



Overall M&A activity within the Telecommunication Services sector increased 12% over the last twelve months (LTM) ending September 30, 2005 with 86 deals reported compared with 77 deals for the same period last year and with median valuation multiples at 0.8 x Revenue, 4.6 x EBITDA, 14.5 x EBIT and 2 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Broadband & Alternative Carriers	13	13%	8	14%	11	28%	25	32%	25	29%
Local Telecom Services	21	21%	12	21%	9	23%	20	26%	20	23%
Diversified Telecom	35	35%	19	33%	11	28%	20	26%	17	20%
Digital Telecom	4	4%	3	5%	2	5%	5	6%	9	10%
Traditional Phone & Fax Services	7	7%	7	12%	3	8%	2	3%	6	7%
Conferencing Services	7	7%	4	7%	2	5%	3	4%	5	6%
Long-Distance Telecom	12	12%	5	9%	2	5%	2	3%	4	5%
Total	99	100%	58	100%	40	100%	77	100%	86	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Large national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 142 portfolio companies and also are fueling demand. Buyers objectives include:

- ▀ Compete with cable operators and Net telephony providers
- ▀ Better compete in mature, fragmented local and long-distance voice sectors
- ▀ Save time and money in building and upgrading nationwide traditional and wireless networks

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

- Broadband & Alternative Carriers, including:**
- ▀ Asynchronous Transfer Mode Network Services (ATM)
 - ▀ Virtual Private Network Services (VPN)
 - ▀ Fiber Telecommunications Services
 - ▀ Other Alternative Carriers

- Traditional Phone & Fax Services, including:**
- ▀ Pay Phone Provider Services
 - ▀ Calling Card Provider Services
 - ▀ Directory Assistance Services
 - ▀ Facsimile Transmission Services
 - ▀ Telephone Answering Services
 - ▀ Ship-To-Shore Broadcasting

- Digital Telecom, including:**
- ▀ Digital Subscriber Line Services (DSL)
 - ▀ Integrated Services Digital Network Services (ISDN)
 - ▀ Point to Point Digital Telecommunications Services
 - ▀ Other Digital Services

- Local Telecom Services, including:**
- ▀ Competitive & Incumbent Local Exchange Carriers (CLEC/ILEC)

Long-Distance Telecom

Conferencing Services

Diversified Telecom