FOCUS Telecom

Technology and Services Group

U.S. Communications Service Provider Quarterly

Spring 2017 Report

Vol. 7, No. 2

FOCUS

Investment Banking

Strategic, Personal, Dedicated

Investment Banking and Advisory Services

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

Mergers & Acquisition Advisory Corporate Development Consulting Strategic Partnering & Alliances Capital Financing, Debt & Equity Corporate Valuations

In this Issue

- 2 Introduction and Sub Sector Definitions
- 3 U.S. Summary Comments: Public Markets
- **4** Public Market Summary Charts 1-6
- 5 U.S. Summary Comments: M&A M&A Summary Charts 1-2
- **6** Announced Transactions
- 8 Announced Transactions with Revenue Multiples
- 9 Sub Sector Analysis: Large Cap Telecom Charts 1-6
- **10** Sub Sector Analysis: Alternative Telecom Charts 1-6
- 11 Sub Sector Analysis: Hosted and Managed Services Charts 1-6
- 12 Sub Sector Analysis: ILEC and Diversified ILEC Charts 1-6
- 13 Sub Sector Analysis: Cable and Video Charts 1-6
- 14 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,
- 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 Communications Service Provider Index (CSPI) dipped into the red for our spring reporting period with a three-month loss of 1.0%. This significantly trailed the 5.5% gain in the S&P 500 and the 9.8% gain in the NASDAQ over the corresponding time period. This period's underperformance also moves the CSPI behind the broader indices for the full year period. The 12-month gain for the CSPI was 7.6%, which compares unfavorably to the 14.7% gain in the S&P 500 and the 21.4% gain in the NASDAQ. Over both the three-month and 12-month periods, the chief reason for the CSPI lagging the indices was underperformance in the Large Cap and ILEC and Diversified ILEC sub sectors. As for multiples, these remained relatively flat over the past year. The sector revenue multiple held steady at 2.5x, while the sector EBITDA multiple increased slightly from 7.5x to 7.7x.

Large Cap

The Large Cap sub sector continued its trend of alternating gains and losses. Unfortunately, this was the sub sector's turn for a loss as it dropped 4.6% over the past three months. Verizon experienced the greatest headwinds as it dropped 8.7% for the period, but AT&T was also down 2.3%. The lone company in positive territory was Sprint, which gained 3.1% behind continued improvement in its wireless business. For the full year, the Large Cap sub sector still managed to remain in positive territory with a slight gain of 1.8%. Verizon once again served as a drag on the sub sector as it dropped nearly 10% over the past year, but CenturyLink had an even steeper 26.3% decline over this time period. Sub sector multiples were mixed compared to the year-ago period. The sub sector revenue multiple dropped from 2.4x to 2.3x, while the sub sector EBITDA multiple increased from 7.0x to 7.1x.

Alternative Telecom

The Alternative Telecom sub sector also had somewhat of an anemic reporting period, eking out a gain of 0.3%. Significant declines at GTT and Windstream outweighed gains at other companies in the sub sector. On the bright side, with a gain of 14.7% over the past 12 months, performance still looks strong on a year-over-year basis. Boingo, GTT, and Zayo Group were the strongest performers over this time frame, while Windstream is the lone company in negative territory for the full-year period. Sub sector multiples closed out our spring reporting period at 3.4x revenue and 10.1x EBITDA. Both of these represent increases from the sub sector's multiples of a year ago of 3.2x revenue and 9.7x EBITDA

Hosted and Managed Services

Bouncing back somewhat from its dismal performance in our winter reporting period, the Hosted and Managed Services sub sector gained 4.8% in the past three months. This was good enough to make it the CSPI's second best performing sub sector for this reporting period. Ring-Central (up 37.4%) and Glowpoint (up 10.5%) were the two companies in the sub sector that enjoyed double digit gains. Conversely, Vonage and West Corporation were the only companies in negative territory after suffering declines of 7.7% and 1.4%, respectively. The sub sector looks even better over the past 12 months, as its 31.6% gain makes it the best performing sub sector in the CSPI over this time frame. Not surprisingly, sub sector multiples also have increased over the past 12 months. The sub sector revenue multiple jumped from 2.5x to 3.3x, while the sub sector EBITDA multiple went from 10.3x to 15.3x.

ILEC and Diversified ILEC

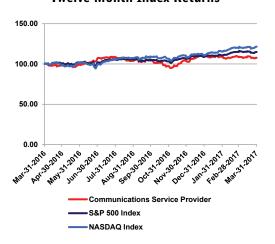
For the second straight period, the ILEC and Diversified ILEC sub sector suffered a double digit loss. The sub sector plummeted 14.1% in the past three months, making it the only sub sector in negative territory for the period. Frontier continued to weigh heavily on the sub sector as it dropped over 35%, but Cincinnati Bell (down 20.8%) and Consolidated (down 12.8%) also suffered double digit losses. On the plus side, both Alaska Communications Systems and Otelco delivered double digit returns. The picture does not look much better for the 12-month period. The sub sector is down more than 25% over this time period, with Frontier once again serving as the leading contributor to the sub sector's woes. Multiples also dropped significantly compared to this same time last year. The sub sector revenue multiple went from 2.8x to 2.3x, while the sub sector EBITDA multiple fell from 8.2x to 6.6x.

Cable and Video

The Cable and Video sub sector had a second straight period with a solid gain. In fact, its uptick of 10.3% in the past three months made it far and away the CSPI's top performing sub sector. Charter was the biggest reason for this gain as the company jumped up 36.1%. However, the sub sector's remaining companies also enjoyed strong gains. Year-over-year, the sub sector is up 29.4%, which means it just gets edged out by Hosted and Managed Services as the top performing sub sector in the past 12 months. Sub sector multiples ended the period at 3.5x revenue and 9.0x EBITDA. Both of these are higher than the year-ago multiples of 2.6x revenue and 8.2x EBITDA.

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

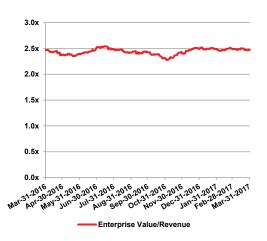
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	7.6%	-1.0%
Large Cap	1.8%	-4.6%
Alternative Telecom	14.7%	0.3%
Hosted and Managed Services	31.6%	4.8%
ILEC and Diversified ILEC	-25.2%	-14.1%
Cable and Video	29.4%	10.3%
S&P 500	14.7%	5.5%
NASDAQ	21.4%	9.8%

Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	3/31/2017	3/31/2016
Communications Service Provider	2.5x	2.5x
Large Cap	2.3x	2.4x
Alternative Telecom	3.4x	3.2x
Hosted and Managed Services	3.3x	2.5x
ILEC and Diversified ILEC	2.3x	2.8x
Cable and Video	3.5x	2.6x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	3/31/2017	3/31/2016
Communications Service Provider	7.7x	7.5x
Large Cap	7.1x	7.0x
Alternative Telecom	10.1x	9.7x
Hosted and Managed Services	15.3x	10.3x
ILEC and Diversified ILEC	6.6x	8.2x
Cable and Video	9.0x	8.2x

U.S. Communications Service Provider Stocks: M&A Summary

M&A

2017 started off a bit slow in terms of M&A activity in the Communications Service Provider sector. There were only 17 transactions in the first three months of the year, which is below the pace of activity of the past several years. In addition, we only saw about \$1.8 billion in announced transaction dollar volume in the period, so most of the activity centered around smaller transactions. That being said, there still are nine months remaining in the year, so it would be dangerous to read too much into the relatively slow start to the year. This is particularly true for a year following a presidential election, when things may get off to a slow start because companies delay going to market until after the election results are known.

Alternative Telecom

Activity in the Alternative Telecom sub sector slowed down a bit with only nine transactions in the three-month period. Activity was very much focused on asset heavy providers, as six of the nine acquisition targets operated extensive fiber networks. This included the acquisition of Lumos Networks by EQT Infrastructure, which at a value of nearly \$870 million was the single largest transaction in the period. In addition, we also saw Conterra pick up assets in Louisiana and North Carolina, and the newly christened Uniti (the artist formerly known as Communications Sales & Leasing) struck again with its purchase of Hunt Telecom. Finally, both FirstLight Fiber and Wave Broadband made acquisitions to expand their fiber network reach. Outside of the fiber-based players, Epsilon and Digital West made acquisitions of smaller regional

service providers, while DCI Design Communications acquired a company specializing in serving the hospitality industry.

Hosted and Managed Services

We counted four transactions in the Hosted and Managed Services sub sector this period. In one of the period's more interesting transactions, NetFortris acquired unified communications as a service company Fonality. The acquisition gives NetFortris its own proprietary unified communications platform. In the other two transactions involving strategic acquirers, PGi acquired conferencing specialist ReadyTalk and IDT acquired messaging and chat company LiveNinja. In the sub sector's final transaction for the period, private equity firm Bregal Sagemount acquired Single Digits. Single Digits specializes in providing managed high speed Internet access services to a number of specific verticals including hospitality, healthcare, education, and transportation.

ILEC and Diversified ILEC

For the second straight reporting period, the ILEC and Diversified ILEC sub sector had only a single transaction. This was the acquisition of Hargray Communications by private equity firm The Pritzker Group. Hargray provides ILEC as well as cable television services in the low country regions of South Carolina and Georgia.

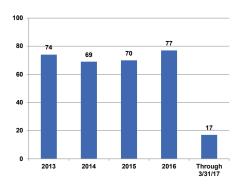
Cable and Video

The Cable and Video sub sector could boast of the period's second largest transaction, the acquisition of NewWave

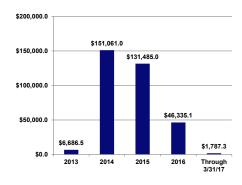
continued on page 6

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

M&A Activity: Number of Transactions



M&A Activity (\$ Value of Transactions in Millions)



Communications by Cable One for \$735 million. The sub sector's remaining two transactions for the period were both considerably smaller. These were the acquisition of a small cable property in Alabama by Mediacom Communications as well as the acquisition of Main-based operator Moosehead Enterprises by Premium Choice Broadband.

Transactions with Announced Multiples

The two transactions this period with announced multiples both involved fiber-based service providers, and both transactions were done at attractive multiples. The EQT Infrastructure acquisition of Lumos Networks weighed in at 4.2x revenue and 10.3x EBITDA. The other transaction for the period had even higher multiples, as the Uniti acquisition of Hunt Telecom was done at 4.9x revenue and 11.3x EBITDA.

M&A Announced Transactions (10/1/16 – 3/31/17)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
DCI Design Communications	EthoStream	3/30/17	Alternative Telecom	\$12.8	High-speed Internet access network solutions for the hospitality industry.
FirstLight Fiber	Finger Lakes Technologies Group	3/7/17	Alternative Telecom	NA	2,500-mile fiber-optic network that delivers voice, data and Internet solutions to business customers in the Upstate New York region.
The Pritzker Group	Hargray Communications	3/7/17	Diversified ILEC	NA	Communications and entertainment services to residential, business and enterprise customers in South Carolina and Georgia.
Uniti	Hunt Telecom	2/23/17	Alternative Telecom	\$170.0	2,600 fiber route miles in Louisiana that provide data transport to K-12 schools and government agencies.
NetFortris	Fonality	2/21/17	Hosted & Managed Services	NA	Software defined unified communications as a service solutions for small and medium sized business and enterprise customers.
EQT Infrastructure	Lumos Networks	2/20/17	Alternative Telecom	\$869.5	Provides fiber-based bandwidth infrastructure and services in the Mid-Atlantic region.
Bregal Sagemount	Single Digits	2/14/17	Hosted & Managed Services	NA	High speed Internet access services to the hospitality, healthcare, education, transportation, retail and office verticals.
Epsilon	Metcom Networks Services	2/2/17	Alternative Telecom	NA	Provides connectivity and colocation services across the greater New York metro market.
Premium Choice Broadband	Moosehead Enterprises	1/29/17	Cable and Video	NA	Offers cable and other subscription services in Maine.
Digital West	Norcast Telecom	1/24/17	Alternative Telecom	NA	Provides voice and data services to businesses throughout California's central coast.
Wave Broadband	Cascade	1/20/17	Alternative Telecom	NA	Data connectivity provider focused on serving businesses in the northwest United States with over 350 route miles of fiber.
Mediacom Communications	TV Cable Company of Andalusia	1/19/17	Cable and Video	NA	Provides cable services in Andalusia, Alabama.
Cable One	NewWave Communications	1/18/17	Cable and Video	\$735.0	Broadband/cable company that offers high-speed Internet, television and telephone services to residential and business customers.
Conterra	Broadplex	1/18/17	Alternative Telecom	NA	Builds and operates facilities-based lit and dark fiber networks in the state of Louisiana.
Conterra	Detel	1/18/17	Alternative Telecom	NA	Builds and operates facilities-based lit and dark fiber networks in the state of North Carolina.
PGi	ReadyTalk	1/13/17	Hosted & Managed Services	NA	Provider of cloud communications services including audio, web and video conferencing and self-service and managed webinar solutions.
IDT	LiveNinja	1/4/17	Hosted & Managed Services	NA	Customer-facing messaging and live chat management service.
Pinpoint Holdings	Accipiter Communications	12/15/16	Cable and Video	\$5.3	Provides high-speed Internet, telephone and digital television services to residents and businesses.
GlobalGig	Velis4	12/6/16	Hosted & Managed Services	NA	Hosted VoIP phone services, SIP trunking services, wholesale VOIP solutions and business broadband and MPLS network services.
Consolidated Communications	Fairpoint Communications	12/5/16	Diversified ILEC	\$1,467.6	Communications services to business, wholesale and residential customers in 17 states.
Everstream Solutions	Lynx Network Group	12/2/16	Alternative Telecom	NA	Wholesale and retail provider of telecommunications services with 2,200 miles of fiber-optic cable in Michigan.
RingLeader	EtherSpeak	12/1/16	Hosted & Managed Services	NA	SIP trunking, hosted VoIP services and cloud-based PBX solutions.
Sangoma Technologies	Micro Advantage (Telecom Assets)	11/30/16	Hosted & Managed Services	NA	Hosted telecom and IT solutions provider whose services include a cloud PBX offering based on Sangoma's technology.

$M\&A\ Announced\ Transactions\ (10/1/16-3/31/17)\ continued$

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
Zayo Group	Electric Lightwave	11/30/16	Alternative Telecom	\$1,420.0	Communications network services for telecom carriers with 8,100 route miles of long haul fiber and 4,000 miles of dense metro fiber.
Knowroaming	Telecom North America	11/28/16	Alternative Telecom	NA	Interexchange carrier offering long-distance telecommunication services.
GTT	Reliance Globalcom (Ethernet Business Division)	11/18/16	Alternative Telecom	\$28.0	Provides Ethernet connectivity services.
Fusion Telecommunications	Apptix	11/15/16	Hosted & Managed Services	\$28.0	Provider of hosted business communication, collaboration and IT solutions to businesses of all sizes.
Telephone & Data Systems	InterLinx	11/15/16	Alternative Telecom	NA	Provides fiber-based communications services, including wholesale carrier services and direct services to businesses and consumers.
BCT Consulting	TeleDynamic Communications	11/14/16	Hosted & Managed Services	NA	Premise-based PBX, virtual PBX and SIP Trunking services.
Lumos Networks	Clarity Communications	11/10/16	Alternative Telecom	\$10.0	Operates a 730-mile fiber network with 75 on-net fiber locations located across four states in the Southeast.
Windstream	EarthLink	11/7/16	Alternative Telecom	\$1,019.1	Managed network, security and cloud services to business and residential customers.
Onvoy	Inteliquent	11/2/16	Alternative Telecom	\$671.8	Provides voice telecommunications services on a wholesale basis including local transit, long distance, switched access and toll-free.
Crown Castle	FPL FiberNet	11/1/16	Alternative Telecom	NA	Operates a network of 11,500 route miles of fiber installed and under construction in Florida and Texas.
BroadSoft	VoIP Logic	10/31/16	Hosted & Managed Services	\$13.4	Wholesale provider of BroadWorks-based cloud communications services to internet and other service providers in the US.
CenturyLink	Level 3 Communications	10/31/16	Alternative Telecom	\$34,725.8	Facilities-based provider of communications services including Internet services, virtual private network and Ethernet.
Berkshire Partners	Masergy Communications	10/24/16	Alternative Telecom	NA	Cloud networking platform that delivers hybrid network, managed security and cloud unified communication solutions.
Midcontinent Communications	WOW (Lawrence, KS Operations)	10/21/16	Cable and Video	\$215.0	Offers high-speed Internet, cable television, phone, business data, voice and cloud services to residential and business customers.
Cleareon	Pangaea Networks	10/20/16	Alternative Telecom	NA	Metro Ethernet services to carriers, service providers and enterprises throughout the NYC metro and tri-state region.

$M\&A\ Announced\ Transactions\ with\ Revenue\ Multiples\ (4/1/16-3/31/17)$

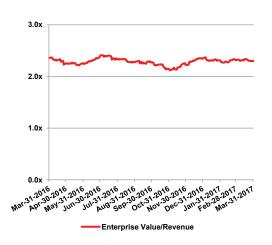
Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Uniti	Hunt Telecom	2/23/17	Alternative Telecom	\$170.0	4.9 x	11.3 x	2,600 fiber route miles in Louisiana that provide data transport to K-12 schools and government agencies.
EQT Infrastructure	Lumos Networks	2/20/17	Alternative Telecom	\$869.5	4.2 x	10.3 x	Provides fiber-based bandwidth infrastructure and services in the Mid-Atlantic region.
Consolidated Communications	Fairpoint Communications	12/5/16	Diversified ILEC	\$1,467.6	1.8 x	3.2 x	Communications services to business, wholesale and residential customers in 17 states.
GTT	Reliance Globalcom (Ethernet Business Division)	11/18/16	Alternative Telecom	\$28.0	0.7 x	NA	Provides Ethernet connectivity services.
Fusion Telecommunications	Apptix	11/15/16	Hosted & Managed Services	\$28.0	1.1 x	NA	Provider of hosted business communication, collaboration and IT solutions to businesses of all sizes.
Windstream	EarthLink	11/7/16	Alternative Telecom	\$1,019.1	1.0 x	5.1 x	Managed network, security and cloud services to business and residential customers.
Onvoy	Inteliquent	11/2/16	Alternative Telecom	\$671.8	2.1 x	9.8 x	Provides voice telecommunications services on a wholesale basis including local transit, long distance, switched access and toll-free.
CenturyLink	Level 3 Communications	10/31/16	Alternative Telecom	\$34,725.8	4.2 x	13.1 x	Facilities-based provider of communications services including Internet services, virtual private network and Ethernet.
Midcontinent Communications	WOW (Lawrence, KS Operations)	10/21/16	Cable and Video	\$215.0	4.7 x	9.2 x	Offers high-speed Internet, cable television, phone, business data, voice and cloud services to residential and business customers.
ScanSource	Intelisys	8/8/16	Alternative Telecom	\$83.6	0.7 x	NA	Distributor of business telecommunications services including voice, data, access, cable, collaboration, wireless and cloud.
wow	NuLink	8/2/16	Cable and Video	\$53.0	NA	6.3 x	High-speed Internet, digital cable TV and phone services to residential and business customers in Newnan, Georgia.
LogMeln	Citrix (GoToMeeting Business)	7/26/16	Hosted & Managed Services	\$1,802.6	2.7 x	NA	Cloud-based tools for meetings, Webinars, audio conferencing and telephony.
CS&L	Tower Cloud	6/20/16	Alternative Telecom	\$230.0	5.6 x	17.7 x	Data transport services specializing in fiber-to-the- tower backhaul, small cell networks and dark fiber deployments.
GoDaddy	Freedom Voice	5/17/16	Hosted & Managed Services	\$47.0	0.8 x	NA	Cloud-based phone system that delivers enterprise- quality voice over IP for small offices.
Vonage	Nexmo	5/5/16	Hosted & Managed Services	\$250.0	4.2 x	NA	Develops cloud-based API solutions that enable applications and enterprises to make phone calls or send and receive text messages.
Mutual Telephone and Winnebago Cooperative	Consolidated Communications (Heartland Telephone)	5/3/16	Diversified ILEC	\$22.5	3.2 x	NA	Provides telephone service for eleven communities in northwest lowa.
Consolidated Communications	The Champaign Telephone Company	4/18/16	Alternative Telecom	\$13.0	1.3 x	NA	Internet, voice, metro Ethernet and hosted VoIP provider.



Company Returns

	12 Month	3 Month
Large Cap Index	1.8%	-4.6%
AT&T	6.1%	-2.3%
CenturyLink	-26.3%	-0.9%
Sprint	149.4%	3.1%
Verizon	-9.9%	-8.7%

Revenue Multiple Trends



Company Revenue Multiples

	3/31/2017	3/31/2016
Large Cap Index	2.3x	2.4x
AT&T	2.3x	2.4x
CenturyLink	1.9x	2.1x
Sprint	2.0x	1.4x
Verizon	2.4x	2.5x

EBITDA Multiple Trends

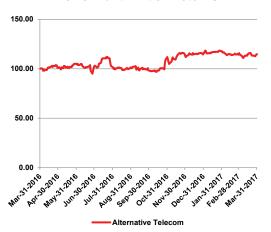


Company EBITDA Multiples

	3/31/2017	3/31/2016
Large Cap Index	7.1x	7.0x
AT&T	7.6x	7.2x
CenturyLink	5.0x	5.5x
Sprint	6.8x	5.6x
Verizon	7.0x	6.7x

Sub Sector Analysis: Alternative Telecom

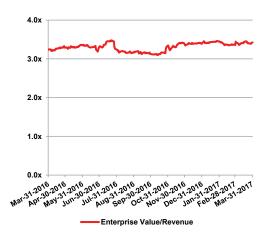
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Alternative Telecom Index	14.7%	0.3%
Boingo	68.3%	6.6%
Cogent Communications	10.3%	4.1%
GTT	47.2%	-15.3%
Level 3	8.3%	1.5%
Windstream	-29.0%	-25.6%
Zayo Group	35.7%	0.1%

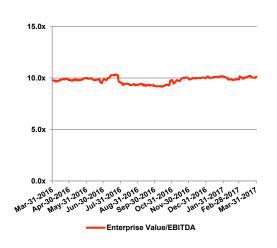
Revenue Multiple Trends



Company Revenue Multiples

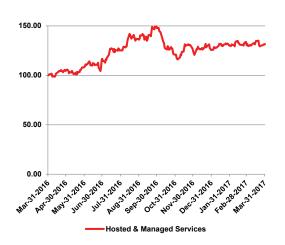
	3/31/2017	3/31/2016
Alternative Telecom Index	3.4x	3.2x
Boingo	3.2x	2.0x
Cogent Communications	5.4x	5.1x
GTT	3.3x	2.3x
Level 3	3.6x	3.5x
Windstream	2.0x	1.9x
Zayo Group	6.0x	6.0x

EBITDA Multiple Trends



Company EBITDA Multiples

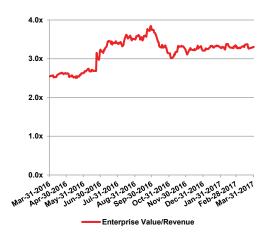
	3/31/2017	3/31/2016
Alternative Telecom Index	10.1x	9.7x
Boingo	19.2x	13.6x
Cogent Communications	17.4x	17.4x
GTT	15.6x	11.4x
Level 3	11.1x	11.1x
Windstream	6.0x	5.6x
Zayo Group	13.5x	13.1x



Company Returns

	12 Month	3 Month
Hosted & Managed Services Index	31.6%	4.8%
8x8	51.6%	6.6%
Glowpoint	-24.6%	10.5%
j2 Global	36.3%	2.6%
RingCentral	79.7%	37.4%
Twilio	NA	0.1%
Vonage	38.3%	-7.7%
West Corporation	7.0%	-1.4%

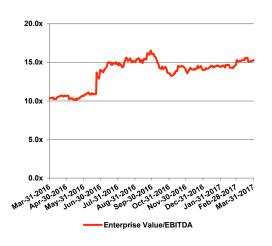
Revenue Multiple Trends



Company Revenue Multiples

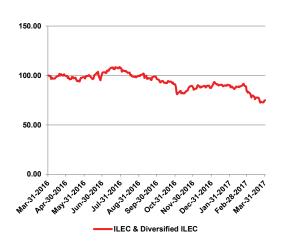
	3/31/2017	3/31/2016
Hosted & Managed Services Index	3.3x	2.5x
8x8	5.0x	3.5x
Glowpoint	1.1x	1.0x
j2 Global	5.4x	4.3x
RingCentral	5.2x	3.2x
Twilio	8.0x	NA
Vonage	1.8x	1.3x
West Corporation	2.2x	2.2x

EBITDA Multiple Trends



Company EBITDA Multiples

	3/31/2017	3/31/2016
Hosted & Managed Services Index	15.3x	10.3x
8x8	261.8x	239.0x
Glowpoint	201.4x	40.1x
j2 Global	12.7x	10.5x
RingCentral	NM	NM
Twilio	NM	NM
Vonage	15.8x	11.8x
West Corporation	7.7x	7.9x



Company Returns

	12 Month	3 Month
ILEC & Diversified ILEC Index	-25.2%	-14.1%
Alaska Communications Systems	3.9%	12.8%
Consolidated Communications	-9.1%	-12.8%
Cincinnati Bell	-8.5%	-20.8%
Frontier	-61.7%	-36.7%
Lumos Networks	37.9%	13.3%
Otelco	36.0%	11.3%
Telephone & Data Systems	-11.9%	-8.2%
Uniti Group	16.2%	1.7%

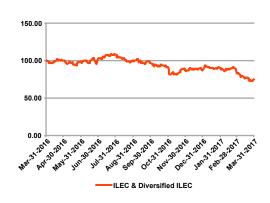
Revenue Multiple Trends



Company Revenue Multiples

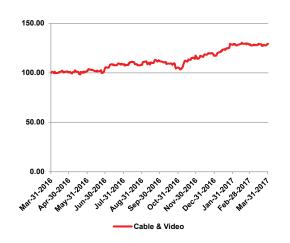
	3/31/2017	3/31/2016
ILEC & Diversified ILEC Index	2.3x	2.8x
Alaska Communications Systems	1.1x	1.1x
Consolidated Communications	3.4x	3.5x
Cincinnati Bell	1.7x	1.9x
Frontier	2.2x	3.9x
Lumos Networks	4.0x	3.2x
Otelco	1.5x	1.6x
Telephone & Data Systems	1.0x	1.0x
Uniti Group	10.4x	7.6x

EBITDA Multiple Trends



Company EBITDA Multiples

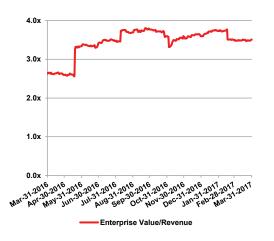
	3/31/2017	3/31/2016
ILEC & Diversified ILEC Index	6.6x	8.2x
Alaska Communications Systems	4.7x	7.0x
Consolidated Communications	9.7x	9.8x
Cincinnati Bell	7.2x	7.8x
Frontier	5.7x	9.6x
Lumos Networks	9.8x	8.2x
Otelco	4.0x	3.9x
Telephone & Data Systems	5.5x	5.4x
Uniti Group	11.9x	8.1x



Company Returns

	12 Month	3 Month
Cable & Video Index	29.4%	10.3%
Charter Communications	NA	36.1%
Comcast	23.1%	8.9%
Dish Network	37.2%	9.6%
General Communication	13.5%	6.9%

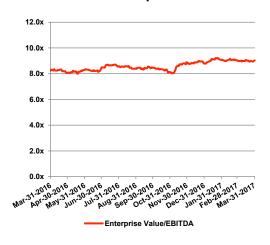
Revenue Multiple Trends



Company Revenue Multiples

	3/31/2017	3/31/2016
Cable & Video Index	3.5x	2.6x
Charter Communications	5.5x	NA
Comcast	3.0x	2.7x
Dish Network	2.7x	2.2x
General Communication	2.3x	2.2x

EBITDA Multiple Trends



Company EBITDA Multiples

	3/31/2017	3/31/2016
Cable & Video Index	9.0x	8.2x
Charter Communications	14.8x	NA
Comcast	9.0x	8.0x
Dish Network	12.9x	11.1x
General Communication	7.9x	7.0x

FOCUS Telecom Technology and Services Team

Richard H. Pierce



Managing Director and Telecom Technology and Services Team Leader, Washington, DC rich.pierce@focusbankers.com 202-470-1983

Rich Pierce has more than ten years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. Dur-

ing that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless, and wireline telecommunications service providers and network engineering and construction companies.

John T. Bradshaw



Partner, Bend, Oregon john.bradshaw@focusbankers.com 541-306-6451

John Bradshaw has over 30 years experience in sales, marketing, manufacturing, finance, and systems engineering with corporations specializing in technology-driven business products and services. Mr. Bradshaw has been a successful

senior executive and manager in both large and small organizations, and has spent the last 15 years working with entrepreneurial companies. Mr. Bradshaw has particular expertise in enterprise communications and contact center related technology.

David Freeland



Principal, San Francisco, California david.freeland@focusbankers.com 978-505-1837

David Freeland, a FOCUS Principal, has more than fifteen years of experience providing investment banking and management consulting services to a variety of corporate clients, ranging from the Fortune 500 to start-up businesses. He has been an

investment banker since 2003, advising clients on mergers and acquisitions and capital raising transactions. Mr. Freeland has broad experience in the telecom and technology industry and has significant experience with data center companies.

Eric M. Oganesoff



Managing Director, Washington, DC eric.oganesoff@focusbankers.com 202-470-1969

Eric Oganesoff has conducted over forty M&A, debt, and capital raise transactions with an aggregate value of over \$300 million and has served as the CEO or President of several companies. Mr. Oganesoff has over twenty years of senior executive level

experience in leading businesses ranging from wireless solutions, software, and RFID services to manufacturing, industrial products, energy, and environmental products and government contracting.

About FOCUS Investment Banking LLC

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.

© 2017 FOCUS Investment Banking LLC



MID-ATLANTIC REGION

202.785.9413 (fax)

FOCUS Investment Banking LLC Headquarters 1133 20th Street, NW Suite 200 Washington, DC 20036 202.785.9404

SOUTHEAST REGION

FOCUS Investment Banking LLC Atlanta Office 3353 Peachtree Road, NE Suite 1160 Atlanta, GA 30326 404.504.8620 404.814.9141 (fax)

WESTERN REGION

FOCUS Investment Banking LLC Los Angeles Office 355 South Grand Avenue Suite 2450 Los Angeles, CA 90071 213.943.1395 213.943.1397 (fax)

Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker Dealer member FINRA/SIPC.