THE SALTER GROUP

Summer 2009

Telecom

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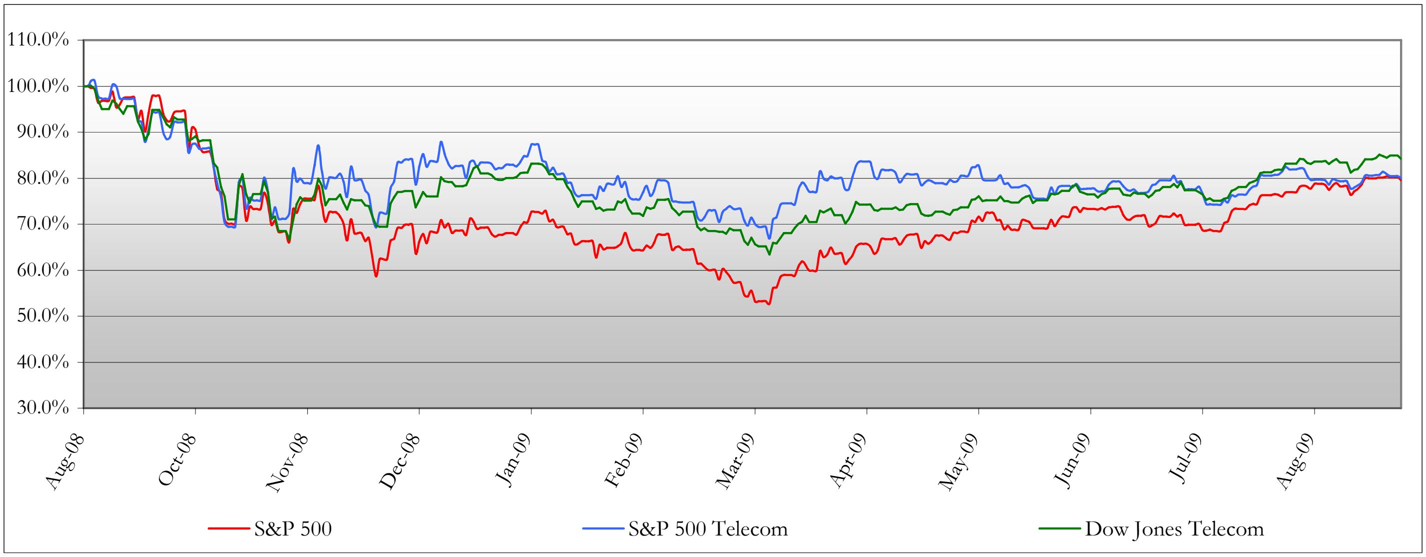
Exhibit 1.1—Telecom Indices



Source: Capital IQ

Key Observations:

The charts and graphs contained within this newsletter depict the state and direction of the Telecommunications industry. The key observations are summarized as follows:

1. Market Values - Overall market values have decreased 10% in the past year while having rebounded nearly 6% in the past 3 months.
2. Goodwill Impairment - Increased market values over the past six months has reduced the risk of impairment charges among Telecommunication companies.
3. Market Multiples - Market multiples for the Telecommunications industry have slightly improved over the past three months, although growth expectations and the cost of equity have remained relatively unaffected by the modest economic rebound. However, multiples in the Equipment sector have improved due to the current shift from wireline to wireless communication as well as ever-increasing data traffic fuel the need faster communications.
4. Corporate Debt Market Efficiency - Corporate bond market efficiency have improved over the past six months as yields have significantly declined, issuances have increased for refinancing and growth, and spreads between rated debt levels are narrowing. However, the telecommunications industry has maintained slightly higher yields than overall corporate bond yields as investors expect consolidation to continue
5. M&A Transaction Activity - Transaction volume has slightly increased in the last several months. Integrated Services, the most active sector, contributed $11.6 billion to overall transaction value with the recent CenturyTel Inc.'s purchase of Embarq Corporation. Telecommunication companies are still seeking growth through acquisitions but 2009 has been a year dominated by smaller deals not typical of the industry. Strategic players have driven the growth in M&A activity especially among middle market companies.
6. Private Equity and VC Activity - Overall volume has significantly decreased in the telecommunications industry as private capital steer away from companies with high risk profiles. However, the Equipment sector has seen the most success in attracting funding from private capital as the sector has benefitted from the shift to digital delivery and the expansion of existing communication networks, particularly wireless networks.
7. Debt and Equity Underwriting Activity - Underwriting activity of equity and debt increased significantly over the past three months as (i) public offerings have filled some of the void in commercial bank financing arising from commercial bank illiquidity (ii) companies take advantage of falling yields and low interest rate to refinance corporate bonds or fund growth.

Exhibit 1.2—Change in Worldwide Public Company Enterprise Values ($MM)

Enterprise Value	08/31/09	05/31/09	08/31/08	08/31/07
Integrated Services	$1,664,301	$1,560,397	$1,771,499	$1,907,612
% Change		*6.7%*	*-6.1%*	*-12.8%*
Wireless Services	$654,919	$638,078	$741,267	$869,040
% Change		*2.6%*	*-11.6%*	*-24.6%*
Alternative Carriers	$81,024	$76,566	$77,238	$78,652
% Change		*5.8%*	*4.9%*	*3.0%*
Equipment	$355,535	$333,731	$471,360	$582,541
% Change		*6.5%*	*-24.6%*	*-39.0%*
Equipment - Sat. & MDS	$41,536	$40,667	$51,099	$78,580
% Change		*2.1%*	*-18.7%*	*-47.1%*
Total	**$2,797,314**	**$2,649,438**	**$3,112,463**	**$3,516,424**
% Change		***5.6%***	***-10.1%***	***-20.5%***

Exhibit 1.3 - Book Value of Equity vs. Market Value of Equity ($MM)

Book Value of Equity	08/31/09	05/31/09	08/31/08	08/31/07
Integrated Services	$550,121	$544,445	$607,685	$554,598
Wireless Services	$325,023	$319,736	$346,337	$338,429
Alternative Carriers	$23,446	$22,874	$26,670	$22,661
Equipment	$140,470	$138,413	$164,349	$154,268
Equipment - Sat. & MDS	$28,152	$27,299	$32,449	$27,732
Market Value of Equity				
Integrated Services	$961,536	$863,879	$1,104,521	$1,299,424
Wireless Services	$527,679	$511,067	$636,921	$780,594
Alternative Carriers	$42,321	$37,850	$44,064	$48,915
Equipment	$401,216	$375,434	$517,110	$629,953
Equipment - Sat. & MDS	$45,496	$43,308	$55,008	$82,010

Source: Capital IQ

Exhibit 1.4– Public Market Statistics

	08/31/09	5/31/2009	8/31/2008	8/31/2007
Integrated Services				
EV/EBITDA				
N. America	5.46 x	5.29 x	5.84 x	6.95 x
Europe	5.53 x	5.42 x	5.23 x	5.97 x
Asia Pacific	4.51 x	4.22 x	4.21 x	4.58 x
Cost of Equity				
N. America	9.4%	9.4%	9.9%	10.0%
Europe	10.0%	10.6%	11.8%	15.0%
Asia Pacific	8.5%	8.6%	9.5%	10.1%
Implied Earnings Growth				
N. America	-0.4%	-0.3%	-0.8%	0.6%
Europe	0.3%	0.2%	0.6%	1.7%
Asia Pacific	0.1%	0.3%	-0.4%	-0.1%
Wireless Services				
EV/EBITDA				
N. America	6.52 x	7.21 x	7.97 x	8.87 x
Europe	8.43 x	7.43 x	7.15 x	6.34 x
Asia Pacific	4.77 x	4.80 x	5.76 x	6.55 x
Cost of Equity				
N. America	11.7%	11.9%	11.1%	10.6%
Europe	10.4%	10.5%	10.3%	11.2%
Asia Pacific	9.1%	9.5%	10.7%	12.7%
Implied Earnings Growth				
N. America	3.4%	3.4%	2.9%	3.2%
Europe	3.5%	3.5%	2.6%	1.9%
Asia Pacific	-2.6%	-1.9%	-2.3%	0.4%
Alternative Carriers				
EV/EBITDA				
N. America	17.50 x	14.91 x	16.05 x	28.02 x
Europe	3.98 x	3.94 x	4.03 x	5.03 x
Asia Pacific	5.93 x	5.60 x	3.48 x	4.77 x
Cost of Equity				
N. America	12.7%	7.7%	10.1%	9.8%
Europe	8.8%	9.6%	11.7%	12.8%
Asia Pacific	11.8%	8.6%	12.2%	10.4%
Implied Earnings Growth				
N. America	7.7%	7.7%	5.7%	5.6%
Europe	-3.3%	-2.9%	-2.1%	-2.1%
Asia Pacific	2.2%	-0.5%	-5.1%	-0.4%

Source: Capital IQ

Exhibit 1.4 (continued) - Public Market Statistics

	08/31/09	5/31/2009	8/31/2008	8/31/2007
Equipment				
EV/EBITDA				
N. America	12.91 x	11.29 x	14.74 x	15.35 x
Europe	7.66 x	7.12 x	7.37 x	10.01 x
Asia Pacific	10.51 x	9.52 x	5.78 x	9.57 x
Cost of Equity				
N. America	10.1%	10.2%	10.8%	11.7%
Europe	12.9%	13.0%	14.0%	14.1%
Asia Pacific	10.9%	9.4%	11.0%	10.9%
Implied Earnings Growth				
N. America	3.5%	3.8%	2.6%	4.4%
Europe	3.2%	2.6%	1.7%	2.5%
Asia Pacific	-0.5%	-0.3%	-3.5%	-5.5%
Equipment - Sat. & MDS				
EV/EBITDA				
N. America	7.20 x	6.66 x	10.67 x	12.29 x
Europe	5.85 x	6.91 x	8.14 x	9.66 x
Asia Pacific	37.78 x	29.00 x	7.18 x	10.46 x
Cost of Equity				
N. America	10.5%	10.5%	10.7%	12.5%
Europe	12.8%	12.9%	14.1%	14.0%
Asia Pacific	10.0%	10.0%	11.5%	10.4%
Implied Earnings Growth				
N. America	-0.9%	-1.5%	-1.8%	2.5%
Europe	-0.4%	0.1%	1.3%	4.6%
Asia Pacific	0.2%	0.9%	0.0%	-7.2%

Source: Capital IQ

Exhibit 1.5 - EBITDA/Aggregate Debt

EBITDA/Aggregate Debt	08/31/09	05/31/09	08/31/08	08/31/07
Integrated Services	45.5%	46.5%	49.7%	47.8%
Wireless Services	62.0%	61.7%	66.3%	62.5%
Alternative Carriers	33.7%	33.5%	35.2%	36.3%
Equipment	68.9%	74.2%	107.4%	91.5%
Equipment - Sat. & MDS	66.3%	69.8%	69.9%	101.1%

Exhibit 1.6 - U.S. Corporate Bond Yields

Median Yield % (# of companies)

Rating	8/31/09		5/31/09		8/31/08		8/31/07	
AAA	1.87%	(276)	2.21%	(271)	6.28%	(282)	5.91%	(527)
Telecom	N/A	(0)	N/A	(0)	N/A	(0)	5.42%	(1)
Other	1.87%	(276)	2.21%	(271)	4.65%	(282)	5.45%	(526)
AA	3.35%	(829)	4.46%	(880)	4.14%	(1,024)	5.56%	(1,057)
Telecom	7.08%	(1)	8.03%	(1)	5.33%	(2)	6.06%	(2)
Other	3.35%	(828)	4.46%	(879)	4.14%	(1,022)	5.56%	(1,055)
A	4.60%	(2,982)	5.88%	(3,011)	5.56%	(3,085)	5.69%	(3,016)
Telecom	4.79%	(182)	6.05%	(181)	6.25%	(174)	5.91%	(178)
Other	4.60%	(2,800)	5.88%	(2,830)	5.56%	(2,911)	5.69%	(2,838)
BBB	5.89%	(2,972)	7.45%	(2,942)	6.47%	(2,908)	5.97%	(2,856)
Telecom	7.08%	(43)	8.21%	(46)	8.01%	(49)	6.73%	(55)
Other	5.89%	(2,929)	7.45%	(2,896)	6.47%	(2,859)	5.97%	(2,801)
BB	8.02%	(940)	9.00%	(911)	7.72%	(870)	6.99%	(906)
Telecom	8.78%	(69)	8.96%	(63)	8.79%	(62)	7.34%	(60)
Other	8.02%	(871)	9.00%	(848)	7.72%	(808)	6.99%	(846)
B	9.49%	(864)	11.03%	(812)	9.11%	(809)	8.18%	(863)
Telecom	8.84%	(59)	9.12%	(56)	8.64%	(52)	8.20%	(42)
Other	9.49%	(805)	11.03%	(756)	9.11%	(757)	8.18%	(821)
CCC	13.97%	(622)	20.23%	(632)	13.64%	(626)	9.78%	(636)
Telecom	12.13%	(22)	15.30%	(22)	10.15%	(23)	9.39%	(25)
Other	13.97%	(600)	20.23%	(610)	13.64%	(603)	9.78%	(611)
CC	34.39%	(91)	27.71%	(96)	15.38%	(102)	9.28%	(99)
Telecom	N/A	(0)	61.53%	(3)	43.34%	(4)	17.21%	(4)
Other	34.39%	(91)	27.71%	(93)	15.38%	(98)	9.28%	(95)
C	33.26%	(38)	41.16%	(39)	15.35%	(37)	10.35%	(26)
Telecom	73.88%	(2)	41.16%	(2)	13.31%	(1)	N/A	(0)
Other	33.26%	(36)	41.16%	(37)	15.35%	(36)	10.35%	(26)

Source: Capital IQ

Exhibit 1.7 - U.S. Corporate Bond Yields

Difference between:	8/31/2009	5/31/2009	8/31/2008	8/31/2007
AA and AAA	1.49%	2.25%	-2.13%	-0.35%
A and AA	1.25%	1.41%	1.42%	0.13%
BBB and A	1.29%	1.58%	0.91%	0.27%
BB and BBB	2.13%	1.54%	1.25%	1.03%
B and BB	1.47%	2.04%	1.39%	1.19%
CCC and B	4.48%	9.20%	4.54%	1.60%
CC and CCC	20.42%	7.48%	1.74%	-0.50%
C and CC	-1.13%	13.45%	-0.03%	1.07%

Difference between:	8/31/2009	5/31/2009	8/31/2008	8/31/2007
AAA	-4.02%	-5.24%	-0.19%	-0.06%
AA	-2.54%	-2.99%	-2.33%	-0.41%
A	-1.29%	-1.58%	-0.91%	-0.27%
BBB Yield				
BB	2.13%	1.54%	1.25%	1.03%
B	3.60%	3.58%	2.64%	2.22%
CCC	8.08%	12.78%	7.17%	3.82%
CC	28.50%	20.26%	8.91%	3.31%
C	27.37%	33.71%	8.88%	4.39%

Source: Capital IQ

Exhibit 2.1—M&A Transaction Volume and Values - Through 8/31/2009 ($MM)

	2009	2008	2007	2006	2005
M&A Transaction Volume					
Integrated Services	20	54	80	73	62
Wireless Services	13	39	69	57	56
Alternative Carriers	15	68	73	51	39
Equipment	31	99	127	131	97
Equipment - Sat. & MDS	7	21	24	13	13
Total Deal Count	**86**	**281**	**373**	**325**	**267**
M&A Transaction Values					
Integrated Services	$13,722	$40,020	$21,782	$154,701	$57,479
Wireless Services	$29,776	$7,856	$57,954	$62,730	$84,729
Alternative Carriers	$136	$8,555	$18,105	$24,445	$19,224
Equipment	$3,656	$14,928	$26,877	$44,442	$30,710
Equipment - Sat. & MDS	$265	$497	$4,427	$444	$3,118
Total Deal Value	**47,556**	**71,856**	**129,145**	**286,762**	**195,260**

Exhibit 2.2—Key M&A Multiples - Through 8/31/2009

	2009	2008	2007	2006	2005
EV/EBIT:					
Integrated Services	17.39 x	14.33 x	28.28 x	16.31 x	11.26 x
Wireless Services	19.30 x	44.39 x	16.67 x	24.00 x	22.68 x
Alternative Carriers	7.69 x	45.62 x	30.34 x	20.00 x	N/A
Equipment	16.41 x	12.76 x	22.05 x	20.78 x	9.57 x
Equipment - Sat. & MDS	N/A	10.34 x	41.80 x	11.10 x	15.65 x
EV/EBITDA:					
Integrated Services	7.83 x	5.86 x	11.94 x	7.34 x	5.60 x
Wireless Services	8.91 x	9.10 x	11.02 x	9.52 x	10.43 x
Alternative Carriers	12.96 x	10.72 x	23.83 x	8.31 x	16.99 x
Equipment	21.76 x	N/A	28.96 x	12.67 x	6.73 x
Equipment - Sat. & MDS	10.82 x	6.25 x	18.98 x	9.99 x	14.32 x

Source: Capital IQ

Exhibit 3 - Noted M&A Transactions - 5/31/2009 - 8/31/2009 ($MM)

Group	Buyer	Target	Amount	Year	Target Territory
Integrated Services	Centurytel Inc.	Embarq Corp.	$11,584.3	2009	N. America
	Daisy Group PLC	Redstone Telecom Ltd.	$28.1	2009	Europe
	IDT Domestic Telecom Inc.	Union Telecard Alliance LLC	$9.4	2009	N. America
Alternative Carriers	Spice Energy Pvt. Ltd.	MediaRing Ltd.	$27.2	2009	Asia Pacific
	Daisy Group PLC	Eurotel Limited, Trading Assets	$22.8	2009	Europe
	Telenet Holding NV	BelCompany BV	$8.3	2009	Europe
Equipment	France Telecom	France Telecom Espana SA	$1,827.4	2009	Europe
	M2 Telecommunications Group Ltd.	Commander Communications Ltd., Tele Communications Business	$15.6	2009	Asia Pacific
	Sensus Metering Systems (Bermuda 2) Ltd.	Telemetric Corporation	$7.8	2009	N. America
Equipment - Sat. & MDS	Team Simoco Ltd.	Comgroup Australia Pty Ltd.	$11.2	2009	Asia Pacific
	Digi International Inc.	MobiApps Inc.	$3.5	2009	N. America

Source: Capital IQ

Exhibit 4 - PE & VC Deals Count & Dollar Volume - Through 8/31/2009 ($MM)

	2009	2008	2007	2006	2005
PE & VC Transaction Volume					
Integrated Services	8	9	16	20	15
Wireless Services	12	29	40	36	24
Alternative Carriers	22	32	22	53	29
Equipment	85	151	189	197	179
Equipment - Sat. & MDS	5	15	14	16	14
Total Deal Count	**132**	**236**	**281**	**322**	**261**
PE & VC Transaction Values					
Integrated Services	$92	$2,216	$110	$457	$1,584
Wireless Services	$86	$777	$568	$1,637	$1,285
Alternative Carriers	$474	$251	$600	$677	$589
Equipment	$602	$1,728	$2,464	$1,975	$2,186
Equipment - Sat. & MDS	$7	$119	$168	$374	$80
Total Deal Value	**$1,260**	**$5,091**	**$3,910**	**$5,120**	**$5,724**

Source: Capital IQ

Exhibit 5 - Noted PE & VC Transactions - 5/31/2009 - 8/31/2009 ($MM)

Group	Investor	Target	Amount	Target Territory
Integrated Services	Existing Investors and Sigma Partners	VeriVue Inc.	$20.1	N. America
	Multiple Existing Investors	Novasight	$0.1	Europe
Wireless Services	Individual Investors	Public Mobile Inc.	$48.3	N. America
	DoCoMo Capital Inc.; Smart Communications Inc.; Altobridge Limited	Blue Ocean Wireless Limited	$7.9	Europe
	General Catalyst Partners	UDS Directory Corp.	$3.0	N. America
Alternative Carriers	Institutional Investors	Daisy Group PLC	$132.8	Europe
	Undisclosed Investors	Genesis Networks Inc.	$10.9	N. America
	Multiple Investors	inexio Informationstechnologie und Telekommunikation KGaA	$8.8	Europe
Equipment	Investor Group led by Foundation Capital	Calix Networks Inc.	$100.0	N. America
	RBC Capital Markets Corporation; Newcourt Capital USA Inc.	The Telx Group Inc.	$43.5	N. America
	ABS Capital Partners	Tarpon Towers LLC	$25.0	N. America

Source: Capital IQ

Exhibit 6.1 - Equity Underwriting Activity - Through 8/31/2009 ($MM)

	2009	2008	2007	2006	2005
Equity Underwriting Volume					
Integrated Services	2	-	3	4	10
Wireless Services	-	-	8	7	8
Alternative Carriers	1	1	12	15	8
Equipment	7	3	27	22	21
Equipment - Sat. & MDS	2	-	8	7	2
Total Deal Count	**12**	**4**	**58**	**55**	**49**
Equity Underwriting Value					
Integrated Services	$5	$0	$36	$258	$548
Wireless Services	$0	$0	$2,087	$973	$1,956
Alternative Carriers	$1	$81	$746	$1,742	$1,186
Equipment	$240	$144	$1,810	$1,342	$415
Equipment - Sat. & MDS	$216	$0	$123	$231	$10
Total Deal Value	**$463**	**$225**	**$4,803**	**$4,546**	**$4,115**
Security Type					
Equity	$463	$225	$4,803	$4,546	$4,115
Debt	$20,332	$14,420	$30,543	$20,718	$8,395
Total Underwriting Value	**$22,053**	**$14,644**	**$35,345**	**$25,265**	**$12,510**

Source: Capital IQ

Exhibit 6.2 - Debt Underwriting Activity - Through 8/31/2009 ($MM)

	2009	2008	2007	2006	2005
Debt Underwriting Volume					
Integrated Services	9	12	18	4	4
Wireless Services	2	-	3	2	1
Alternative Carriers	4	2	-	2	1
Equipment	4	-	5	3	-
Equipment - Sat. & MDS	2	-	1	-	-
Total Deal Count	**21**	**14**	**27**	**11**	**6**
Debt Underwriting Value					
Integrated Services	$9,996	$13,885	$25,515	$10,080	$6,649
Wireless Services	$2,118	$0	$2,981	$2,742	$1,405
Alternative Carriers	$2,140	$535	$0	$875	$340
Equipment	$5,479	$0	$1,649	$7,021	$0
Equipment - Sat. & MDS	$599	$0	$399	$0	$0
Total Deal Value	**$20,332**	**$14,420**	**$30,543**	**$20,718**	**$8,395**
Security Type					
Equity	$463	$225	$4,803	$4,546	$4,115
Debt	$20,332	$14,420	$30,543	$20,718	$8,395
Total Underwriting Value	**$22,053**	**$14,644**	**$35,345**	**$25,265**	**$12,510**

Source: Capital IQ

Exhibit 7 - Noted Underwriting Transactions - 5/31/2009 - 8/31/2009 ($MM)

Group	Issuer	Net Amount	Offering Type	Issuer Territory
Integrated Services	Telefonica Emisiones SAU	$1,245.6	Debt	Europe
	France Telecom	$1,239.9	Debt	Europe
	France Telecom	$1,238.0	Debt	Europe
Wireless Services	Sprint Nextel Corp.	$1,258.7	Debt	N. America
	MetroPCS Wireless Inc.	$550.0	Debt	N. America
	Crown Castle International Corp.	$250.0	Debt	N. America
Alternative Carriers	Virgin Media Finance PLC	$583.1	Debt	Europe
Equipment	DG FastChannel Inc.	$46.3	Equity	N. America
	Wi-Lan Inc.	$13.4	Equity	N. America
Equipment - Sat. & MDS	Harris Corp.	$346.6	Debt	N. America

Source: Capital IQ

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The Salter Group

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Sources of information utilized in the preparation of this newsletter include Capital IQ and Morningstar. 'EV' and 'Ent Val' mean 'Enterprise Value' which is obtained from Capital IQ. 'EBITDA' means earnings before interest and taxes and also are calculated on a last twelve months' basis. 'Aggregate Debt' is calculated on a last twelve months' basis. 'EV/EBITDA' and is calculated as enterprise value divided by EBITDA. 'EV/EBITDA' on pages 4-5 are calculated using the value weighted average. Cost of Equity is calculated using the capital asset pricing model ("CAPM") with the variables calculated as follows: the market risk premium was determined based on information from Morningstar, b is calculated using stock price information from Capital IQ over a two-year period relative to the native country's major index and adjusted for prospective expectations, and the risk free rate is calculated from the yield of a 10-year generic treasury bond in each country. Corporate bond yields calculated using the median yield to maturity of all outstanding bonds as of each specified date. Corporate bonds are segmented by S&P credit ratings as of the most recent rating date.

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