Tekelec: Business Segment Overview at Entry

($ in millions, FYE December)

- Legacy Business / "Bond"
- Next-Gen. Business / "Call Option"

Tekelec

Segment	GSS Global Signaling Solutions (Legacy Business)		BNS Broadband Network Solutions (Next-Gen Business)		
Sub-Segment	**SS7** Signaling System #7	**MM** Mobile Messaging	**DSR** Digital Signaling Router	**PCRF** Policy	**SDM** Subscriber Data Management
Description	Signaling traffic protocol underpinning 2G and 3G wireless and wireline networks #1 provider with ~50% worldwide market share and ~80% market share in North America High-margin/cash flow business with large recurring maintenance stream from large installed base	Enables service providers to address challenges resulting from network growth (e.g., incr. voice and data traffic, spam) Open framework allows operators to horizontally integrate mobile messaging services, reducing costs and simplifying operations/maintenance	The "brain" of the 4G network, managing high-volume data signaling traffic to guarantee quality of service to subscribers Provides the same signaling traffic routing and load balancing as SS7 but in 4G networks	Rules-based engine for mobile and wireline operators to improve subscriber monetization with offerings such as: customer pricing plans, customer tiering, traffic management	Enables operators to aggregate databases and build subscriber profiles Software enables BNS' other offerings to reduce the time and cost of routing signals and running policy rules
2011E Revenue / Gross Margin	**Products: $216 mm** **Maintenance: $64 mm** **65% GM (SS7 division)**	**$14 mm** **47% GM**	**$16 mm** **59% GM**	**$31 mm** **41% GM**	**$7 mm** **41% GM**

Underwriting Case	2011E Rev.	2016E Rev.	CAGR
Legacy Business / "Bond"	$294 (1)	$123	(16.0)%
Next-Gen. Business / "Call Option"	$54	$416	50.4%

(1) Excludes Performance Intelligence Center (PIC), a GSS division, which was non-core and reported revenue of ~$57 mm

Note: Please see "Case Studies" for important considerations relating to this underwriting case. Amounts above represent estimated revenue forecast prior to closing the acquisition and have not been updated since acquisition. Actual results may differ.

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