

FOCUS Telecom
Technology and Services Group
U.S. Communications
Service Provider
Quarterly

Fall 2014 Report

Vol. 3, No. 4

FOCUS

Investment Banking

Seasoned, Systematic, SuccessfulSM

Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading investment bank with specialized telecom technology and services expertise, concentrating on providing four highly-tailored services to emerging middle market and larger organizations in this sector:

Sellside Assignments
Buyside Engagements
Capital Formation
Valuation and Fairness Options

In this Issue

- 2 Introduction and Sub Sector Definitions
- 3 Summary Comments: Public Markets
- 4 Public Market Summary Charts 1-6
- 5 Summary Comments: M&A M&A Summary Charts 1-2
- 6 M&A Announced Transactions
- 7 M&A Announced Transactions with Revenue Multiples
- 8 Sub Sector Analysis: Large Cap Charts 1-6
- 9 Sub Sector Analysis: Alternative Telecom Charts 1-6
- 10 Sub Sector Analysis: Hosted and Managed Services Charts 1-6
- 11 Sub Sector Analysis: ILEC and Diversified ILEC Charts 1-6
- 12 Sub Sector Analysis: Cable and Video Charts 1-6
- 13 FOCUS Telecom Technology and Services Team

U.S. Communications Service Provider Quarterly

By Richard Pierce, FOCUS Managing Director and Telecom Technology and Services Team Leader

FOCUS believes that the need for communications services has never been greater. Large enterprises, small and medium sized businesses, and individuals have all come to rely upon ubiquitous access to voice, video, and data services to run their day-to-day activities. Furthermore, the importance of Communications Service Providers (CSPs) appears poised to increase further as they begin to enable a variety of new services ranging from hosted PBX and videoconferencing platforms to in-home security and energy management solutions.

Access to capital and the benefits of scale will mean that a small number of large companies will continue to dominate certain areas such as mobile wireless and video. However, FOCUS continues to see opportunities for middle market CSPs. While not as large as the industry giants, they continue to thrive by developing innovative business models that share one or more characteristics such as capital efficiency, customer responsiveness, an advanced technology platform and a focus on an underserved industry vertical or geography.

Furthermore, it often is the middle market CSPs that point the direction for the future of the industry. FOCUS is proud of its commitment to the CSP sector and we are excited about the prospects for middle market companies in this space.

The FOCUS Telecom Technology and Services group consists of four professionals with a mix of backgrounds that include both C-level operating expertise and experience at leading middle market investment banks. The FOCUS Telecom team is uniquely qualified to help middle market clients reach their strategic objectives because the group:

- Devotes significant senior level resources to executing transactions for lower middle market clients,

- Has a breadth of knowledge that covers most segments of the telecom industry,
- Has bankers with C-level operating experience in the telecom industry,
- Has a proven transaction methodology for delivering results,
- Is equally comfortable with buy side and sell side M&A,
- Leverages an experienced team of research professionals, and
- Has a national presence with coverage of both east and west coasts.

Sub Sector Definitions

Large Cap: Large, diversified communications service providers that control a significant number of former RBOC access lines and/or have a nationwide wireless operation.

Alternative Telecom: Competitive carriers that primarily provide basic voice, data and transport services to businesses and other telecom service providers.

Hosted and Managed Services: Companies that provide hosted VoIP telecom services as well as additional hosted offerings such as audio and video conferencing.

ILEC and Diversified ILEC: Non-RBOC incumbent carriers, many of which have branched out into other sectors of communications services.

Cable and Video: Incumbent cable service providers, satellite video providers, and competitive video providers whose core business is providing video services to residential customers.

Summary Comments

Public Markets

The FOCUS Communications Service Provider Index (CSPI) had a relatively modest gain of 1.1% for our Fall reporting period. This placed the sector roughly in-line with the 0.6% gain in the S&P 500 and the 1.9% gain in the NASDAQ. Performance was mixed, with three of the sub sectors posting gains and two posting losses. For the year, the CSPI continues to trail the broader market, but significantly closed the gap in this most recent period. The yearly CSPI return of 15.4% compares to a 17.3% gain for the S&P 500 and a 19.1% return for the NASDAQ. Sector multiple trends were mixed. The CSPI revenue multiple of 2.3x is an increase from the 2.1x multiple in the year-ago period, while the EBITDA multiple declined from 7.4x to 6.6x over this same timeframe.

Large Cap

The Large Cap sub sector had a gain of 1.6% for the period. The big movers were CenturyLink and Sprint. CenturyLink posted a strong gain for the three month period of 13.0%. Conversely, Sprint lost more than a quarter of its value after the company announced that it would no longer pursue an acquisition of competitor T-Mobile. The other two stocks in the sub sector, Verizon and AT&T, posted a more modest gain and loss, respectively. Over the past 12 months, the sub sector revenue multiple expanded from 2.0x to 2.3x, while the EBITDA multiple fell from 7.6x to 5.7x. The main driver of the decline in EBITDA multiple was AT&T, which saw its EBITDA multiple decrease from 8.8x a year ago to 5.5x at the end of the current reporting period.

Alternative Telecom

While its run of two consecutive reporting periods as the top performing sub sector came to an end, the Alternative Telecom sub sector was still the second best performing sub sector for this three month period with a gain of 2.7%. However, performance was somewhat choppy with only half of the stocks in the sub sector in positive territory for the period. Global Telecom and Technology was the top performer with a three month gain of nearly 17%. Level 3 and tw telecom both also posted gains as they worked towards completing their previously announced combination. On the flip side of the coin, both Inteliquent and Towerstream experienced double digit declines. The sub sector revenue and EBITDA multiples now stand at 2.9x and 11.0x, respectively. Both multiples are up from the 2.3x and 9.5x that we saw 12 months ago.

Hosted and Managed Services

For the second straight period, Hosted and Managed Services was the laggard of the CSPI. The sub sector suffered a loss of 2.9% for the three month period and only a single company (West Corporation) managed to be in the black. Hosted PBX providers 8x8 and RingCentral continued to see heavy losses. 8x8 was down 17.3% and RingCentral was down 16.0%. This is the second straight reporting period where these two companies had double digit declines, and their revenue multiples, while still strong, are off considerably from the levels we saw last year. Even with the multiple declines at 8x8 and RingCentral, overall the sub sector multiples are still up slightly over the past year. The sub sector revenue multiple increased from 2.4x to 2.5x, while the sub sector EBITDA multiple expanded from 10.5x to 10.8x.

ILEC and Diversified ILEC

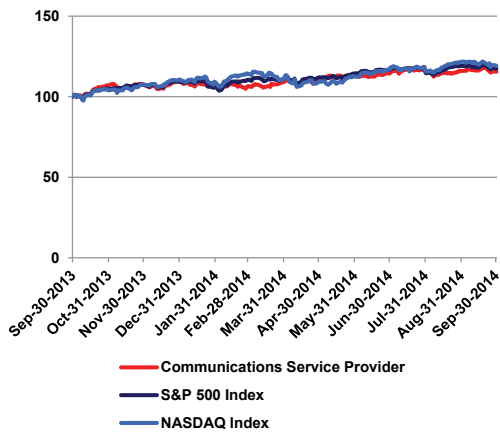
The ILEC and Diversified ILEC sub sector capped its recent comeback by emerging as the top performing sub sector for the first time in recent memory. The sub sector gained 5.8% in the three month period, and seven of the 10 stocks in the sub sector posted gains. Consolidated Communications, Enventis, Frontier, and Lumos Networks were particularly strong performers that all showed double digit increases for our Fall report. The ILEC and Diversified ILEC sub sector also is the second best performing sub sector over the past year with a gain of 26.4%. Not surprisingly, sub sector multiples continue to climb. The sub sector revenue multiple and EBITDA multiple are 2.2x and 6.6x, a considerable jump from only 1.9x and 5.5x a year ago.

Cable and Video

With a loss of 0.4% the Cable and Video sub sector was virtually unchanged for the period. The companies in the index also remained reasonably flat on an individual basis. The biggest loss was 4.4% at Charter. This occurred as the company maneuvers to finance the purchase of assets from Comcast pending the completion of Comcast's acquisition of Time Warner Cable. On the positive side, a 1.8% gain at DirecTV represented the biggest gain for any stock in the sub sector over the past three months. Sub sector multiples also are up from the year ago period and now stand at 2.6x revenue and 8.4x EBITDA.

U.S. Communications Service Provider Sector: Public Market Summary

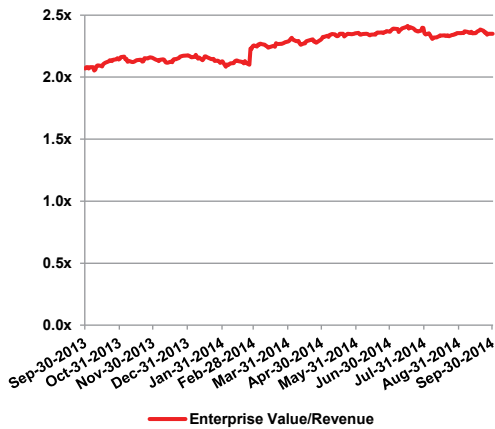
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	15.4%	1.1%
Large Cap	6.8%	1.6%
Alternative Telecom	45.7%	2.7%
Hosted and Managed Services	4.1%	-2.9%
ILEC and Diversified ILEC	26.4%	5.8%
Cable and Video	25.8%	-0.4%
S&P 500	17.3%	0.6%
NASDAQ	19.1%	1.9%

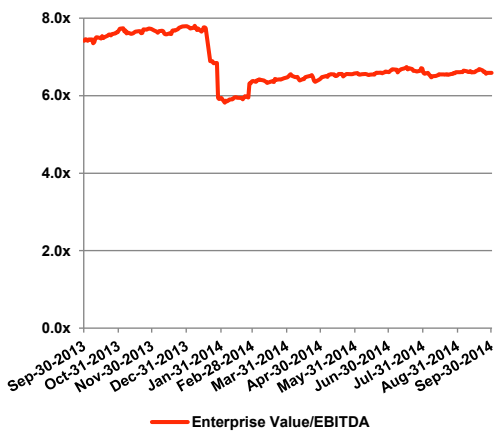
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	9/30/2014	9/30/2013
Communications Service Provider	2.3x	2.1x
Large Cap	2.3x	2.0x
Alternative Telecom	2.9x	2.3x
Hosted and Managed Services	2.5x	2.4x
ILEC and Diversified ILEC	2.2x	1.9x
Cable and Video	2.6x	2.3x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	9/30/2014	9/30/2013
Communications Service Provider	6.6x	7.4x
Large Cap	5.7x	7.6x
Alternative Telecom	11.0x	9.5x
Hosted and Managed Services	10.8x	10.5x
ILEC and Diversified ILEC	6.6x	5.5x
Cable and Video	8.4x	7.4x

Source: Capital IQ

Summary Comments

M & A

The Fall reporting period was the second straight three month period that saw 16 announced transactions. This brings us to 49 transactions year-to-date and puts 2014 on pace to be slightly below average in terms of the total number of announced transactions. With respect to the announced dollar volume of transactions, this three month period was anemic with just slightly more than \$75 million in announced transaction dollar volume. However, the number of big transactions from the first part of the year (AT&T/DirecTV, Comcast/Time Warner Cable) still make 2014 an “off the charts” year in terms of dollar volume.

Alternative Telecom

Alternative Telecom accounted for 11 of the 15 total transactions that we tracked for the period. All of the transactions involved small- to mid-size targets and covered a variety of different areas within Alternative Telecom. One of the more interesting transactions was MegaPath’s sale of its network business unit to Global Capacity. MegaPath plans to continue to operate its managed service business, but will outsource its network to third parties (including Global Capacity). We also saw a new private equity backed entity emerge in the space with the acquisition of Hudson Fiber Network by Tiger Management as well as the return of Integra Telecom after a long hiatus from the deal table with its acquisition of World Communications. Finally, we noted the continued interest by cable operators in Alternative Telecom companies as demonstrated by Buckeye Tele-systems’ acquisition of Line Systems.

Hosted and Managed Services

The Hosted and Managed Services sub sector had two transactions for the period. Bessemer Ventures’ portfolio company Thinking Phone Networks acquired Whaleback Systems, one of the early pioneers in the VoIP space. In the sub sector’s other transaction, Premiere Global Services acquired hosted webcasting provider TalkPoint.

ILEC and Diversified ILEC

There were no announced transactions in the ILEC and Diversified ILEC sub sector.

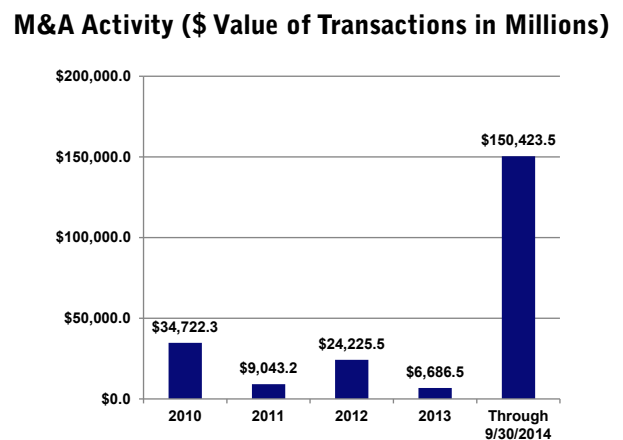
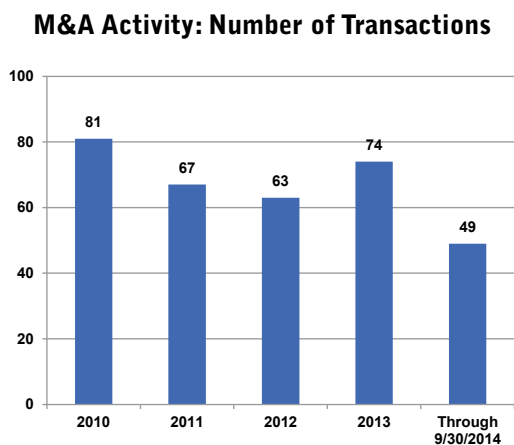
Cable and Video

We noted three transactions in the cable and Video sub sector in our Fall reporting period. Vyve (formerly known by the less catchy moniker of “BCI Broadband”) was responsible for two of these transactions. Vyve acquired Lakeview Cable and assets of Reach Broadband, in both instances bulking up its presence in the Oklahoma market. Regardless of its change of name, Vyve appears to remain committed to being a consolidator in the cable space. The sub sector’s remaining transaction for the period was KBLCOM’s acquisition of a cable system in Portland, Oregon.

Transactions with Announced Multiples

Our Fall reporting period had only a single transaction with an announced multiple. This transaction was Tolt Solutions’ acquisition of iPass’ Unity Network Services division. This division operated as a broadband aggregator serving multi-site business locations, and was acquired at a multiple of 0.9x revenue. No EBITDA multiple was disclosed.

U.S. Communication Service Provider Sector: M&A Summary



M&A Announced Transactions (4/1/14 – 9/30/14)

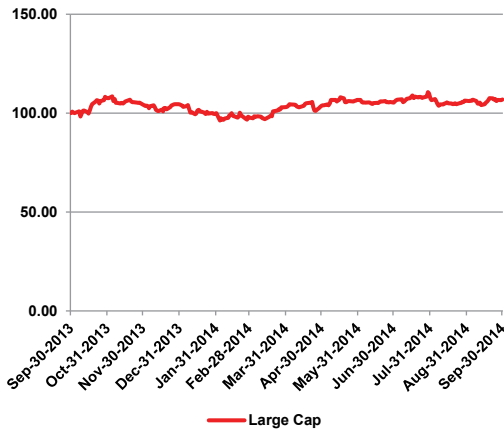
Acquiror	Target	Date Announced	Sector	Purchase Price	Description
Premiere Global Services	TalkPoint	9/22/14	Hosted & Managed Services	NA	Software-as-a-service technology and services for webcasting and virtual meetings including audio and video webcasts.
Tiger Management	Hudson Fiber Network	9/22/14	Alternative Telecom	NA	Data transport provider for financial, carrier and enterprise clients.
Global Capacity	MegaPath (Network Services Business Unit)	9/9/14	Alternative Telecom	NA	Central office-based network serving business and wholesale customers.
KBLCOM	KBL-Portland Cablesystems	8/29/14	Cable and Video	NA	Provides cable TV services in Portland, Oregon.
FirstLight Fiber	G4 Communications	8/27/14	Alternative Telecom	NA	Data and voice communications solutions including Internet access, data-transport and telephone services in the New England region.
Ridgmont Equity Partners	Cross River Fiber	8/13/14	Alternative Telecom	NA	Regional provider of dark fiber and communications infrastructure-based services.
Thinking Phone Networks	Whaleback Systems	8/12/14	Hosted & Managed Services	NA	Cloud-based managed services for business communications and other business communication services.
Vyve Broadband	Reach Broadband (Certain Assets in Oklahoma)	8/6/14	Cable and Video	NA	Provides cable television services and broadband Internet in Oklahoma.
Vyve Broadband	Lakeview Cable	8/6/14	Cable and Video	NA	Provides cable television services and broadband Internet in Oklahoma.
TMX Group	Global Trading Systems (StrikeNet Assets)	8/5/14	Alternative Telecom	NA	Ultra-low-latency microwave network which connects North American exchange datacenters through Chicago and New Jersey hubs.
BCN Telecom	AMI Communications (Telecom Customer Base)	7/24/14	Alternative Telecom	NA	Complete line of voice, data, IT and enterprise solutions in the greater Chicago area.
Integra Telecom	World Communications	7/14/14	Alternative Telecom	NA	Voice and data services to domestic and international carriers, cable companies, content providers and cellular providers.
Virginia Everywhere	Roadstar Internet	7/9/14	Alternative Telecom	NA	Wireless broadband services to enterprises, residences, towns, municipalities and service providers primarily in Virginia.
Buckeye Telesystem	Line Systems	7/3/14	Alternative Telecom	\$47.5	Voice, data and cloud communication services including SIP trunking, conferencing, hosted IP PBX, metro Ethernet and MPLS.
Management	Numerex (BNI Solutions Division)	7/3/14	Alternative Telecom	\$0.0	Provides broadband local and wide area network service and interactive video applications.
Tolt Solutions	iPass (Unity Network Services Division)	7/1/14	Alternative Telecom	\$28.2	Provider of retail and distributed managed network and security services to retail customers.
Consolidated Communications	Enventis	6/30/14	Diversified ILEC	\$356.1	Provides integrated communication services to business and residential customers in the upper midwest.
Level 3 Communications	TW Telecom	6/16/14	Alternative Telecom	\$7,204.8	Managed network services in the United States including business Ethernet, data networking and IP-based communications.
Clarity Telecom	Wide Open West (South Dakota Operations)	6/12/14	Cable and Video	\$262.0	Broadband communication, Internet and cable systems serving Rapid City and Sioux Falls, South Dakota.
Cspire	Megagate Broadband	6/11/14	Alternative Telecom	NA	Telecommunication services to businesses including landline telephone, DSL, managed firewall and data services.
One Source Networks	StarView Solutions	6/9/14	Alternative Telecom	NA	Domestic and international DID, toll-free VoIP origination services and voice termination services.
Management	DFT Communications	5/20/14	Diversified ILEC	NA	Local and long distance services to residential and business customers in Chautauqua County, New York.
AT&T	DirecTV	5/18/14	Cable and Video	\$65,881.3	Provides digital television entertainment services in the United States and Latin America.
Votacall	All Business Communications	5/5/14	Hosted & Managed Services	NA	Provides cloud-based VOIP phone solutions and business communication systems.
Direct Communications	Telephone & Data Systems (Four ILEC Properties)	5/2/14	Diversified ILEC	NA	Provides residential and business phone services in three locations in Missouri and one location in Oregon.
Rural Broadband Investments	Cass Cable TV	5/2/14	Cable and Video	NA	Cable systems located in Illinois.
Telephone & Data Systems	Bend Broadband	5/1/14	Cable and Video	\$261.0	Provides high-speed Internet, fiber connectivity, cable and digital television and telephone services in Central Oregon.
Athena Broadband	Surfmore.net	4/29/14	Alternative Telecom	NA	Wireless Internet service provider serving the Pulaski, Tennessee region.
Charter Communications	Comcast (1.4 million Cable Customers)	4/28/14	Cable and Video	\$7,300.0	Cable television systems serving a total of 1.4 million subscribers in Ohio, Wisconsin, Kentucky, Indiana and Alabama.
Affiniti	Sting Communications	4/27/14	Alternative Telecom	NA	Manages a 1,500 mile fiber network that delivers broadband and Internet access to rural school districts throughout Pennsylvania.
Birch Communications	Cbeyond	4/21/14	Hosted & Managed Services	\$321.6	Cloud-based services, communications services and network connectivity to small and medium business customers.
AxioLogix	iTeknik	4/17/14	Alternative Telecom	\$1.8	Voice over Internet protocol origination and termination; A-Z routing and switching; wholesale carrier services and reseller solutions.

M&A Announced Transactions with Revenue Multiples (10/1/13 – 9/30/14)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Tolt Solutions	iPass (Unity Network Services Division)	7/1/14	Alternative Telecom	\$28.2	0.9 x	NA	Provider of retail and distributed managed network and security services to retail customers.
Consolidated Communications	Enventis	6/30/14	Diversified ILEC	\$356.1	1.9 x	7.6 x	Provides integrated communication services to business and residential customers in the upper midwest.
Level 3 Communications	TW Telecom	6/16/14	Alternative Telecom	\$7,204.8	4.5 x	13.9 x	Managed network services in the United States including business Ethernet, data networking and IP-based communications.
Clarity Telecom	Wide Open West (South Dakota Operations)	6/12/14	Cable and Video	\$262.0	3.2 x	8.2 x	Broadband communication, Internet and cable systems serving Rapid City and Sioux Falls, South Dakota.
AT&T	DirecTV	5/18/14	Cable and Video	\$65,881.3	2.1 x	8.1 x	Provides digital television entertainment services in the United States and Latin America.
Telephone & Data Systems	Bend Broadband	5/1/14	Cable and Video	\$261.0	3.7 x	NA	Provides high-speed Internet, fiber connectivity, cable and digital television and telephone services in Central Oregon.
Birch Communications	Cbeyond	4/21/14	Hosted & Managed Services	\$321.6	0.7 x	4.5 x	Cloud-based services, communications services and network connectivity to small and medium business customers.
Comcast	Time Warner Cable	2/13/14	Cable and Video	\$68,707.7	3.1 x	8.9 x	Operates cable television systems that offer video, high-speed data and voice services to residential and business customers.
Frontier Communications	AT&T (Wireline Operations in Connecticut)	12/17/13	Diversified ILEC	\$2,000.0	1.6 x	4.8 x	Telecommunication services that include local and intrastate toll services and network access service in Connecticut.
Tower Three Partners	NTS	10/21/13	Cable and Video	\$154.8	2.6 x	13.8 x	Provides local, retail long distance, cable television and Internet data services.
Vonage	Vocalocity	10/10/13	Hosted & Managed Services	\$129.5	2.3 x	NA	Cloud-based private branch exchange and voice over Internet protocol solutions for small businesses.

Sub Sector Analysis: Large Cap

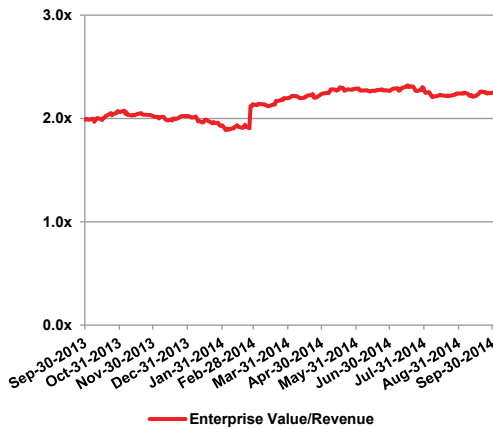
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Large Cap Index	6.8%	1.6%
AT&T	4.2%	-0.3%
CenturyLink	30.3%	13.0%
Sprint	1.9%	-25.7%
Verizon	7.1%	2.2%

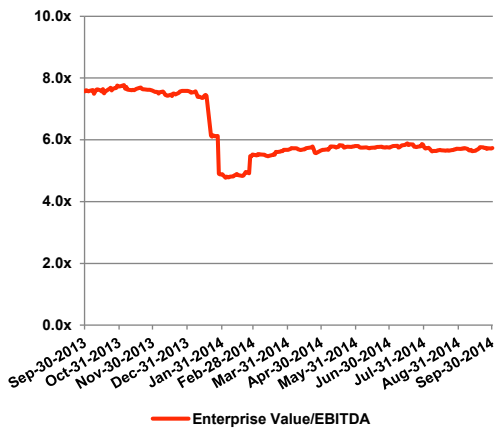
Revenue Multiple Trends



Company Revenue Multiples

	9/30/2014	9/30/2013
Large Cap Index	2.3x	2.0x
AT&T	2.0x	2.0x
CenturyLink	2.4x	2.2x
Sprint	1.5x	1.2x
Verizon	2.5x	2.0x

EBITDA Multiple Trends



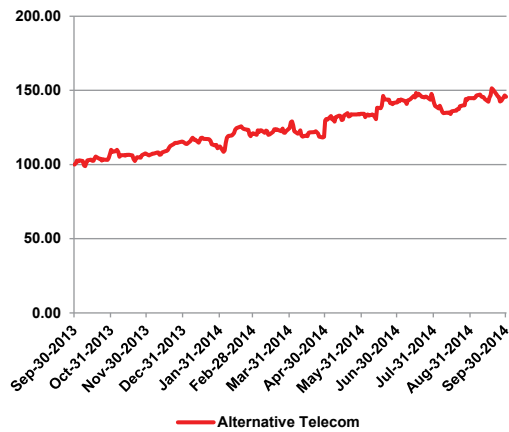
Company EBITDA Multiples

	9/30/2014	9/30/2013
Large Cap Index	5.7x	7.6x
AT&T	5.5x	8.8x
CenturyLink	6.2x	5.3x
Sprint	6.7x	7.9x
Verizon	6.2x	6.9x

Source: Capital IQ

Sub Sector Analysis: Alternative Telecom

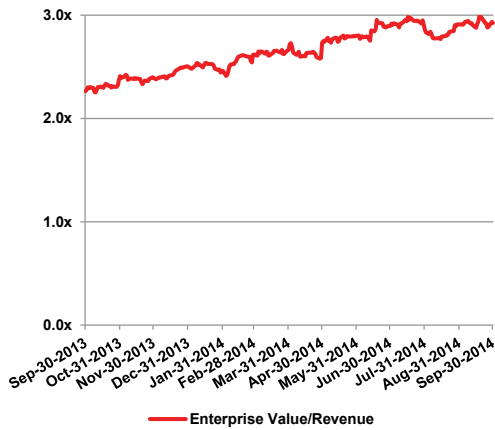
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Alternative Telecom Index	45.7%	2.7%
Boingo	1.9%	4.4%
Cogent Communications	4.2%	-2.7%
EarthLink	-30.9%	-8.1%
Global Telecom and Technology	122.6%	16.7%
Inteliquent	28.9%	-10.2%
Level 3	71.3%	4.1%
Towerstream	-48.1%	-23.7%
tw telecom	39.3%	3.2%

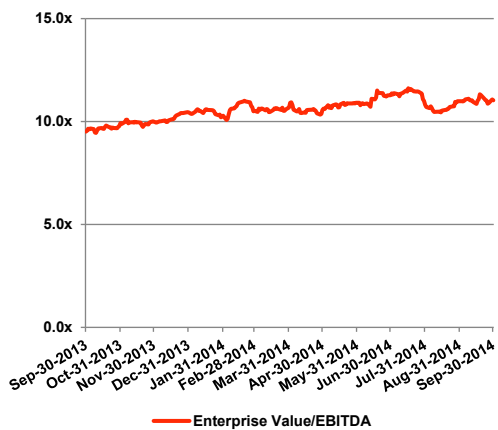
Revenue Multiple Trends



Company Revenue Multiples

	9/30/2014	9/30/2013
Alternative Telecom Index	2.9x	2.3x
Boingo	1.9x	1.5x
Cogent Communications	5.0x	4.9x
EarthLink	0.7x	0.7x
Global Telecom and Technology	2.2x	1.5x
Inteliquent	1.5x	1.0x
Level 3	2.9x	2.2x
Towerstream	2.5x	4.7x
tw telecom	4.5x	3.5x

EBITDA Multiple Trends



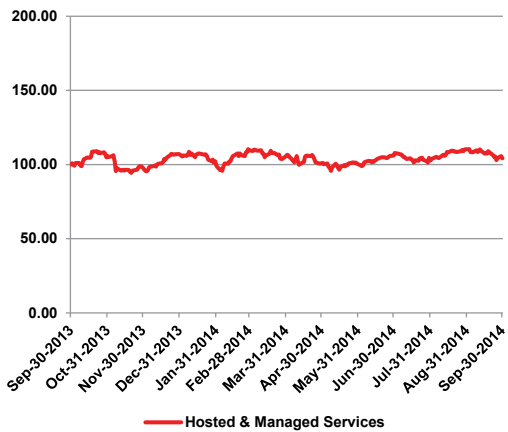
Company EBITDA Multiples

	9/30/2014	9/30/2013
Alternative Telecom Index	11.0x	9.5x
Boingo	12.6x	8.3x
Cogent Communications	15.9x	15.5x
EarthLink	4.4x	4.0x
Global Telecom and Technology	13.4x	10.7x
Inteliquent	4.5x	5.5x
Level 3	10.7x	9.4x
Towerstream	NM	NM
tw telecom	14.0x	10.6x

Source: Capital IQ

Sub Sector Analysis: Hosted and Managed Services

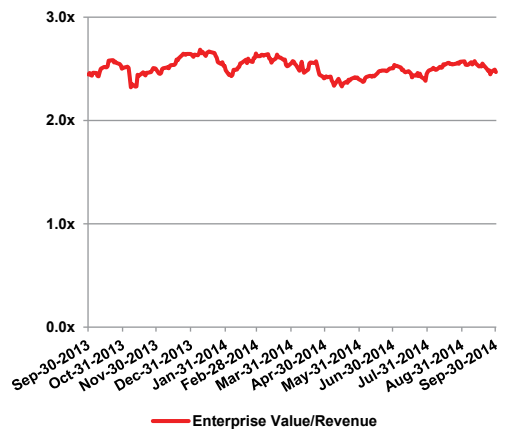
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Hosted & Managed Services Index	4.1%	-2.9%
8x8	-33.7%	-17.3%
Glowpoint	-3.0%	-13.3%
j2 Global	-0.3%	-2.9%
Premiere Global Services	20.2%	-10.3%
RingCentral	-29.5%	-16.0%
West Corporation	32.9%	9.9%

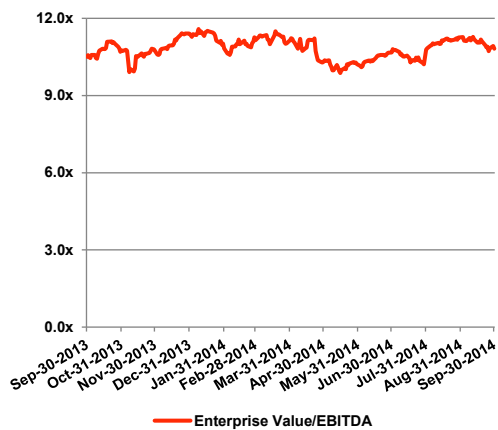
Revenue Multiple Trends



Company Revenue Multiples

	9/30/2014	9/30/2013
Hosted & Managed Services Index	2.5x	2.4x
8x8	3.0x	5.9x
Glowpoint	1.7x	1.9x
j2 Global	4.2x	4.6x
Premiere Global Services	1.4x	1.2x
RingCentral	3.9x	5.1x
West Corporation	2.2x	2.0x

EBITDA Multiple Trends



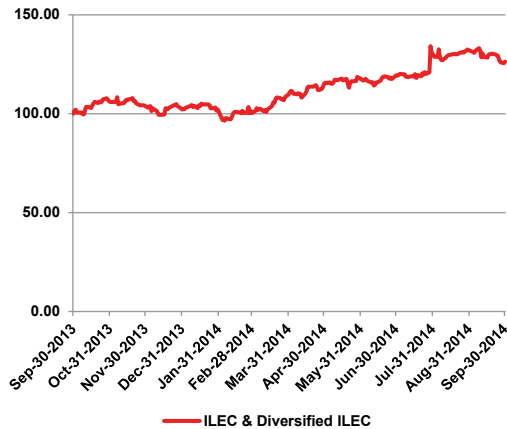
Company EBITDA Multiples

	9/30/2014	9/30/2013
Hosted & Managed Services Index	10.8x	10.5x
8x8	64.6x	47.4x
Glowpoint	17.5x	30.6x
j2 Global	10.1x	10.9x
Premiere Global Services	10.6x	9.2x
RingCentral	NM	NM
West Corporation	8.8x	7.9x

Source: Capital IQ

Sub Sector Analysis: ILEC and Diversified ILEC

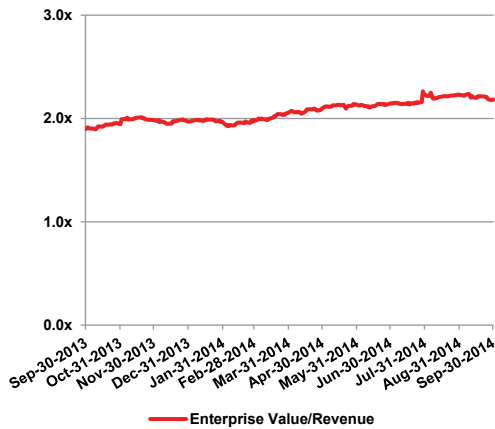
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
ILEC & Diversified ILEC Index	26.4%	5.8%
Alaska Communications Systems	-38.9%	-12.8%
Alteva	-9.1%	2.3%
Consolidated Communications	45.3%	12.6%
Cincinnati Bell	23.9%	-14.2%
Enventis	59.8%	14.8%
Frontier	55.7%	11.5%
Lumos Networks	-25.0%	12.3%
Otelco	-31.1%	4.0%
Telephone & Data Systems	-18.9%	-8.2%
Windstream	34.9%	8.2%

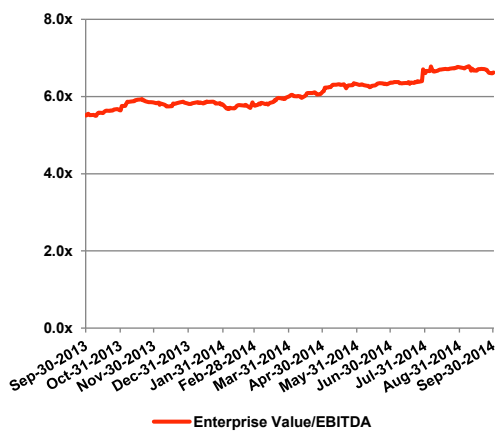
Revenue Multiple Trends



Company Revenue Multiples

	9/30/2014	9/30/2013
ILEC & Diversified ILEC Index	2.2x	1.9x
Alaska Communications Systems	1.5x	1.7x
Alteva	0.1x	2.1x
Consolidated Communications	3.7x	3.2x
Cincinnati Bell	2.2x	2.2x
Enventis	2.1x	1.6x
Frontier	2.9x	2.4x
Lumos Networks	3.4x	3.8x
Otelco	1.7x	1.7x
Telephone & Data Systems	0.8x	0.8x
Windstream	2.6x	2.3x

EBITDA Multiple Trends



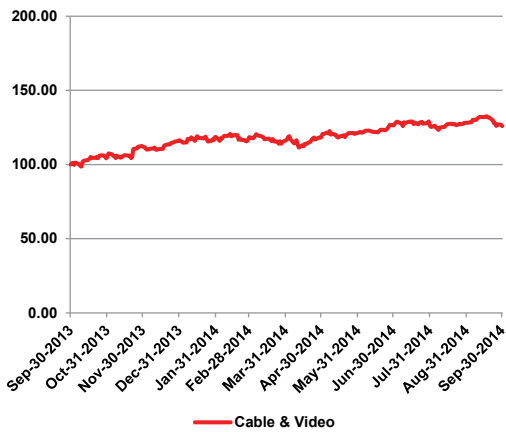
Company EBITDA Multiples

	9/30/2014	9/30/2013
ILEC & Diversified ILEC Index	6.6x	5.5x
Alaska Communications Systems	15.2x	6.2x
Alteva	NM	NM
Consolidated Communications	9.2x	7.8x
Cincinnati Bell	7.1x	7.5x
Enventis	8.3x	6.4x
Frontier	6.4x	5.5x
Lumos Networks	8.2x	9.1x
Otelco	4.5x	4.3x
Telephone & Data Systems	7.3x	4.5x
Windstream	6.6x	6.1x

Source: Capital IQ

Sub Sector Analysis: Cable and Video

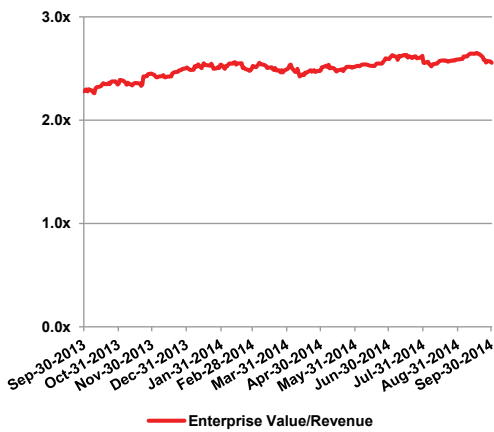
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Cable & Video Index	25.8%	-0.4%
Cablevision	4.0%	-0.8%
Charter Communications	12.3%	-4.4%
Comcast	19.2%	0.2%
DirecTV	44.7%	1.8%
Dish Network	43.5%	-0.8%
General Communication	14.6%	-1.5%
Time Warner Cable	28.6%	-2.6%

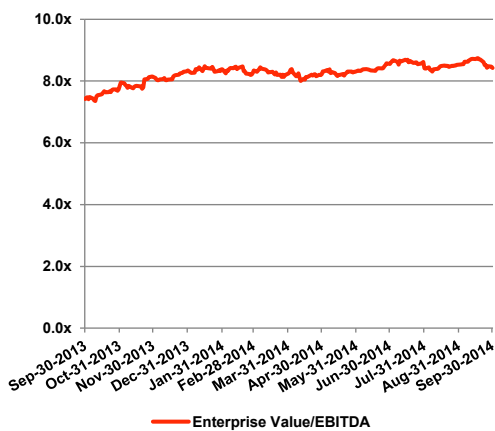
Revenue Multiple Trends



Company Revenue Multiples

	9/30/2014	9/30/2013
Cable & Video Index	2.6x	2.3x
Cablevision	2.2x	2.3x
Charter Communications	3.5x	3.4x
Comcast	2.7x	2.5x
DirecTV	1.9x	1.6x
Dish Network	2.4x	1.9x
General Communication	2.1x	1.8x
Time Warner Cable	2.9x	2.5x

EBITDA Multiple Trends



Company EBITDA Multiples

	9/30/2014	9/30/2013
Cable & Video Index	8.4x	7.4x
Cablevision	7.8x	9.2x
Charter Communications	10.1x	9.8x
Comcast	8.2x	7.6x
DirecTV	7.7x	6.4x
Dish Network	12.1x	8.8x
General Communication	6.1x	5.6x
Time Warner Cable	8.2x	7.2x

Source: Capital IQ

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FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

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