiples [1]



CY 2011 EBITDA Multiples [1]



[1]Source: Capital IQ, market data as of April 7, 2011

Q Advisors

M&A Transaction Comparables – Cable Providers

Cable Providers Comparable Transactions [1]

(US$ in Millions)

Date	Buyer	Target	Implied TEV	Operating Metrics: LTM Revenue	Operating Metrics: LTM EBITDA	TEV Multiple: LTM Revenue	TEV Multiple: LTM EBITDA
Cable Providers							
2/21/2011	Knology, Inc.	Cobridge Communications, LLC	$30.0	$15.0	$5.5	2.0x	5.5x
2/1/2011	Time Warner Cable	NaviSite	$251.0	$128.9	$26.6	1.9x	9.4x
11/12/2010	Management Team	Mediacom Communication Corporation	$3,920.2	$1,492.1	$541.0	2.6x	7.2x
8/3/2010	Knology, Inc.	Sunflow er	$164.9	$49.1	$19.5	3.4x	8.4x
6/13/2010	CSC Holdings, LLC	Bresnan Communications, LLC	$1,365.0	NA	$164.5	NA	8.3x
3/31/2010	Comcast	New Global Telecom	NA	NA	NA	NA	8.0x
3/17/2010	Comcast	CIMCO Communications	$105.0	$65.0	$20.4	1.6x	5.1x
3/5/2010	ABRY Partners, LLC	RCN Corporation	$1,246.7	$763.8	$208.6	1.6x	6.0x
					High	**3.4x**	**9.4x**
					Low	**1.6x**	**5.1x**
					Mean	**2.2x**	**7.3x**
					Median	**2.0x**	**7.6x**

[1]Capital IQ, Press Releases and Q Advisors LLC Estimates

Q Advisors

M&A Transaction Comparables – Fiber Providers / Wholesale

Fiber Providers / Wholesale Comparable Transactions [1]

(US$ in Millions)

				Operating Metrics		TEV Multiple	
Date	Buyer	Target	Implied TEV	LTM Revenue	LTM EBITDA	LTM Revenue	LTM EBITDA
Fiber Providers / Wholesale							
Pending	*Level 3 Communications*	*Global Crossing Ltd.*	*$2,904.0*	*$2,609.0*	*$396.0*	*1.1x*	*7.3x*
7/19/2010	NTELOS	FiberNet (West Virginia)	$170.0	$76.0	$25.0	2.2x	6.8x
6/24/2010	Zayo Group	American Fiber Systems, Inc.	$183.6	$30.3	$10.6	NM	NM
3/5/2010	ABRY Partners	RCN Corp.	$1,246.7	$763.8	$208.6	1.6x	9.0x
3/1/2010	Zayo Group	AGL Networks	$71.5	NA	NA	NA	NA
12/1/2009	NTELOS Holdings	Allegheny Communications	$27.0	$8.0	$4.5	3.4x	6.0x
11/10/2009	Windstream Corporation	D&E Communications	$328.0	$147.6	$64.2	2.2x	5.1x
9/9/2009	Zayo Group	FiberNet Telecom Group	$93.6	$60.4	$10.5	1.6x	8.9x
7/1/2009	Iowa Telecommunications	Sherburne Tele Systems	$81.2	$29.4	$11.3	2.8x	7.2x

High	**3.4x**	**9.0x**
Low	**1.1x**	**5.1x**
Mean	**2.1x**	**7.2x**
Median	**2.2x**	**7.2x**

[1] Capital IQ, Press Releases and Q Advisors LLC Estimates

M&A Transaction Comparables – Voice, Data & UC Providers

Voice, Data & UC Providers Comparable Transactions [1]

(US$ in Millions)

Date	Buyer	Target	Implied TEV	Operating Metrics: LTM Revenue	Operating Metrics: LTM EBITDA	TEV Multiple: LTM Revenue	TEV Multiple: LTM EBITDA
Voice, Data & UC Providers							
4/1/2011	CenturyLink	Qwest Communications	$22,240.2	$12,104.0	$4,267.0	1.8x	5.2x
3/2/2011	Earthlink	STS Telecom	$34.8	$22.9	$5.2	1.5x	6.7x
2/28/2011	FPL FiberNet	Grande Communications, Fiber Assets	$47.0	$13.7	$6.0	3.4x	7.8x
2/8/2011	PAETEC	XETA Technologies	$62.1	$85.7	$3.7	0.7x	16.6x
12/20/2010	Earthlink	One Communications	$370.0	$575.0	$79.0	0.6x	4.7x
12/8/2010	Earthlink	ITC^DeltaCom	$491.4	$445.3	$84.8	1.1x	5.8x
12/2/2010	Windstream	Q-Comm Corporation	$777.9	$231.0	$92.8	3.4x	8.4x
10/29/2010	Riverside Partners	Tech Valley Communications	NA	NA	NA	1.5x	6.5x
10/1/2010	Neutral Tandem	Tinet SpA	$88.2	$53.4	NA	1.7x	NA
9/13/2010	PAETEC	Cavalier Telephone	$460.0	$390.0	$89.9	1.2x	5.1x
7/16/2010	YMAX Communications	VocalTec Communications	$10.4	$7.1	($2.7)	1.5x	NM
6/8/2010	SARCOM	Network Services Plus	$14.3	$15.4	NA	0.9x	NA
6/1/2010	Windstream	Iowa Telecommunication Services	$1,125.4	$253.4	$123.1	4.4x	9.1x
5/24/2010	Amcom Telecom	IP Systems	$18.4	$10.8	NA	1.7x	NA
3/31/2010	Comcast	New Global Telecom	NA	NA	NA	NA	8.0x
3/17/2010	Comcast Phone of Illinois	CIMCO Communications	$105.0	$65.0	$11.7	1.6x	9.0x
2/8/2010	Windstream	NuVox	$644.0	$564.8	$98.1	1.1x	6.6x
1/31/2010	Spiritel	Boucon Network Solutions	$1.4	$3.0	$0.2	0.5x	9.0x
11/10/2009	Windstream	D&E Communicatoins	$321.3	$147.6	$64.2	2.2x	5.0x
11/2/2009	Spiritel	Edge Solutions	$15.2	$9.0	$1.1	1.7x	13.3x
7/1/2009	Iowa Telecommunication Services	Sherburne Tele Systems	$84.6	$29.4	$11.3	2.9x	7.5x
7/1/2009	NextGenTel	Tele2 Norge, Broadband/VoIP Unit	$13.9	$50.9	($5.7)	0.3x	NM

	LTM Revenue	LTM EBITDA
High	**4.4x**	**16.6x**
Low	**0.3x**	**4.7x**
Mean	**1.7x**	**7.9x**
Median	**1.5x**	**7.5x**

CONFIDENTIAL – Data relating to STS Telecom, Tech Valley Communications and Grande Communications should not be disclosed

[1]Source: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

Q Advisors

M&A Transaction Comparables – Data Center / Managed Services

Data Center / Managed Services Comparable Transactions [1]

(US$ in Millions)

Date	Buyer	Target	Implied TEV	Operating Metrics: LTM Revenue	Operating Metrics: LTM EBITDA	TEV Multiple: LTM Revenue	TEV Multiple: LTM EBITDA
Data Center / Managed Services							
2/1/2011	Time Warner Cable	NaviSite	$251.0	$128.9	$26.6	1.9x	9.4x
1/27/2011	Verizon Communications	Terremark Worldwide	$1,841.8	$351.5	$82.1	5.2x	22.4x
12/3/2010	j2 Global Communications	Protus IP Solutions	$190.3	$74.3	$20.4	2.6x	9.3x
12/1/2010	Windstream Corporation	Hosted Solutions	$310.0	$51.7	NA	6.0x	NA
11/3/2010	Cbeyond	MaximumASP / Aretta	$35.9	$13.1	NA	2.7x	NA
10/5/2010	Welsh, Carson, Anderson & Stowe	Peak 10	$410.0	$69.5	$34.7	5.9x	11.8x
8/3/2010	GI Partners	SoftLayer Technologies	$475.0	$83.5	$33.4	5.7x	14.2x
6/16/2010	Savvis	Fusepoint	$121.0	$41.7	$12.0	2.9x	10.1x
6/11/2010	Cincinnati Bell Technology Solutions	Cyrus Networks	$530.0	$73.0	$42.0	7.3x	12.6x
4/30/2010	Equinix	Switch & Data Facilities Co.	$851.5	$215.0	$68.2	4.0x	12.5x
					High	**7.3x**	**22.4x**
					Low	**1.9x**	**9.3x**
					Mean	**4.4x**	**12.8x**
					Median	**4.6x**	**12.2x**

[1] Source: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

Comparable Summary

Comparable Summary

Comparable Industries	Transaction TEV Multiple: Mean Revenue	Transaction TEV Multiple: Mean EBITDA	Trading TEV Multiple: CY 2010 Mean Revenue	Trading TEV Multiple: CY 2011 Mean Revenue	Trading TEV Multiple: CY 2010 Mean EBITDA	Trading TEV Multiple: CY 2011 Mean EBITDA
Valuation Summary						
Cable	2.0x	7.6x	2.5x	2.3x	6.9x	6.4x
Fiber / Wholesale	2.2x	7.2x	2.6x	2.3x	8.1x	6.5x
Voice, data and UC providers	1.5x	7.5x	1.4x	1.7x	8.7x	7.1x
Data Center / Managed Services	4.6x	12.2x	3.8x	3.1x	12.3x	8.5x

[1]Source: Capital IQ, SEC Filings, Press Releases and Q Advisors LLC Estimates

Key M&A Themes

Rapid industry consolidation is being used to expand markets and business offerings	**Regional leaders are seeking geographic diversification** • M5 Networks, a New York based provider, purchased Geckotech in an effort to move into Chicago, a market thought to be one the strongest for selling communications services **Companies are merging to form combined entities that are able to offer integrated packages to a larger addressable market** • Bandwidth.com, a provider of voice and connectivity to the enterprise directly and through channels, purchased Dash Carrier Services, which focuses on the wholesale market with add-on services like E911, CNAM, and 411 as well as origination and termination • Windstream's purchase of Hosted Solutions demonstrates even the more sedate ILECs are moving aggressively
Traditional service providers are making acquisitions to expand offerings	**Established service providers are seeking targets that offer new technologies and product lines** • Comcast purchased NGT in an effort to substantiate their business voice offerings to the enterprise market • Global Crossing acquired Genesis Networks and gained entry to the international video over IP market • Time Warner's purchase of NaviSite provides an entry into data and managed services **Service providers who have historically been "trunking only" are making strategic moves to deliver hosted/cloud offerings** • Broadvox's acquisition of Cypress was based on their interest in leveraging Cypress's C3IP and C4IP "UC as a Service" solution • Cbeyond's purchase of both Aretta and MaximumASP demonstrates the company's push to establish a foothold within the hosted solution marketplace (2.7x Revenue)
Financial Sponsors are interested in establishing platforms for industry rollup	**Numerous small and regionally focused players exist within a rapidly advancing industry** • Bringing together geographically dispersed providers will increase the nationwide availability of cloud-based voice solutions and make customer adoption more likely • A combined entity is able to speed the development of technology and OSS platforms, making investment more attractive and growth more sustainable

Cable Evolution Model

Communications

Traditional Cable

Residential
- -Home penetration
- -Subscriber fees
- -Video on demand
- -Triple Play
- -Content
- -Data back up

Commercial
- -Unified Communications / HUC
- -Firewall
- -Telepresence
- -MPLS
- -TEM
- -Video Conferencing
- -Co-location

Managed Services
- -Security
- -VoIP
- -Hosting
- -Cloud Computing
- -Storage

Wholesale
- -Dark fiber
- -FTTT
- -FTTH
- -FTTP

Industry Observations

- General trading and M&A trends:
  - 6.0x - 8.0x EBITDA
- Growing demand for bandwidth to support:
  - Mobile Operators
    - Applications
    - Data
    - Video
  - SMB
    - Enterprise Applications
    - Interconnectivity
    - Teleprecense
- Growing demand for Fiber-to-the-"X"
  - Tower
  - Home
  - Curb
  - Premise
- Growing demand for data storage and accessibility
- Content ownership

Valuation Drivers

Influencing Factors

- Operating cash flow
- Capital expenditures
- Size of customers
- Multi-location customers
- Average revenue per user
- Months under contract
- Churn rate
- Acquisition cost
- Ability to up-sell
- Customer premises equipment and how it is sold or booked
- Proprietary technology owned
- Offered services
- Back office
- Management team
- Sales channel
- Ability to offer network
- Ease of integration

The New Paradigm Convergence Landscape

Data Center / Hosting

Key Players:
- Hosting.com
- Rackspace
- Equinix
- NaviSite (TWC)
- i/o Data Centers
- ViaWest

Industry Trends:
- Average EBITDA margins of 35-50%
- Median trading Revenue multiple of 3-4x, and median EBITDA multiple of 10-12x

Voice, Data & UC

Key Players:
- j2 Global Comm.
- Broadvox
- Telesphere
- Windstream
- PAETEC
- iCore

Industry Trends:
- Average EBITDA margins of 20%
- Median trading Revenue multiple of 1-2x, and median EBITDA multiple of 5-7x

Evolving Service Providers

IT / Managed Services

Key Players:
- Savvis
- Presidio
- Rackspace
- Masergy
- StillSecure
- mindSHIFT

Industry Trends:
- Average EBITDA margins of 20-30%
- Median trading Revenue multiple of 1-2x, and median EBITDA multiple of 8-10x

Fiber / Cable Providers

Key Players:
- Comcast
- COX
- CVC
- TWC
- Zayo
- Sidera Networks

Industry Trends:
- Average EBITDA margins for cable 30-40%/fiber 30-50%
- Median trading Revenue multiple for cable 2-3x/fiber 2-4x, and median EBITDA multiple for cable 6-8x/fiber 8-10x