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VALUATION SERVICES GROUP

## AliphCom

Common Equity Valuation as of June 20, 2011

CONFIDENTIAL

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August 3, 2011

Mr. Michael Tamaru  
Chief Financial Officer  
AliphCom  
99 Rhode Island Street, 3<sup>rd</sup> floor  
San Francisco, CA 94103

Dear Mr. Tamaru:

We have completed our analysis of the fair market value of the common equity of AliphCom (“Aliph” or the “Company”) on a per share basis (the “Subject Interest”) as of June 20, 2011 (the “Valuation Date”). We understand that our valuation of the Subject Interest, as developed in this report, will be utilized for tax planning and financial reporting purposes in conjunction with regulations of Section 409A of the Internal Revenue Code (“IRC”) as well as Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718 - *Compensation*<sup>1</sup>. We have not been engaged to make any purchase or sale recommendations associated with the Company and this report should not be utilized for any other purpose.

Our valuation is dependent on numerous factors both internal and external to the Company as of the Valuation Date. However, a willing buyer, taking into account its own facts and circumstances, might have a different assessment of value. Thus, we make no representation, nor should it be implied that the Company would be sold at the indicated value. Such price would be dependent on market conditions and negotiations between buyer and seller.

#### **DEFINITION OF VALUE**

For tax reporting purposes and in conjunction with Section 409A of the IRC, the standard of value utilized in our analysis is fair market value, which is defined as:

*The price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts.*

This definition of value is supported by pronouncements from the Internal Revenue Service (the “IRS”) and has been further established in numerous court decisions dealing with fair market value issues.

For financial reporting purposes, the standard of value to be utilized in our analysis is fair value as defined in the Glossary of FASB ASC Topic 718 as follows:

*The amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.*

We also considered recent Financial Accounting Standards Board discussions and activity related to refining this definition and other current staff positions / decisions.

For the purposes of this valuation analysis, it was assumed that no material difference existed between the estimated fair market value and the fair value of the Company’s common equity on a per share basis. Throughout the course of this report and the related analysis, it can be assumed that the terms “fair market value” and “fair value” are interchangeable.

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<sup>1</sup> FASB ASC Topic 718 supersedes Statement of Financial Accounting Standards (“SFAS”) No. 123R.

## SCOPE OF ENGAGEMENT

Where applicable, our valuation of the Subject Interest included an analysis of the Company's historical operating results, review of the industry in which the Company operates, research of comparable publicly traded companies, and a review of the Company's pro-forma forecast of future business operations. Consistent with Revenue Ruling 59-60 and standard practice, the following factors have also been analyzed and accorded due weight, where applicable:

- The nature and history of the entity's business;
- The general economic conditions and specific industry outlook;
- The book value of the entity and its financial condition;
- The earning capacity of the entity;
- The entity's distribution history and capacity;
- The existence of goodwill or other intangible value within the business;
- Prior interest sales and the size of the interests being valued; and
- The market price of companies engaged in the same or a similar line of business having their equity securities actively traded in a free and open market, either on an exchange or over-the-counter ("OTC").

We also considered differences between the Company's preferred and common shares with respect to liquidation preferences, conversion rights, voting rights, and other features. We also considered appropriate adjustments to recognize lack of marketability.

Revenue Ruling 59-60<sup>2</sup> is the definitive source outlining the standard of value, approach, methods, and factors to be considered in valuing shares of the stock of a closely held entity similar to Palantir. Although initially presented for use in estate and gift tax calculations, Revenue Ruling 59-60 is regularly referenced and used in the valuation of closely held businesses for other tax reporting, and other purposes, and its principles are applicable in the valuation of most closely held businesses.

In the course of our valuation analysis, we used financial and other information provided by management or obtained from private and public sources. We have accepted the financial data provided to us without verification as accurately reflecting the historical and projected financial position and operating results of the Company.

<sup>2</sup> Revenue Ruling 59-60, 1959-1 CB 237, modified by Revenue Ruling 65-193, 1965-2 CB 370, and amplified by Revenue Ruling 77-287, 1977-2 CB 319, Revenue Ruling 80-213, 1980-2 CB 101, and Revenue Ruling 83-120, 1983-2 CB170.

**CONCLUSION**

Based on the information provided and the analysis conducted, and subject to the attached Statement of Limiting Conditions, it is our opinion that one common share of the Company as of the Valuation Date should be valued as follows:

**\$0.77 (rounded)**  
**ZERO DOLLARS AND SEVENTY-SEVEN CENTS**

With regard to tax issues, pursuant to Internal Revenue Service requirements (Circular 230), please note that:

- This opinion is limited to the tax issue addressed in the opinion (the valuation of the Subject Interest for tax reporting purposes).
- Additional issues may exist that could affect the tax treatment of the subject transaction or matter. Our opinion does not consider or conclude on those additional issues.
- With respect to any significant tax issues outside the limited scope of the opinion, the opinion was not written, and cannot be relied on by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.

We appreciate this opportunity to perform this engagement and would be pleased to discuss our findings and the methodology used in the valuation. A copy of this report is retained in our files, together with the data from which it was prepared. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement.

Very truly yours,

**WTAS LLC**

## Statement of Limiting Conditions

The value conclusions related to the asset(s), propert(ies), business entit(ies), or business interest(s) (the “Subject Asset(s)”) specified in our appraisal report / deliverable (hereafter referred to as the “Analysis”) are governed by the following limiting conditions:

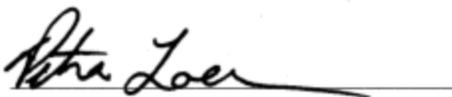
1. No investigation of the legal description or matters, including title or encumbrances, will be made, and the owner’s claim to the Subject Asset(s) is assumed to be valid and marketable. Further, unless otherwise specifically indicated, we have made the following assumptions: (i) the Subject Asset(s) is free and clear of any liens or encumbrances; (ii) the Subject Asset(s) meets full compliance with all applicable federal, state, and local zoning, as well as use, environmental, and similar laws and regulations; and (iii) all licenses, certificates, consents, or other legislative or administrative authority from any local, state, federal government, or private entity have been or can be obtained or renewed for any use on which the value conclusion is based in the Analysis.
2. WTAS LLC (“WTAS”) has relied upon information furnished by others, which is believed to be reliable. We have not independently verified the accuracy or completeness of the information.
3. During the course of our analysis, we were provided certain financial information, including estimates of cash flow, by management. We have not performed an examination, review, or compilation in accordance with standards prescribed by the American Institute of Certified Public Accountants and, therefore, do not express an opinion or offer any form of assurance on the cash flow data or their underlying assumptions.
4. The value conclusions are not intended to represent values for the Subject Asset(s) at any date other than the date of value specified in the Analysis. We assume no responsibility for changes in market conditions or physical factors that could affect the value of the Subject Asset(s) at a later date, or the inability of the owner to sell the Subject Asset(s) at the value specified in the Analysis.
5. The Analysis has been prepared solely for the purpose stated, and should not be used for any other purpose or by any other person / party than to or for whom it is addressed and prepared. Our value conclusions are not intended to represent investment advice of any kind and do not constitute a recommendation as to the purchase price or sale of the Subject Asset(s).
6. Neither the Analysis nor any portion thereof (including, without limitations, any conclusions as to value, the identity of the appraiser, or the identity of WTAS) shall be disseminated to the public or third parties through advertising, public relations, news, sales, mail, direct transmittal, Securities and Exchange Commission disclosure documents, or any other media without the prior written consent and approval of WTAS. Possession of the Analysis, or a copy thereof, does not afford the holder the right to publication. The Analysis may not be used without the prior written consent of WTAS and Palantir.
7. Our engagement team is not required to give further consultation, testimony, or be in attendance in court with reference to the Subject Asset(s) in question or to update any report, recommendation, analysis, conclusion, or other document related to our services, unless additional arrangements are made.
8. Responsible ownership and competent property / asset management are assumed.

## Certification

I certify, that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- WTAS and I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement of WTAS and myself in this assignment was not contingent upon developing or reporting predetermined results, nor was the compensation received for completing this engagement contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- The undersigned have performed services with respect to interests in the Company within the three-year period immediately preceding acceptance of the valuation engagement. Prior services were the valuation of one common share of the Company as of February 28, 2009, February 28, 2010, February 10, 2011, March 28, 2011, and June 30, 2007.
- The procedures, opinions, and conclusions developed constitute an Appraisal Report, in conformance with the Business Valuation Standards of the American Society of Appraisers.

No persons, other than the appraisers acknowledged below, provided significant business appraisal assistance to the person(s) signing this certification.



Petra Loer, CFA, ASA  
WTAS Tax ID Number: 26-1437743

Contributing Appraiser:  
Shirley Zhang

EXHIBIT A

## Company Overview



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit A: Company Overview

Founded in 1998 and headquartered in San Francisco, California, Aliph originated as a leading developer of design-driven, noise-eliminating bluetooth headsets. Since inception, Aliph has refined its noise suppression technology<sup>3</sup> for commercial applications. In December 2006, the Company introduced its award-winning Jawbone Bluetooth headset with Noise Shield nationwide. Since its launch, the Jawbone Bluetooth headset has become one of the best-selling Bluetooth headsets in the U.S. and is also sold in the U.K. The Company subsequently launched its low- and mid-price-range product series, the Jawbone Prime and Jawbone ICON series, in 2009 and early 2010, respectively, which featured headsets with innovative and sleek designs. Since its release, the Jawbone ICON series has received outstanding reviews and experienced strong sales volume through online and third-party retailers. As of the Valuation Date, Aliph has expanded its product lines from headsets to wireless speakers and speakerphones (the JAWBOX series), as well as new software applications and services. For instance, the Company introduced MyTalk in 2010, a web portal that allows users to download applications and software for enhanced setting control and connectivity with their devices. The Company also introduced a free mobile phone service called “THOUGHTS”, which allows users to record and send instant voice messages to individual or group contacts (vs. traditional methods of texting and emailing). Furthermore, the Company expects to release its Armstrong activity band in July 2011, which will primarily target physically active urban adults. The Company’s products received various accolades and awards, with the most recent being the winner of the 2010 Industrial Designer’s Society of America (“IDSA”) Design of the Decade.

Going forward, management is forecasting significant growth from recently launched new products and services, expanding existing market segments, and developing new products. Based on discussions with management, the applicable target market for the Company’s Armstrong activity band is significantly larger than previously anticipated. As such, management expects to achieve a larger sales volume of activity bands, which is reflected in the revised forecast for the current Valuation Date. Similarly, management also expects the stereo headphone line to achieve a higher sales volume from the Company’s recently launched Jambox, which is expected to be sold globally going forward. Management expects bluetooth sales to remain flat and sales of its enterprise products to decline going forward. Overall, due to competitive pricing pressure, management is forecasting similar pricing points, and expects to achieve a similar long-term profitability margin as previously forecasted.

In June 2011, Aliph secured its latest round of Series 5 preferred financing with JP Morgan Digital Growth Fund, LP. However, according to management, there were a couple of investors who were considering making additional Series 5 investments in the Company. As a result of the uncertainty related to these potential investments, we did not consider them in our analysis as of the Valuation Date. Based on discussions with management, the Series 5 preferred round of financing was not considered arms length, as the financing was not marketed to solicit other competing offers. In addition, the potential investors did not perform extensive financial due diligence of the Company, and the investors were personal friends of the Chief Executive Officer. As such, we did not rely upon the Series 5 preferred round of financing as an indication of value in arriving at our concluded value for the Company’s common shares at the Valuation Date.

Since inception, the Company has had seven rounds of preferred share financing, through which the Company had raised aggregate proceeds of approximately \$118.5 million. Its primary investors at the Valuation Date included JP Morgan Digital Growth Fund, LP; Sequoia Capital; the Mayfield Fund; Khosla Ventures; Andreessen Horowitz Fund II, LP; and AH Capital Management, LLC.

As a result of the economic recession and investments the Company has made in development thus far, the Company incurred operating losses before interest expense and tax of approximately \$17.6 million on revenues of approximately \$86.8 million for the fiscal year ended December 31, 2010. However, going forward, the Company is forecasted to break even in the 2012 time frame, and revenues are projected to experience significant growth in the near term as the Company expects to see an increase in sales volume from its entry into new geographic markets and expansion in the new activity band market.

<sup>3</sup> Originally used for military applications, with its participation in a Defense Advanced Research Projects Agency (DARPA) program.

EXHIBIT B

## Historical Financial Analysis



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit B: Historical Financial Analysis

Aliph's revenues rebounded in 2010 following the decline in 2009 as a result of the lackluster demand due to the economic recession. As of the Valuation Date, management expects its products to continue gaining traction in their primary markets. See the historical financial statement analysis below.

### Selected Historical Income Statement Data (in \$000s)

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Year-to-Date Mar 2011</b>
Revenue	\$1,201	\$55,708	\$145,455	\$70,434	\$86,781	\$28,477
Operating income (loss)	(1,928)	4,608	6,821	(13,007)	(17,636)	(9,990)
Net income (loss)	(2,148)	3,300	2,791	(13,089)	(17,663)	(9,991)

EXHIBIT C

## Industry Overview



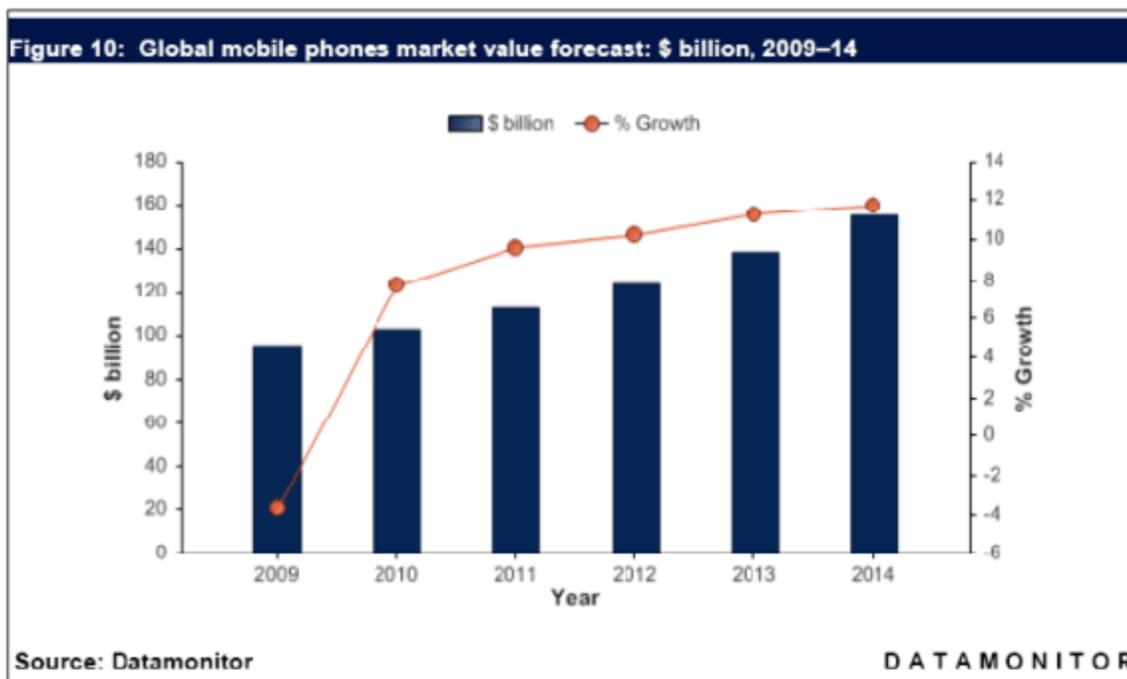
ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit C: Industry Overview<sup>4</sup>

The wireless communications equipment industry consists of two general sectors: the wireless handsets / headsets sector and the wireless infrastructure (network equipment) sector. The wireless handset sector consists of both analog and digital handsets, and is estimated to be the world's largest consumer electronic market. According to Datamonitor, the global wireless handset market reached total revenues of approximately \$95.8 billion in 2009, representing a compound annual growth rate ("CAGR") of approximately 8.5% for the period spanning 2005 through 2009. Over the four-year period spanning from 2005 through 2009, more consumers dropped landline phones completely and instead relied on their wireless handsets for phone service, such that the volume of mobile handsets that were in use increased at a four-year CAGR of 10.7% from 2005 to 2009, and reached an approximate one billion units in 2009. Going forward, the performance of the wireless handset market is forecasted to continue to accelerate, with an anticipated CAGR of 10.1% for the five-year period spanning from 2009 to 2014, reaching a total market value of approximately \$155.3 billion by the end of 2014. See below for additional details.

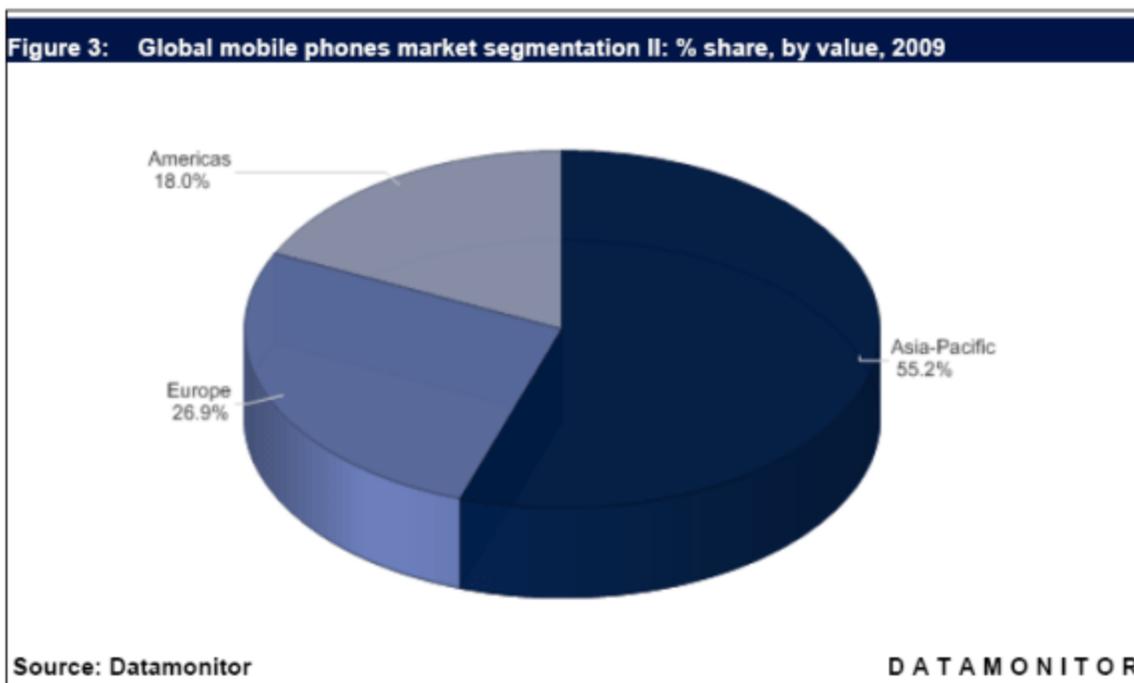
Table 17: Global mobile phones market value forecast: \$ billion, 2009–14			
Year	\$ billion	€ billion	% Growth
2009	95.8	68.9	(3.7%)
2010	103.2	74.2	7.7%
2011	113.2	81.4	9.7%
2012	124.8	89.7	10.3%
2013	138.9	99.9	11.3%
2014	155.3	111.7	11.8%
<b>CAGR: 2009–14</b>			<b>10.1%</b>
<b>Source: Datamonitor</b>			<b>DATAMONITOR</b>

<sup>4</sup> Sources: Standard & Poor's Industry Surveys ("S&P"), the Datamonitor Group, and information provided by management.



According to [REDACTED], the wireless infrastructure market is continuing to experience growth due to the expansion of fourth generation (4G) digital networks. The usage of these high-speed networks has been fueled by the growing demand for smartphones, such as Apple's 4G iPhone and Google Inc.'s Android-based G2. The rise in demand for smartphones has been largely driven by the significant growth in social networking, as these devices provide access to popular social networking websites such as Facebook, Twitter, and MySpace. In upcoming years, the demand for these devices will depend on product differentiation, as consumers require more customized, intelligent, and powerful applications.

Geographically, the world's mature economies continue to play an important role in the wireless handset market; however, the number of new mobile subscribers in these developed countries is rapidly declining as penetration rates have reached relatively saturated levels. As a result, the focus of market growth has turned to emerging markets in regions within the Asia-Pacific, where low penetration rates and pent-up demand for network connectivity bode well for new subscriber acquisitions. According to Datamonitor, as of 2009, the Asia-Pacific region had the majority share (or approximately 55.2%) of the total wireless handsets sold globally. See the chart on the following page for details.



The number of unified communications (“UC”) users is expected to increase from approximately 2.1 million in 2010 to approximately 50 million in 2015. Based on information provided by management, the increase will be driven by both enterprise and personal usage. Overall, the growth in headphone sales is expected to be primarily driven by an increase in smartphone usage.

Participants operating in the wireless handset / headset industry include large public companies such as Motorola Mobility, Inc.<sup>5</sup>, Palm, Inc.<sup>6</sup>, Nokia Corp., Plantronics Inc., Research in Motion Ltd., Netgear Inc., and Logitech International SA, as well as a number of smaller companies such as AliphCom and BlueAnt Wireless. The continuing recovery of the worldwide economy is expected to continue to drive consumer demand for wireless products, which represents a significant market opportunity for companies in that space.

<sup>5</sup> Effective January 4, 2011, Motorola Mobility, Inc., and Motorola Solutions, Inc. spun-off into two separate publicly traded companies. Motorola Mobility, Inc. primarily provides products and services to consumer and entertainment sectors. Motorola Solutions, Inc. primarily provides products and services to enterprise and government sectors.

<sup>6</sup> As of July 1, 2010, Palm, Inc. was acquired by Hewlett-Packard Company.

EXHIBIT D

## Economic Overview



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

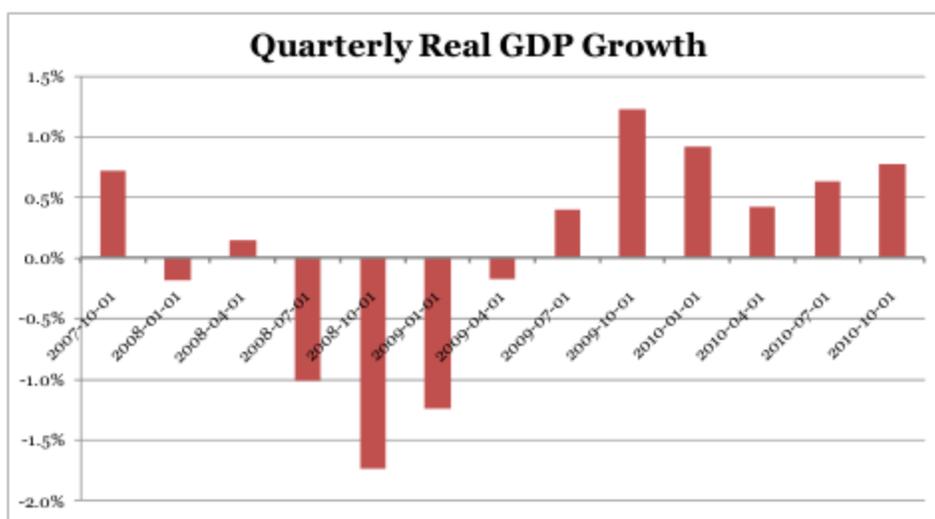
## Exhibit D: Economic Overview <sup>7</sup>

A fundamental consideration in the valuation of any business is the performance of the economy in which that business operates or from which it derives its benefits (i.e., revenues and profits). In the case of the Company, it is important to consider the performance and outlook of the economy in which it operates.

Current economic concerns include global political upheaval, uncertainty related to European sovereign debt, quantitative easing, government stimulus programs, and a continually weak housing market. Despite widespread agreement that the U.S. economy began to grow in late-2009, weak labor, retail, and housing markets in 2010 have caused the economic recovery to be slow. Furthermore, high household indebtedness is expected to continue to lead to weak demand in the retail markets. Please see below for further details.

### GROSS DOMESTIC PRODUCT

According to the Economist Intelligence Unit (“EIU”), the economic gross domestic product (“GDP”) in the U.S. is expected to grow 2.9% in 2011 as the recovery continues and consumer confidence improves. The government has approved a \$300 billion economic stimulus package, which was expected to continue to support economic growth in 2011.



### ECONOMIC INDICATORS

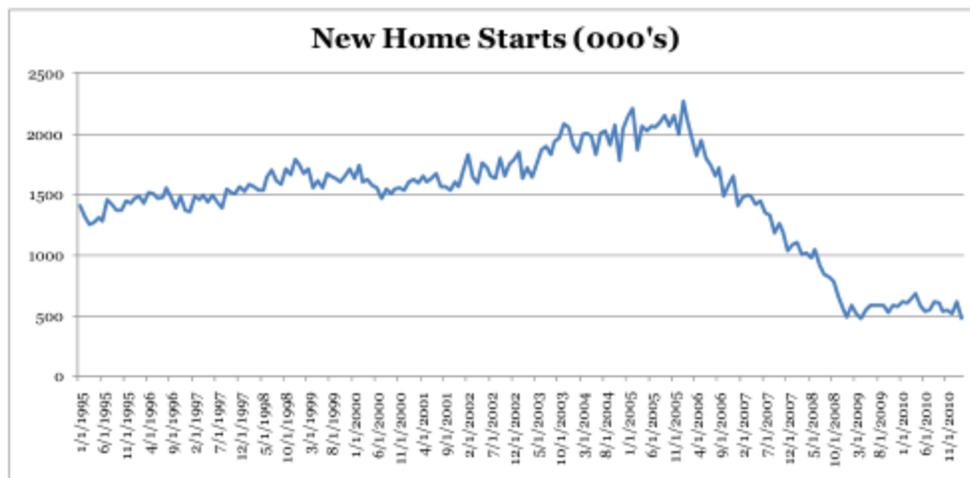
The projected growth in GDP is also supported by a modest expansion in production, consumer spending, and manufacturing. The continually increasing economic indicators represent an increase in inventories and economic activity. Please see below for further information.

Consolidated - Annual Change (2/10 - 2/11)	
Industrial Production	5.81%
Business Manufacturing	7.53%
Consumer Spending	3.77%

<sup>7</sup> Sources: Capital IQ, Federal Reserve Board, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the University of Michigan Consumer Sentiment Report, Institute for Supply Management, the Livingston Survey, the EIU, and Standard & Poor’s Industry Surveys.

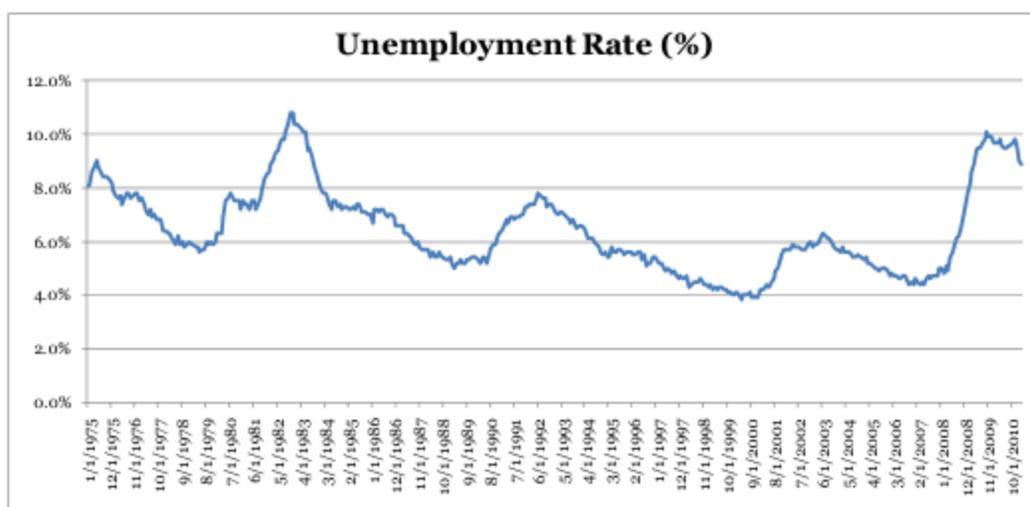
## HOUSING MARKET

Since 2008, the subprime debt crisis has placed downward pressure on economic growth as significant losses from subprime loans have reduced the willingness of banks to loan funds to other financial institutions and consumers. Despite the stabilization of prices in the housing markets since 2008, many states hit hardest by the subprime crisis have yet to recover, resulting in a surplus inventory of homes available in the housing market. This has resulted in significant declines in new home construction and construction-related industries, which has also slowed economic growth. Home sales began to recover in late 2009; however, inventories remained high in 2010, which has kept home prices low. Furthermore, new housing starts have remained weak as excess housing inventory has been slow to sell.



## LABOR / CONSUMER STATISTICS

According to EIU, the unemployment rate is expected to decrease to an average of 8.0% for fiscal year 2011. Reports from the Bureau of Labor Statistics indicate that the Consumer Price Index for All Urban Consumers increased 2.2% from February 2010 to February 2011. According to EIU, consumer confidence has improved in the first quarter of 2010 as consumer confidence reached its highest level since February 2008. In general, labor markets and consumer sentiment have improved but remain weak, which has resulted in slow economic recovery.



## INTEREST RATES

According to the December 2010 Livingston Survey, the interest rate on three-month Treasury bills is expected to increase from 0.2% in December 2010 to 0.4% by December 2011, before further increasing to 1.6% by December 2012. In addition, ten-year Treasury bond interest rates are expected to increase from 2.8% in December 2010 to 3.3% by December 2011. Current estimates for the ten-year Treasury bond interest rates anticipate an increase to 4.0% by December 2012. The U.S. Federal Reserve has kept long-term and short-term interest rates low in an effort to incentivize economic growth and prevent deflation. Please refer to the chart below.



## FINANCIAL MARKETS

For the 12 months ended June 20, 2011, U.S. equity markets demonstrated strong gains. Please see below for annual market returns.

	<u>6/20/2010</u>	<u>6/20/2011</u>	<u>Return</u>
<b>Dow Jones Industrial</b>	10,450.64	12,080.38	15.6%
<b>Nasdaq</b>	2,309.80	2,629.66	13.8%
<b>S&amp;P 500</b>	1,117.51	1,278.36	14.4%

## CONCLUSION

The future performance of the Company is correlated with both the overall growth and performance of the economy. As noted above, the economy in which the Company operates is in the midst of an economic recovery. If the economic environment continues to improve, the Company will be well-prepared for further growth. However, if the economy dips back into a recession, the future outlook for the Company could be materially affected.

EXHIBIT E

## Valuation Methodologies



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit E: Valuation Methodologies

### COMPANY VALUATION (STEP 1)

There is no universal formula to determine an appropriate value for an illiquid, non-controlling interest in a closely held company. Determination of value is a matter of judgment, which takes into consideration economic and market conditions, as well as investment opportunities that would be considered as alternatives to the interest being valued. The methods commonly used to value a closely held business include the following:

**Income Approach.** This approach focuses on the income-producing capability of a business. The income approach estimates value based on the expectation of future cash flows that a company will generate – such as cash earnings, cost savings, tax deductions, and the proceeds from disposition. These cash flows are discounted to the present using a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The selected discount rate is generally based on rates of return available from alternative investments of similar type, quality, and risk.

**Market Approach.** This approach measures the value of an asset or business through an analysis of recent sales or offerings of comparable investments or assets. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the entity being appraised relative to those of publicly traded entities operating in the same or similar lines of business, potentially subject to corresponding economic, environmental, and political factors and considered to be reasonable investment alternatives. The market approach can be applied by utilizing one or both of the following methods:

- **Public Company Market Multiple Method (“PCMMM”).** This methodology focuses on comparing the subject entity to guideline publicly traded entities. In applying this method, valuation multiples are: (i) derived from historical or forecasted operating data of selected guideline entities; (ii) evaluated and / or adjusted based on the strengths and weaknesses of the subject entity relative to the selected guideline entities; and (iii) applied to the appropriate operating data of the subject entity to arrive at a value indication.
- **Similar Transactions Method.** This methodology utilizes valuation multiples based on actual transactions that have occurred in the subject entity’s industry or related industries to arrive at an indication of value. These derived multiples are then adjusted and applied to the appropriate operating data of the subject entity to arrive at an indication of value.

**Cost Approach.** This approach measures the value of an asset by the cost to reconstruct or replace it with another of like utility. When applied to the valuation of equity interests in businesses, value is based on the net aggregate fair market value of the entity’s underlying individual assets. The technique entails a restatement of the balance sheet of the enterprise, substituting the fair market value of its individual assets and liabilities for their book values. The resulting approach is reflective of a 100% ownership interest in the business. This approach is frequently used in valuing holding companies or capital-intensive firms. It is not necessarily an appropriate valuation approach for companies having significant intangible value or those with little liquidation value.

### ALLOCATION OF COMPANY VALUE TO EACH OWNERSHIP CLASS (STEP 2)

As outlined in the American Institute of Certified Public Accountants (“AICPA”) guidelines pertaining to the allocation of an enterprise’s value, the three most commonly used methodologies for determining the value of a single class of equity capital in a privately held company include the following:

**Option Pricing Method (“OPM”).** This approach allows for the allocation of a company’s equity value (as determined in Step 1) among the various equity capital owners (preferred and common shareholders). The OPM uses the preferred shareholders’ liquidation preferences, participation rights, dividend policy,

and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date. Per the AICPA guidelines:

*“The option pricing method treats common stock and preferred stock as call options on the enterprise’s value, with exercise prices based on the liquidation preference of the preferred stock. Under this method, the common stock has value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event (for example, merger or sale), assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the shareholders...Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock is liquidated...the common implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.”<sup>8</sup>*

**Probability Weighted Expected Return Method (“PWERM”).** This approach involves the estimation of future potential outcomes for the company, as well as values and probabilities associated with each respective potential outcome. The common stock per share value determined using this approach is ultimately based upon probability-weighted per share values resulting from the various future scenarios, which can include an IPO, merger or sale, dissolution, or continued operation as a private company. Per the AICPA guidelines:

*“Under a probability-weighted expected return method, the value of the common stock is estimated based on upon an analysis of future values for the enterprise assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class.”<sup>9</sup>*

**Current Value Method.** This approach involves allocating the company’s current value (as determined in Step 1) among the various capital owners based on their respective liquidation preferences and conversion, dividend, and other rights under the assumption that all capital owners act in a manner that maximizes their financial return. Unlike the OPM and the PWERM approaches, this methodology is not forward-looking, and therefore fails to consider the possibility that the value of the company and the individual share classes will increase or decrease between the valuation date and a future date when the common shareholders receive a return on their investment (e.g., through a liquidity event such as an IPO or sale/merger). Per the AICPA guidelines:

*“Because the current-value method focuses on the present and is not forward-looking, the task force believes its usefulness is limited primarily to two types of circumstances. The first occurs when a liquidity event in the form of an acquisition or dissolution of the enterprise is imminent, and expectations about the future of the enterprise as a going concern are virtually irrelevant. The second occurs when an enterprise is at such an early stage of its development that (a) no material progress has been made on the enterprise’s business plan, (b) no significant common equity value has been created in the business above the liquidation preference on the preferred shares, and (c) there is no reasonable basis for estimating the amount and timing of any such common equity value above the liquidation preference that might be created in the future.”<sup>10</sup>*

<sup>8</sup> American Institute of Certified Public Accountants 2004, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, p. 61-62.

<sup>9</sup> American Institute of Certified Public Accountants 2004, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, p. 59-60.

<sup>10</sup> American Institute of Certified Public Accountants 2004, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, p. 63.

## SELECTED APPROACHES

The first step in valuing the Company's common shares was to determine the value of the Company's total equity (associated with all preferred and common equity). In arriving at a conclusion of value for the Company's equity, we considered all of the aforementioned valuation methodologies from Step 1:

- **Income Approach.** The Company is an operating entity expected to generate future cash flows for its capital owners. Any future sale or transaction is expected to be based on the Company's future cash flow expectations. As such, the Income Approach was the primary methodology used in arriving at a value for the Company's equity. Please see Exhibits F and G for further details related to our analysis utilizing the Income Approach.
- **PCMMM of the Market Approach.** This methodology was considered as a reasonableness check in our analysis, but ultimately not relied upon due to differences between the Company and the selected guideline companies. Specifically, the selected publicly traded guideline companies that are most comparable to the Company offer a broader range of products and services compared to those of the Company. In addition, the companies that operate in the Company's specific segment of the industry that were considered most similar to the Company in terms of operational profile and size were not publicly traded as of the Valuation Date. Please see Exhibits J and K for further details related to our use of the PCMMM of the Market Approach in our analysis.
- **Similar Transactions Method of the Market Approach.** This methodology was considered but not used due to a lack of available data surrounding recent acquisitions of companies with operations similar to the Company.
- **Cost Approach.** This methodology was considered but not used, as it does not accurately reflect the going concern value of the Company.

The second step in valuing the Company's common shares was to allocate the Company's value from Step 1 among the various capital owners. In doing so, we considered the three valuation approaches outlined in Step 2:

- **OPM.** As of the Valuation Date, there was a very wide range of possible future exit events, and forecasting specific probabilities and potential values associated with any future events would be highly speculative and imprecise. As such, we relied primarily upon the OPM in order to allocate the Company's total equity value among its equity owners. Please see Exhibits N and O for further details related to this methodology and its application in our analysis.
- **PWERM.** The PWERM was considered but ultimately not used due to the uncertainty surrounding future potential liquidity events. Estimating the Company and common stock values, timing, and probabilities of such future events was considered to be highly speculative.
- **Current Value Method.** The current value method was not utilized in our analysis, as the Company is not expecting an impending liquidity event. Given the lack of an imminent transaction, the current value method would fail to consider the possibility that the value of the company and the individual share classes could increase or decrease between the valuation date and a future liquidity event date.

Since the Subject Interest is an interest in a closely held entity, we also considered appropriate adjustments to recognize the lack of marketability inherently present in interests of this type. Please see Exhibits P and Q for further details related to our analysis related to the concluded adjustment for lack of marketability applicable to the Subject Interest.

EXHIBIT F

## Income Approach Method



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit F: Income Approach

A discounted cash flow analysis for the Company, presented in Exhibit G, was developed based on (i) discussions with management, (ii) a forecast prepared by Company management (“Management’s Forecast”), (iii) historical financials for the Company, and (iv) guideline company / industry growth and margin indications (presented in Exhibit I). The forecasted cash flows represent the economics that both a minority and controlling shareholder would be able to realize and, therefore, were assumed to represent both a control and minority premise of value. In addition, the discount rate was developed considering the capital structure of the industry and the long-term expected capital structure of the Company. Since these were similar, the resulting value indication represents both a control, marketable and minority, marketable premise of value. The primary assumptions utilized in the discounted cash flow analysis are described below.

### Assumptions

#### REVENUE, EXPENSES, AND PROFITABILITY

Forecasted revenues and expenses were based on consideration of historical Company indications, discussions with management, Management’s Forecast, and guideline company indications, and were each forecasted to trend toward long-term sustainable levels based on discussions with management. Overall revenue growth, expenses as a percentage of revenue, and operating profit estimates were determined to not be unreasonable based on guideline company indications and consideration of management’s expectations for the Company. In addition, the risk associated with achieving the forecasted margins has been considered in the selected discount rate. Please see the table below and Exhibit G for further information.

#### SELECTED FORECASTED REVENUE, EXPENSE, AND PROFITABILITY DATA (\$000s)

	For the fiscal years ending December 31,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	\$144,552	\$270,939	\$423,664	\$586,943	\$719,389	\$805,489	\$869,928	\$930,823	\$986,673
<i>y/y growth</i>	66.6%	87.4%	56.4%	38.5%	22.6%	12.0%	8.0%	7.0%	6.0%
CAGR, 2013-2019 (6-yr)	15.1%								
CAGR, 2011-2019 (8-yr)	27.1%								
COGS	108,582	181,795	273,293	360,555	432,878	480,469	518,906	555,230	588,543
<i>as % of revenue</i>	75.1%	67.1%	64.5%	61.4%	60.2%	59.6%	59.6%	59.6%	59.6%
Operating expenses	64,700	86,918	120,521	140,295	152,595	164,290	177,465	189,888	201,281
<i>as % of revenue</i>	44.8%	32.1%	28.4%	23.9%	21.2%	20.4%	20.4%	20.4%	20.4%
EBIT	(28,730)	2,226	29,850	86,093	133,915	160,730	173,557	185,706	196,848
<i>as % of revenue</i>	-19.9%	0.8%	7.0%	14.7%	18.6%	20.0%	20.0%	20.0%	20.0%

#### INCOME TAXES

Income tax expense was estimated based on an applicable combined federal and state tax rate. Benefits associated with any net operating losses (“NOLs”) were also considered in our analysis.

#### CASH FLOW ITEMS

- **Capital expenditures (“capex”).** Capex includes expenditures on new and replacement fixed assets, and are deducted from net income to arrive at expected cash flow levels. Capex as a percentage of revenue were estimated to remain constant at a long-term sustainable level based on discussions with management and indications from guideline companies.
- **Depreciation.** Depreciation includes the non-cash charges deducted from net income (included in the forecasted operating expenses). As this expense represents a non-cash charge, it is added

back to arrive at expected cash flow levels. Depreciation was estimated based on the Company's existing fixed asset balance at the Valuation Date and anticipated capital expenditures. The useful lives of the existing fixed assets and anticipated capital expenditures were estimated based on consideration of indications from the Company's historical financials, the composition of the subject fixed assets, and useful lives used by the guideline companies.

- Debt-free net working capital (“DFNWC”).** As a company's operations expand, additional working capital is generally needed to fund future growth and, as such, the annual change in requirements represents an additional cash outflow. The DFNWC needs were based on an analysis of the Company's historical DFNWC requirements and normalized guideline company indications, as well as discussions with management. Forecasted DFNWC requirements were normalized to exclude excess cash, which was estimated based on three month of cash operating expenses. Furthermore, DFNWC requirements for 2011 were forecasted based on the assumption that the Company will hold sufficient cash to offset losses in the first year. Thereafter, DFNWC requirements incorporate certain assumptions related to the Company's cash conversion cycle (i.e. inventory, accounts receivable, and accounts payable turnover), which, according to management, was expected to be negative in 2011, but will turn slightly positive in 2012 as the Company achieves total revenues of approximately \$270 million. DFNWC as a percentage of revenue was forecasted to trend toward approximately 10% to 11% in the long-term based on guidance from management. With the exception of the cash balance, opening balance figures were taken from the Company's balance sheet as of March 31, 2011, which was assumed to approximate that at the Valuation Date. The cash balance as of the Valuation Date was estimated based on information provided by management, and includes the cash proceeds from the most recent Series 5 round of financing (of approximately \$40 million), which closed recent to the Valuation Date.

Please see the table below and Exhibit G for further information.

**SELECTED FORECASTED CASH FLOW DATA (\$000s)**

	For the fiscal years ending December 31,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Depreciation	\$1,260	\$2,347	\$4,041	\$5,883	\$8,311	\$11,370	\$13,622	\$15,650	\$17,249
as % of revenue	0.9%	0.9%	1.0%	1.0%	1.2%	1.4%	1.6%	1.7%	1.7%
Capital expenditures	2,891	5,419	8,473	11,739	14,388	16,110	17,399	18,616	19,733
as % of revenue	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	For the fiscal years ending December 31,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
DFNWC	20,779	21,675	38,130	58,694	79,133	88,604	95,692	102,391	108,534
as % of revenue	14.4%	8.0%	9.0%	10.0%	11.0%	11.0%	11.0%	11.0%	11.0%

**DISCOUNT RATE**

The discount rate applied to the Company's cash flows was based on a weighted average cost of capital (“WACC”). The steps involved in calculating a WACC include estimating (i) the after-tax cost of equity; (ii) the after-tax cost of debt; and (iii) the appropriate capital structure. Each of these components is discussed below.

Arithmetically, the formula for calculating the after-tax WACC is:

$$\begin{aligned}
 & \text{(Cost of equity capital) x (Proportion of equity to total capital)} \\
 & \text{plus} \\
 & \text{(After-tax cost of debt capital) x (Proportion of debt to total capital)}
 \end{aligned}$$

### Cost of Equity – Capital Asset Pricing Model

To estimate The Company's cost of equity financing, the Capital Asset Pricing Model ("CAPM") was utilized. The CAPM measures the return required by investors given a company's risk profile. This model is expressed arithmetically by the following equation:

$$\text{Equity rate of return} = R_f + (R_m - R_f)\beta + \text{SSp} + e$$

The inputs required for the CAPM calculation are discussed in the following section.

- **Risk-free Rate (Rf).** The risk-free rate is the return on a security that has no default risk, is uncorrelated with returns on any other economic indicators or financial markets, and provides a guaranteed rate of return. In theory, the best estimate of a risk-free rate would be the return on a zero-beta security or portfolio of securities. However, given the complexity of constructing such portfolio, the yield on a 20-year Treasury bond at the Valuation Date was used to estimate the risk-free rate, as Treasury securities are generally viewed by investors as having virtually no default risk.
- **Equity risk premium ("ERP",  $R_m - R_f$ ).** The ERP represents the difference between the expected return on the market portfolio ( $R_m$ ) and the risk-free rate ( $R_f$ ). This excess return compensates investors for assuming the relatively higher risk inherent in the equity markets. There are several approaches used to estimate the ERP, including, but not limited to, considering both historical-looking (ex post) and forward-looking (ex ante) return data. The ERP used in the analysis was based on the supply-side long-horizon historical ERP as provided in Morningstar's *Stocks, Bonds, Bills, and Inflation Valuation Yearbook*. Long-term expected equity returns can be forecasted by use of supply-side models, which use historical data to predict forward-looking ERPs. Use of the supply-side long-horizon historical equity returns serves to eliminate the impact on equity returns resulting from changes in price to earnings ratios and earnings growth expectations.
- **Beta ( $\beta$ ).** The beta is a coefficient that relates a specific company's systematic, or non-diversifiable, risk to the average risk of a fully diversified portfolio of stocks. A security with a beta of zero suggests that its price is not at all correlated with the market. A positive beta means that the asset generally follows the market (i.e., the security generally increases in value if the market goes up); while a negative beta indicates that the asset inversely tracks the market. A beta greater than one is generally considered riskier than the overall market, while a beta less than one is generally considered less risky than the general market.

Beta is calculated using a statistical technique known as regression analysis, which estimates a statistical "best fit" in explaining movements in an individual stock's return in terms of the rate of return on the overall market; specifically, the beta represents the slope of the regression equation. In our analysis, the S&P 500 Index was utilized to represent the overall market.

The amount of financial leverage has a direct impact on a company's beta. For example, the more leverage in a capital structure, the greater risk for default and the higher the probability of bankruptcy. Since equity shareholders are residual claimants on the assets of a company after debtholders have been paid, the required return to an equity holder increases commensurately with the level of default risk. As such, all else equal, a company with high debt levels will have a higher beta relative to one with less leverage. As such, we considered the appropriate capital structure for the Company (discussed below) in re-levering the betas of the guideline companies to estimate a beta specific to the Company.

- **Small stock premium ("SSp").** All else equal, investments in smaller companies are riskier than investments in larger companies and, as such, investors require an additional return to compensate for the additional risk. As such, we also considered factors such as the relative small size of the Company as well as an analysis of future growth expectations in our estimation of the Company's cost of equity financing. The SSp was based on Morningstar's *Stocks, Bonds, Bills,*

and *Inflation Valuation Yearbook* and consideration of the Company's estimated market capitalization.

- **Other premium (e).** An asset or security may warrant an additional premium to account for risk factors specific to the subject company (i.e., unsystematic or diversifiable risk) not captured in the ERP or SSp. The application of such premium is based on consideration of the risk of achieving the forecasted economics, among other factors.

#### *Cost of Debt / Capital Structure*

At the Valuation Date, the Company had a minimal level of interest-bearing debt, a level of which was expected to continue into the long-term. As such, the selected WACC was assumed to approximate a rate reflective of the Company's long-term total capitalization.

#### **RESIDUAL VALUE**

A residual value estimates the value of the company's expected cash flows beyond the explicit forecast period, after a company has reached long-term sustainable growth and profitability levels. The calculation of the residual value is a key component in any appraisal, as it often accounts for a large portion of a company's total value.

The residual value for the Company was calculated utilizing the Gordon Growth Model ("GGM"). In applying the GGM, net cash flow available in the final year of the projection period ("CF<sub>t</sub>") is calculated, increased by the long-term growth rate ("g"), and then divided by the discount rate ("k") less the estimated long-term growth rate (g). Arithmetically, GGM is defined as:

$$\text{Terminal year value} = \text{CF}_{t+1} / (k-g)$$

In our analysis, a terminal growth rate was assumed based on historical growth levels, estimated growth for the Company over the forecast period, and industry / economic trends. This rate was subtracted from the appropriate discount rate described above to arrive at an expected terminal year capitalization rate.

#### **CONCLUSION**

Please see Exhibit G for our use of these assumptions in the application of the Income Approach in arriving at a value indication for the Company's invested capital. We deducted the balance of any interest-bearing debt as of the Valuation Date from this value to arrive at the value of the Company's total equity.

EXHIBIT G

## Discounted Cash Flow Analysis



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AliphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

	For the fiscal years ending December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
1) Revenue	\$144,552	\$270,939	\$423,664	\$586,943	\$719,389	\$805,489	\$869,928	\$930,823	\$986,673	\$986,673
2) Cost of goods sold	108,582	181,795	273,293	360,555	432,878	480,469	518,906	555,230	588,543	588,543
Gross margin	35,970	89,144	150,371	226,388	286,511	325,020	351,022	375,594	398,129	398,129
3) Operating expenses	64,700	86,918	120,521	140,295	152,595	164,290	177,465	189,888	201,281	201,281
4) EBIT	(28,730)	2,226	29,850	86,093	133,915	160,730	173,557	185,706	196,848	196,848
5) Income tax expense	0	0	1,362	35,057	54,530	65,449	70,672	75,619	80,157	80,157
Net income	(28,730)	2,226	28,487	51,036	79,385	95,281	102,884	110,086	116,692	116,692
6) less: Capital expenditures	(1,537)	(5,419)	(8,473)	(11,739)	(14,388)	(16,110)	(17,399)	(18,616)	(19,733)	(19,733)
7) plus: Depreciation	669	2,347	4,041	5,883	8,311	11,370	13,622	15,650	17,249	17,249
8) less: Change in DFNWC	16,137	(897)	(16,455)	(20,565)	(20,438)	(9,471)	(7,088)	(6,698)	(6,143)	(6,143)
Cash flows to be discounted	(13,460)	(1,743)	7,601	24,615	52,870	81,070	92,019	100,422	108,064	108,064
9) Partial period adjustment	13,460									
Subtotal	0	(1,743)	7,601	24,615	52,870	81,070	92,019	100,422	108,064	108,064
Period	0.266	1.032	2.032	3.032	4.032	5.032	6.032	7.032	8.032	8.032
10) Present value factor	0.946	0.808	0.657	0.534	0.434	0.353	0.287	0.233	0.190	0.190
Present value of after-tax cash flows	\$0	(\$1,408)	\$4,991	\$13,142	\$22,949	\$28,609	\$26,401	\$23,424	\$20,493	\$20,493
Sum of discounted cash flows	\$138,601									
11) plus: Present value of residual	127,780									
12) plus: Present value of tax benefit	3,743									
plus: Restricted cash	475									
plus: Excess cash	15,860									
8) <b>Indicated value of invested capital -- minority, marketable (rounded) <sup>1</sup></b>	<b>\$286,500</b>									
less: Debt at the Valuation Date	0									
<b>Indicated value of equity -- minority, marketable (rounded) <sup>1</sup></b>	<b>\$286,500</b>									

<sup>1</sup> The forecasted cash flows represent the economics that a minority shareholder would be able to realize.

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

Aggregate Business Model	For the fiscal years ending December 31,											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	\$145,455	\$70,434	\$86,781	\$144,552	\$270,939	\$423,664	\$586,943	\$719,389	\$805,489	\$869,928	\$930,823	\$986,673
Cost of goods sold	100,624	44,487	60,402	108,582	181,795	273,293	360,555	432,878	480,469	518,906	555,230	588,543
Gross margin	44,831	25,947	26,379	35,970	89,144	150,371	226,388	286,511	325,020	351,022	375,594	398,129
Operating expenses	38,010	38,954	44,015	64,700	86,918	120,521	140,295	152,595	164,290	177,465	189,888	201,281
EBIT	6,821	(13,007)	(17,636)	(28,730)	2,226	29,850	86,093	133,915	160,730	173,557	185,706	196,848
Income tax expense				0	0	1,362	35,057	54,530	65,449	70,672	75,619	80,157
Net income				(\$28,730)	\$2,226	\$28,487	\$51,036	\$79,385	\$95,281	\$102,884	\$110,086	\$116,692

Aggregate Business Model (Common Size)	For the fiscal years ending December 31,											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	69.2%	63.2%	69.6%	75.1%	67.1%	64.5%	61.4%	60.2%	59.6%	59.6%	59.6%	59.6%
Gross margin	30.8%	36.8%	30.4%	24.9%	32.9%	35.5%	38.6%	39.8%	40.4%	40.4%	40.4%	40.4%
Operating expenses	26.1%	55.3%	50.7%	44.8%	32.1%	28.4%	23.9%	21.2%	20.4%	20.4%	20.4%	20.4%
EBIT	4.7%	-18.5%	-20.3%	-19.9%	0.8%	7.0%	14.7%	18.6%	20.0%	20.0%	20.0%	20.0%
Income tax expense				0.0%	0.0%	0.3%	6.0%	7.6%	8.1%	8.1%	8.1%	8.1%
Net income				-19.9%	0.8%	6.7%	8.7%	11.0%	11.8%	11.8%	11.8%	11.8%

# AliphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## BACKGROUND

Primary sources of data utilized in developing the income approach for AliphCom ("Aliph" or the "Company") include the following:

- (i) Discussions with management for growth and margin expectations;
- (ii) Forecast for fiscal years 2011 through 2016 provided by management ("Management's Forecast");
- (iii) Unaudited historical financials; and
- (iv) Guideline company information.

Management prepared its previous forecast in January 2011. The current Management's Forecast was prepared in April / May and involved significant research into total addressable markets for its products, unlike the previous version. According to management, the applicable target markets are large and management expects strong growth for the following product lines: (i) consumer bluetooth; (ii) stereo headphones; (iii) audio speakers; and (iv) wellness products. Specifically, the applicable market for the Company's activity bands is significantly larger than previously anticipated. As such, management expects to achieve a larger sales volume of activity bands. Similarly, management also expects the stereo headphone line to achieve a higher sales volume from the Company's recently launched Jambox, which is expected to be sold globally going forward. Management expects overall bluetooth sales to remain relatively flat (with sales growth in consumer bluetooth offsetting the decline in enterprise bluetooth), and sales of its enterprise products to decline going forward.

## 1) REVENUE

Revenues for fiscal years 2011 through 2016 were estimated based on Management's Forecast. Near-term revenue growth was primarily driven by the launch of the Armstrong activity band, which was expected to be released in the second half of 2011, as well as growth in the stereo headphone line. Beyond 2016, revenue was forecasted to trend toward a long-term sustainable level based on guidance from management, and reflects analysis of the potential market size and growth. Near-term revenue growth was forecasted to be higher than guideline company growth rates; however, the risk associated with achieving the forecasted economics is reflected in the selection of the discount rate. Overall long-term revenue growth estimates were determined to be reasonable based on guideline company indications.

	For the fiscal years ended				Year-to-date	For the fiscal years ending December 31,							
	2008	2009	2010	3/31/2011		2011	2012	2013	2014	2015	2016	2017	2018
Total revenue	\$145,455	\$70,434	\$86,781	\$28,477	\$144,552	\$270,939	\$423,664	\$586,943	\$719,389	\$805,489	\$869,928	\$930,823	\$986,673
<i>y/y growth</i>	--	-51.6%	23.2%	--	66.6%	87.4%	56.4%	38.3%	22.6%	12.0%	8.0%	7.0%	6.0%

CAGR, 2013-2019 (6-yr)

15.1%

CAGR, 2011-2019 (8-yr)

27.1%

## Reasonableness Check

### Guideline Company Indications

	CAGRs 2010-2013	CAGRs 2007-2012
Motorola Solutions, Inc.	11.5%	8.5%
Motorola Mobility Holdings, Inc.	NA	NA
Koss Corp.	1.8%	-5.0%
Nokia Corporation	9.0%	-0.8%
GN Store Nord A/S	11.2%	1.3%
Plantronics, Inc.	9.0%	30.8%
Research In Motion Limited	16.4%	13.0%
Netgear Inc.	8.2%	2.9%
Logitech International SA	16.4%	30.8%
Max	1.8%	1.3%
Min	9.6%	12.0%
Average		
Median	9.0%	8.0%

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 2) COST OF GOODS SOLD

Cost of goods sold ("COGS") for fiscal years 2011 through 2016 were estimated based on Management's Forecast. Management expects to offer more software applications and services through 2016, which were expected to improve gross margins. Beyond 2016, COGS as a percentage of revenue was forecasted to trend downward to a long-term sustainable level, as the Company expects the software component of the business to increase as a percentage of revenue, further improving gross margins. COGS as a percentage of revenue was determined to be reasonable based on guideline company indications.

	For the fiscal years ended December 31,			Year-to-date 3/31/2011	For the fiscal years ending December 31,									
	2008	2009	2010		2011	2012	2013	2014	2015	2016	2017	2018	2019	
Total cost of goods sold <sup>1</sup>	\$100,624	\$44,487	\$60,402	\$24,087	\$108,582	\$181,795	\$273,293	\$360,555	\$432,878	\$480,469	\$518,906	\$555,230	\$588,543	
as % of revenue	69.2%	63.2%	69.6%	84.6%	75.1%	67.1%	64.5%	61.4%	60.2%	59.6%	59.6%	59.6%	59.6%	
<b>Reasonableness Check</b>														
<b>Guideline Company Indications</b>														
Range	43.0%			to	80.8%									
Median	60.3%													
Average	61.2%													

## 3) OPERATING EXPENSES

Operating expenses for fiscal years 2011 through 2016 were based on Management's Forecast. Beyond 2016, total operating expenses were forecast to trend toward a long-term sustainable level as a percentage of revenue based on guidance from management. Operating expenses as a percentage of revenue were determined to be reasonable based on guideline company indications.

	For the fiscal years ended December 31,			Year-to-date 3/31/2011	For the fiscal years ending December 31,									
	2008	2009	2010		2011	2012	2013	2014	2015	2016	2017	2018	2019	
Operating expenses <sup>1</sup>	\$38,010	\$38,954	\$44,015	\$14,380	\$64,700	\$86,918	\$120,521	\$140,295	\$152,595	\$164,290	\$177,465	\$189,888	\$201,281	
as % of revenue	26.1%	55.3%	50.7%	50.5%	44.8%	32.1%	28.4%	23.9%	21.2%	20.4%	20.4%	20.4%	20.4%	
<b>Reasonableness Check</b>														
<b>Guideline Company Indications</b>														
Range	16.4%			to	53.8%									
Median	26.6%													
Average	23.8%													

<sup>1</sup> Historical financials exclude non-cash items.

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 4) EARNINGS BEFORE INTEREST EXPENSE AND TAX ("EBIT")

EBIT was calculated based on the forecasted revenues and expenses highlighted above and was determined to be reasonable based on guideline company indications. According to management, the Company's long-term EBIT margin is expected to be higher than the average and median of the guideline company indications as a result of the anticipated increase in software and service offerings as a percentage of total revenue. The risk associated with achieving the forecasted economics is reflected in the selected discount rate.

	For the fiscal years ended December 31,					Year-to-date 3/31/2011
	2008	2009	2010	2011	2012	
EBIT	\$6,821	(\$13,007)	(\$17,636)	(\$28,730)	\$2,226	(\$9,990)
as % of revenue	4.7%	-18.5%	-20.3%	-19.9%	0.8%	-35.1%

	For the fiscal years ending December 31,						
	2011	2012	2013	2014	2015	2016	2017
EBIT	(\$28,730)	\$2,226	\$29,850	\$86,093	\$133,915	\$160,730	\$173,557
as % of revenue	-19.9%	0.8%	7.0%	14.7%	18.6%	20.0%	20.0%

## Reasonableness Check

### Guideline Company Indications

Range	0.2%	to	30.0%
Median	13.8%		
Average	12.6%		

## 5) INCOME TAX EXPENSE

The effective income tax rate was determined based on a blended federal and state tax rate for a company operating in California. Our analysis reflects the benefit of net operating losses generated during the forecast period. Benefits related to the existing NOLs at the Valuation Date was considered separately in footnote 12.

Federal tax rate	35.0%
California tax rate	8.8%
Effective tax rate	40.7%

	For the fiscal years ending December 31,						
	2011	2012	2013	2014	2015	2016	2017
EBIT (from above)	(\$28,730)	\$2,226	\$29,850	\$86,093	\$133,915	\$160,730	\$173,557
Beginning NOL balance	0	28,730	26,504	0	0	0	0
Additional NOLs	28,730	0	0	0	0	0	0
Total NOLs	28,730	28,730	26,504	0	0	0	0
Use of NOLs	0	2,226	26,504	0	0	0	0
Ending NOL balance	28,730	26,504	0	0	0	0	0
Unadjusted EBIT	(\$28,730)	2,226	29,850	86,093	133,915	160,730	173,557
less: NOL used	0	(2,226)	(26,504)	0	0	0	0
Adjusted EBIT	(\$28,730)	0	3,346	86,093	133,915	160,730	173,557
Income tax expense	\$0	\$0	\$1,362	\$35,057	\$54,530	\$65,449	\$70,672
as % of EBIT	0.0%	0.0%	4.6%	40.7%	40.7%	40.7%	40.7%

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 6) CAPITAL EXPENDITURES ("CAPEX")

Capex throughout the forecast period were estimated to remain constant at approximately 2.0% of revenue, which was estimated based on an analysis of the Company's historical indications and guideline company indications.

	For the fiscal years ended December 31,				For the fiscal years ending December 31,								
	2008	2009	2010		2011	2012	2013	2014	2015	2016	2017	2018	2019
Full-year capex	\$5,018	\$987	\$1,198		\$2,891	\$5,419	\$8,473	\$11,739	\$14,388	\$16,110	\$17,399	\$18,616	\$19,733
Partial period adjustment													
Adjusted capex					\$1,537	\$5,419	\$8,473	\$11,739	\$14,388	\$16,110	\$17,399	\$18,616	\$19,733
<i>Full-year capex as % of revenue</i>	3.4%	1.4%	1.4%	1.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Reasonableness Check</b>													
<b>Guideline Company Indications</b>													
Range	0.6% to 8.7%												
Average	2.9%												
Median	2.2%												

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 7) DEPRECIATION

Depreciation was estimated based on the Company's estimated fixed asset balance as of 3/31/2011, which was assumed to approximate that as of the Valuation Date, and anticipated capital expenditures. The economic lives of existing fixed assets and capital expenditures were estimated based on a three-year life for existing fixed assets and a five-year life for additions.

	For the fiscal years ending December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Opening balance as of the Valuation Date	\$2,867	\$3,734	\$6,806	\$11,238	\$17,094	\$23,171	\$27,911	\$31,688	\$34,654	
Capital expenditures	1,537	5,419	8,473	11,739	14,388	16,110	17,399	18,616	19,733	
Depreciable base	\$4,404	\$9,153	\$15,279	\$22,977	\$31,482	\$39,281	\$45,309	\$50,304	\$54,387	
Depreciation										
Opening balance	\$507	\$956	\$956	\$449	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal 2011 additions	163	307	307	307	307	144	0	0	0	0
Fiscal 2012 additions		1,084	1,084	1,084	1,084	1,084	0	0	0	0
Fiscal 2013 additions			1,695	1,695	1,695	1,695	1,695	0	0	0
Fiscal 2014 additions				2,348	2,348	2,348	2,348	2,348	0	0
Fiscal 2015 additions					2,878	2,878	2,878	2,878	2,878	2,878
Fiscal 2016 additions						3,222	3,222	3,222	3,222	3,222
Fiscal 2017 additions							3,480	3,480	3,480	3,480
Fiscal 2018 additions								3,723	3,723	3,723
Fiscal 2019 additions									3,947	3,947
Total depreciation	\$669	\$2,347	\$4,041	\$5,883	\$8,311	\$11,370	\$13,622	\$15,650	\$17,249	
as % of revenue	n/mf	0.9%	1.0%	1.0%	1.2%	1.4%	1.6%	1.7%	1.7%	1.7%
Ending fixed asset balance	\$3,734	\$6,806	\$11,238	\$17,094	\$23,171	\$27,911	\$31,688	\$34,654	\$37,138	
as % of revenue	2.6%	2.5%	2.7%	2.9%	3.2%	3.5%	3.6%	3.7%	3.8%	3.8%
Estimated full-year depreciation	\$1,260	\$2,347	\$4,041	\$5,883	\$8,311	\$11,370	\$13,622	\$15,650	\$17,249	
as % of revenue	0.9%	0.9%	1.0%	1.0%	1.2%	1.4%	1.6%	1.7%	1.7%	1.7%
Remaining average lives (in years)										
Opening balance										3.0
Capital expenditures										5.0

# AliphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 8) CHANGE IN DEBT-FREE NET WORKING CAPITAL ("DFNWC")

DFNWC requirements were normalized to exclude excess cash, which was estimated based on three months of cash operating expenses. Furthermore, DFNWC requirements for 2011 were forecasted based on the assumption that the Company will hold sufficient cash to offset losses in the first year. Thereafter, forecasted DFNWC requirements incorporate certain assumptions related to the Company's cash conversion cycle (i.e., inventory, accounts receivable, and accounts payable turnover), which, according to management, were expected to be negative in 2011, but will turn positive in 2012 as the Company achieves total revenues of approximately \$270 million. DFNWC as a percentage of revenue was forecasted to trend toward approximately 10% to 11% in the long-term based on guidance from management. With the exception of the cash balance (excluding restricted cash), opening balance figures were taken from the Company's estimated balance sheet as of 3/31/2011, which was assumed to approximate that as of the Valuation Date. The cash balance as of the Valuation Date includes the cash proceeds from the most recent Series 5 round of financing (of approximately \$39.5 million from JP Morgan Private Equity), which closed recent to the Valuation Date.

	For the fiscal years ending December 31,											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cash (excluding restricted cash)	\$38,500	\$34,111	\$29,017	\$63,000								
plus: Other current assets	7,773	10,345	21,445	29,551								
less: Current liabilities	(22,612)	(24,663)	(42,832)	(39,775)								
plus: Short-term debt	0	0	0	0								
DFNWC	\$23,661	\$19,793	\$7,630	\$52,776								
as % of annualized revenue	16.3%	28.1%	8.8%	36.5%								
less: Excess cash	(9,133)	(9,078)	(10,840)	(15,860)								
DFNWC (excluding excess cash)	\$14,528	\$10,716	(\$3,210)	\$36,916								
as % of annualized revenue	10.0%	15.2%	-3.7%	25.5%								
Change in DFNWC (source of cash)					\$20,779	\$21,675	\$38,130	\$58,694	\$79,133	\$88,604	\$95,692	\$102,391
					14.4%	8.0%	9.0%	10.0%	11.0%	11.0%	11.0%	11.0%
					(\$16,137)	\$897	\$16,455	\$20,565	\$20,438	\$9,471	\$7,088	\$6,698
												\$6,143

## Reasonableness Check

### Guideline Company Indications

Range	0.7%	to	38.3%
Average	17.0%		
Median	16.0%		

Excess cash is calculated based on the three months of cash operating expenses:

	2008	2009	2010	2011
Operating expenses (including depreciation)	\$38,010	\$38,954	\$44,015	\$64,700
less: Depreciation	(1,478)	(2,644)	(655)	(1,260)
Annual cash operation expenses	\$36,532	\$36,310	\$43,360	\$63,440
multiply by: years of cash opex	0.25	0.25	0.25	0.25
3-mo cash operating expenses	\$9,133	\$9,078	\$10,840	\$15,860

# AlphCom

Common Stock Valuation (\$000s)  
As of June 30, 2011  
Income Approach

## 9) PARTIAL PERIOD ADJUSTMENT

A partial period adjustment was made to reflect the fact that there are 194 days remaining in fiscal year 2011.

	For the fiscal years ending December 31,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net income (loss) ("A")									
less: Estimated net loss from 1/1/11 to Val. Date									
Adjusted net income (loss) ("B")									
Cash flow adjustments									
Depreciation									
Capital expenditures									
DFNWC									
Sum of cash flow adjustments ("C")									
Partial period adjustment (B-A+C)									

(\$28,730)  
13,460  
(\$15,270)

0 [No adjustment needed as the opening fixed asset balance is the balance as of the Valuation Date]  
0 [Adjustment applied in footnote 6 above.]  
0 [No adjustment needed since DFNWC balance is assumed to be as of the Valuation Date]  
\$0

\$13,460

## 10) DISCOUNT RATE

The discount rate was estimated based on the weighted average cost of capital ("WACC") for the Company as of the Valuation Date. We incorporated an additional risk premium to reflect the risk of achieving the forecasted economics.

Concluded discount rate 23.0%

## 11) RESIDUAL

The residual value was calculated utilizing the Gordon Growth Method ("GGM") -- capitalizing cash flow in the final year of the projection period over the sum of the discount rate less expected long-term growth. The long-term growth rate exceeds inflation as it reflects continued market expansion beyond the explicit period.

After-tax net cash flow in the final year (t)		\$108,064
Increased by: Long-term growth rate	6.0%	6,484
After-tax cash flow in the terminal year (t+1)		\$114,548
divided by: Cap rate		
Discount rate	23.0%	
less: Long-term growth rate	6.0%	17.0%
Residual		\$673,810
Period		8,032
Present value factor		0.190
Present value of residual		\$127,780

# AlphCom

Common Stock Valuation (\$000s)  
As of June 20, 2011  
Income Approach

## 12) NOL BENEFIT

As noted in footnote 5, we have considered the benefit related to the use of the Company's existing NOLs at the Valuation Date. The usable federal NOL balance at the year ended December 31, 2010 was approximately \$13 million based on information provided by management. The usable California NOL balance at the year ended December 31, 2010 was approximately \$28.8 million based on information provided by management.

	For the fiscal years ending December 31,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Federal NOL balance 12/31/2010									\$13,000
California NOL balance 12/31/2010									28,800
Adjusted EBIT from Footnote 5			\$3,346	\$86,093	\$133,915	\$160,730	\$173,557	\$185,706	\$196,848
less: Estimated interest expense <sup>1</sup>			0	0	0	0	0	0	0
Estimated pre-tax income			3,346	86,093	133,915	160,730	173,557	185,706	196,848
Beginning federal NOLs	13,000	13,000	13,000	9,654	0	0	0	0	0
plus: Additional federal NOLs	0	0	0	0	0	0	0	0	0
Total allowable federal NOLs	13,000	13,000	13,000	9,654	0	0	0	0	0
Federal NOL used	0	0	3,346	9,654	0	0	0	0	0
Cumulative federal NOLs used	0	0	3,346	13,000	13,000	13,000	13,000	13,000	13,000
Tax savings at effective federal tax rate ("A")			1,068	3,082	0	0	0	0	0
Pre-tax income after use of federal NOLs	0	0	0	76,439	133,915	160,730	173,557	185,706	196,848
Beginning California NOLs	\$28,800	\$28,800	\$28,800	\$28,800	\$0	\$0	\$0	\$0	\$0
plus: Additional California NOLs	0	0	0	0	0	0	0	0	0
Total allowable California NOLs	28,800	28,800	28,800	28,800	0	0	0	0	0
California NOL used	0	0	0	28,800	0	0	0	0	0
Cumulative California NOLs used	0	0	0	28,800	28,800	28,800	28,800	28,800	28,800
Tax savings at effective California tax rate ("B")			0	2,534	0	0	0	0	0
Total tax savings (Federal and California) (A + B)			1,068	5,616	0	0	0	0	0
Period	0.266	1.032	2.032	3.032	4.032	5.032	6.032	7.032	8.032
Cost of equity / present value factor (rounded)	0.947	0.811	0.662	0.541	0.441	0.360	0.294	0.240	0.196
Discounted tax savings	\$0	\$0	\$707	\$3,036	\$0	\$0	\$0	\$0	\$0
<b>Total value of NOL tax savings</b>									<b>\$3,743</b>

<sup>1</sup> The Company had no debt at the Valuation Date, and was assumed to have no debt in the forecast period.

EXHIBIT H

## Weighted Average Cost of Capital



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AliphCom

Common Stock Valuation (US\$ millions)

As of June 20, 2011

Weighted Average Cost of Capital ("WACC")

## GUIDELINE COMPANIES

Ticker	Company Name	Beta Levered <sup>1</sup>	Equity Market Value <sup>1</sup>	Interest Bearing Debt <sup>1</sup>	Other (Pf Stk, Etc.) <sup>1</sup>	Tax Rate <sup>1</sup>	Unlevered Beta
MSI	Motorola Solutions, Inc.	1.43	\$15,472	\$2,698	\$96	40.0%	1.29
MMI	Motorola Mobility Holdings, Inc.	NMF	7,224	97	0	40.0%	NMF
KOSS	Koss Corp.	NMF	48	4	0	40.0%	NMF
NOK1V	Nokia Corporation	1.10	21,519	9,513	3,501	32.3%	0.78
CPSE:GN	GN Store Nord A/S	1.33	1,830	47	0	40.0%	1.31
PLT	Plantronics, Inc.	1.37	1,659	0	0	22.1%	1.37
RIMM	Research In Motion Limited	1.14	13,774	0	0	27.7%	1.14
NTGR	Netgear Inc.	1.53	1,458	0	0	51.3%	1.53
LOGI	Logitech International SA	1.59	2,019	0	0	14.7%	1.59

Market-weighted industry capitalization	80.3%	15.3%	4.4%
Median industry capitalization	98.7%	1.3%	0.0%
Average industry capitalization	92.9%	5.9%	1.2%
Selected capitalization (rounded)	100.0%	0.0%	0.0%

Market Cap Weighted Beta	0.96
Median Beta	1.31
Average Beta	1.29
Selected Beta	1.31

## SUBJECT CAPITAL STRUCTURE

SUBJECT COMPANY	Unlevered Beta	Equity Market Value	Interest Bearing Debt	Other (Pf Stk, Etc.)	Tax Rate	Beta Levered
Capital structure <sup>2</sup>	1.31	100.0%	0.0%	0.0%	40.7%	1.31

## COST OF EQUITY

Capital Asset Pricing Model:	Risk-Free Rate <sup>3</sup> "Rf"	Equity Risk Premium <sup>4</sup> "ERP"	Beta "B"	Small Stock Premium <sup>4</sup> "SSp"	Other Premiums <sup>5</sup> "e"	After-Tax Cost of Equity
Cost of equity = Rf + (ERP*B) + SSp + e	4.00%	5.96%	1.31	2.94%	8.00%	22.7%

## COST OF DEBT

Cost of debt	Average Cost Of Debt <sup>6</sup>	Tax Rate (per above)	After-Tax Cost of Debt
	6.0%	40.7%	3.6%

## WEIGHTED AVERAGE COST OF CAPITAL

	% of Total Capital	After-Tax Cost Of Capital	Weighted Cost of Capital
Equity	100.0%	22.7%	22.7%
Debt	0.0%	3.6%	0.0%
Weighted Average Cost of Capital			22.7%
<b>Concluded WACC (rounded)</b>			<b>23.0%</b>

Note:

Palm, Inc. was acquired by Hewlett-Packard Company as of July 1, 2010. Motorola Inc. split into two publicly traded companies, Motorola Solutions, Inc. and Motorola Mobility Holdings, Inc., effective January 4, 2011. Motorola Solutions, Inc. primarily provides products and solutions to enterprise and government sectors. Motorola Mobility Holdings, Inc. primarily provides products and solutions to consumer and entertainment sectors.

<sup>1</sup> Source: Capital IQ. Five-year monthly betas calculated based on data from Capital IQ, with the exception of PLT and RIMM, which utilized two-year weekly betas.

<sup>2</sup> Consistent with the capital structure of the industry at the Valuation Date.

<sup>3</sup> Risk-free rate based on 20-year U.S. Treasury note. Source: Bloomberg.

<sup>4</sup> Reflects supply-side long-horizon ERP from 2011 Ibbotson S&P Yearbook. Small stock premium reflects a company market capitalization in the ninth decile.

<sup>5</sup> Other premium incorporated to reflect the risk associated with achieving the forecasted economics.

<sup>6</sup> The average cost of debt was estimated based on consideration of the Moody's Baa-rated corporate bond yield at the Valuation Date.

EXHIBIT I

## Guideline Company Ratios



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AlphCom

Common Stock Valuation  
As of June 20, 2011  
Guideline Company Ratios

Ratios	Motorola Mobility Holdings, Inc.		Koss Corp.		Nokia Corporation		GN Store Nord A/S		Plantronics, Inc.		Research In Motion Limited		Netgear Inc.		Logitech International SA	
	Ticker	MMI	KOSS	NOKIV	CPSE:GN	PLT	RIMM	NTGR	LOGI	Min	Max					
Fiscal year end	December 31	June 30	December 31	December 31	December 31	March 31	February 26	December 31	March 31	Min	Max					
Revenue CAGRs, 3-Year																
2007	NA	4.5%	23.3%	5.1%	10.1%	64.5%	23.8%	16.9%	0.0%	to	75.0%					
2008	NA	6.8%	20.5%	23.4%	-3.5%	75.0%	18.2%	7.1%	Average		17.5%					
2009	NA	-6.4%	2.7%	-8.7%	-8.5%	70.1%	6.2%	-1.6%	Median		10.9%					
2010	-21.1%	-4.2%	-8.6%	-7.5%	-3.0%	49.1%	7.4%	-0.1%								
2011	-7.7%	NA	-7.3%	0.0%	2.7%	23.0%	16.9%	4.9%								
2012	10.6%	NA	-0.6%	7.3%	9.1%	15.4%	25.1%	11.7%								
2013	11.5%	NA	1.8%	9.0%	11.2%	9.0%	16.4%	8.2%								
COGS as % of revenue																
2004	NA	60.6%	61.9%	47.7%	48.5%	47.0%	67.9%	66.0%	43.0%	to	80.8%					
2005	NA	62.6%	65.0%	58.7%	56.5%	44.8%	66.2%	68.0%	Average		60.3%					
2006	NA	61.1%	67.5%	52.0%	60.9%	45.4%	66.2%	65.7%	Median		61.2%					
2007	79.3%	61.2%	65.6%	48.3%	54.0%	48.7%	66.6%	64.2%								
2008	80.8%	57.3%	64.9%	48.1%	56.7%	53.9%	67.4%	68.6%								
2009	79.9%	55.5%	67.3%	45.8%	50.1%	56.0%	70.1%	68.0%								
2010	73.8%	58.5%	69.4%	43.0%	46.8%	55.7%	66.7%	64.4%								
Operating expenses as % of revenue																
2004	NA	19.2%	23.5%	43.2%	29.4%	24.2%	22.4%	22.4%	16.4%	to	53.8%					
2005	NA	21.2%	21.4%	32.0%	28.5%	25.2%	21.8%	20.9%	Average		26.6%					
2006	NA	18.7%	19.0%	43.0%	30.0%	27.4%	22.2%	22.2%	Median		23.8%					
2007	22.5%	20.6%	16.4%	45.7%	28.6%	21.9%	22.7%	22.8%								
2008	26.4%	19.7%	22.7%	48.6%	30.4%	19.3%	23.8%	24.4%								
2009	27.0%	23.8%	26.4%	53.8%	30.6%	20.2%	23.1%	26.3%								
2010	26.0%	23.2%	25.0%	47.8%	31.1%	20.7%	21.8%	28.1%								
EBIT as % of revenue																
2004	NA	20.3%	14.7%	9.1%	22.1%	28.8%	9.7%	11.6%	0.2%	to	30.0%					
2005	NA	16.2%	13.6%	9.3%	15.0%	30.0%	12.0%	11.1%	Average		13.8%					
2006	NA	20.2%	13.5%	5.0%	9.1%	27.2%	11.7%	12.2%	Median		12.6%					
2007	-1.7%	18.2%	18.1%	6.0%	17.4%	29.4%	10.8%	13.0%								
2008	-7.2%	23.0%	12.4%	3.3%	12.9%	26.7%	8.8%	7.0%								
2009	-6.9%	20.6%	6.3%	0.4%	19.3%	23.8%	6.8%	5.7%								
2010	0.2%	18.3%	5.6%	9.3%	22.1%	23.7%	11.6%	7.5%								
2011	NA	NA	1.0%	14.9%	20.2%	17.5%	11.6%	7.3%								
2012	NA	NA	2.0%	17.9%	20.2%	16.5%	11.3%	8.4%								
2013	NA	NA	3.7%	19.1%	20.0%	13.6%	11.4%	10.4%								

# AlphCom

Common Stock Valuation  
As of June 20, 2011  
Guideline Company Ratios

Ratios	Motorola Mobility Holdings, Inc.		Koss Corp.		Nokia Corporation		GN Store Nord A/S		Plantronics, Inc.		Research In Motion Limited		Netgear Inc.		Logitech International SA	
	MMI	KOSS	NOKIV	CPSE:GN	PLT	RIMM	NTGR	LOGI	Min	Max						
<b>Capex as % of revenue</b>																
2004	NA	3.3%	1.9%	3.9%	5.0%	8.1%	0.7%	2.7%	0.6%	8.7%						
2005	NA	2.9%	1.8%	2.5%	5.6%	8.7%	0.9%	3.0%								
2006	NA	1.8%	1.6%	6.6%	3.0%	8.4%	1.0%	2.3%								
2007	0.8%	0.9%	1.4%	2.6%	3.1%	5.9%	1.4%	2.4%								
2008	0.9%	1.3%	1.8%	2.4%	3.5%	7.5%	2.1%	2.2%								
2009	0.6%	2.4%	1.3%	1.1%	1.0%	6.7%	0.6%	2.0%								
2010	1.2%	2.0%	1.6%	1.8%	2.7%	5.2%	NA	1.8%								
2011	NA	NA	1.2%	4.4%	2.3%	5.4%	NA	2.2%								
2012	NA	NA	1.1%	4.1%	2.1%	4.9%	NA	2.1%								
2013	NA	NA	1.1%	4.0%	NA	4.1%	NA	2.3%								
<b>DFNWC w/ normalized cash as % of revenue</b>																
2004	NA	40.7%	2.9%	14.6%	23.4%	3.9%	15.6%	12.1%	0.7%	38.3%						
2005	NA	35.2%	3.8%	35.6%	26.0%	21.7%	17.9%	14.6%								
2006	NA	23.8%	4.4%	72.3%	26.1%	18.5%	19.8%	12.3%								
2007	NA	38.3%	2.0%	20.2%	29.3%	11.4%	19.8%	15.2%								
2008	-5.6%	22.9%	4.6%	18.6%	30.4%	15.0%	20.3%	15.2%								
2009	-4.2%	15.1%	5.8%	16.4%	28.3%	13.8%	18.7%	7.4%								
2010	-6.3%	13.2%	0.7%	60.3%	21.1%	12.7%	20.9%	11.6%								

## Notes:

We excluded companies with CAGR indications that were negative.

We excluded companies with negative EBIT indications, as this is not indicative of future profitability expectations for the Company.

DFNWC with normalized cash indications that were negative or greater than 40% were excluded.

EXHIBIT J

## Market Approach: Public Company Market Multiple Method Overview



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit J: Market Approach: Public Company Market Multiple Method

### OVERVIEW

In the PCMMM, valuation multiples are calculated based on operating data from publicly traded guideline companies. Multiples derived from guideline companies provide an indication of how much a knowledgeable investor in the marketplace would be willing to pay for a company. The accuracy and applicability of the PCMMM depends on the comparability between the Company and the guideline companies. It is difficult to identify truly comparable publicly traded companies, as, in general, companies with publicly disclose financial results are diversified companies with different organizational, corporate, and financial strategies and structures.

In our analysis, we considered the PCMMM but ultimately did not rely on this approach because most of the companies that operate primarily in the subject industry that are most similar to the Company are not publicly traded and, therefore, could not be incorporated in the PCMMM analysis. As such, the selected guideline companies perform a broader range of general industries activities and participate in the same general field as the Company. Although these companies have a limited degree of comparability, they are influenced by similar industry and market trends and economic conditions. Since most of the guideline companies are not directly comparable to the Company, we used the PCMMM as a reasonableness check against the value indication derived from the Income Approach.

The following section describes our analysis related to the PCMMM, including detail on the selection of guideline companies and the calculation of market multiples. This analysis ultimately indicates that the value conclusion from the Income Approach is reasonable, based on a comparison of implied market multiples.

### SEARCH CRITERIA

The first step in employing the PCMMM is to identify potential guideline companies to which to compare the Company. A global list of companies that could be considered similar to the Company was compiled for comparative purposes, utilizing a variety of sources, including (i) Capital IQ, (ii) Hoover's, (iii) Bloomberg, and (iv) discussions with management.

From an initial list of eligible publicly traded companies within the Company's industry, we selected publicly traded guideline companies based on consideration of:

- Business descriptions;
- Operations and geographic presence;
- Financial size and performance;
- Stock liquidity; and
- Management recommendations regarding most similar companies.

Since most of the guideline companies were not directly comparable to the Company with respect to size, products, and markets served, the guideline companies used in our analysis included the best available comparable companies that operate in the general industry and are engaged in similar operations as the Company, as these companies reflect the economic conditions and business risks for the industry in general.

## ANALYSIS

Market multiples calculated for the guideline companies as of the Valuation Date are presented in Exhibit K. For the purpose of this analysis, we considered the Enterprise Value (“EV”)<sup>11</sup> to forward twelve months (“FWD”) revenue multiple indications for the guideline companies. Please see Exhibit K for the calculated and selected market multiples for the guideline companies, as well as the calculated implied multiple for the Company.

As noted above, we did not rely on the PCMMM in our analysis, due to the differences between the Company and the guideline companies (comparability was limited). Specifically, the Company incurred operating losses in the last two years and was forecasting growth expectations much higher than those of the guideline companies.

## CONCLUSION

The implied revenue multiple falls within the range of guideline company indications presented in Exhibit K and, accordingly, indicates that the value conclusion from the Income Approach is not unreasonable. Please see Exhibit K for further details.

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<sup>11</sup> Enterprise Value = Invested capital value less cash, or the return to both debt and equity holders. By using EV multiples, valuation differences based solely on differences in cash balance are eliminated.

EXHIBIT K

## Market Approach: Public Company Market Multiple Method Analysis



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AliphCom

## Common Stock Valuation (\$000s)

As of June 20, 2011

### Market Approach Summary -- Public Company Market Multiple Method

<u>Guideline Companies</u>	<u>Tickers</u>	<u>EV/ Fwd Revenue</u>
Motorola Solutions, Inc.	MSI	1.44
Motorola Mobility Holdings, Inc.	MMI	0.30
Koss Corp.	KOSS	NA
Nokia Corporation	NOK1V	0.20
GN Store Nord A/S	GN	1.74
Plantronics, Inc.	PLT	1.68
Research In Motion Limited	RIMM	0.54
Netgear Inc.	NTGR	0.96
Logitech International SA	LOGI	0.60
High		1.74
Low		0.20
Average		0.93
Median		0.78
Indicated value of invested capital from Income Approach (minority, marketable basis) less: Cash and cash equivalents balance at the Val. Date <sup>1</sup>		\$286,500 <u>(63,000)</u>
Indicated enterprise value (minority, marketable basis) divided by: Company indication <sup>2</sup>		223,500 <u>203,764</u>
<b>Implied multiple</b>		<b>1.10</b>

EV = Enterprise Value (invested capital less cash); Fwd = Forward

<sup>1</sup> Cash and cash equivalents at the Valuation Date were based on estimates provided by management, and includes the cash proceeds received from the Series 5 round of financing as of the Valuation Date.

<sup>2</sup> The forward indication was estimated based on the Company's forecasted fiscal year 2011 and 2012 revenues for the twelve months period ending as of June 20, 2012.

<u>Forward indications</u>	<u>Revenues</u>	<u>Adjusted Fwd Revenue</u>
2011 Revenue	\$144,552	\$76,830
2012 Revenue	270,939	126,933
Revenue for the twelve months ending June 20, 2012		<u>\$203,764</u>

EXHIBIT L

## Capitalization Rights Overview



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit L: Capitalization Rights Overview

As of the Valuation Date, Aliph had issued seven classes of preferred shares, namely Series 5, Series 4, Series 3, Series 2, 1-A, 1-B, and 1-C, and one class of common shares. According to the Company's Amended and Restated Articles of Incorporation dated June 8, 2011 (the "Articles"), distribution or payment to shareholders in the event of liquidation follows an order of seniority. The order of seniority is as follows: (i) Series 4 and 5 preferred shareholders, (ii) Series 3 preferred shareholders, (iii) Series 2 preferred shareholders, (iv) Series 1-C preferred shareholders, (v) Series 1-A and 1-B preferred shareholders, and, finally, (vi) common shareholders. Based on the Articles and information provided by management, the Company's Series 4 preferred shareholders were entitled to receive a non-participating liquidation preference of \$6.73 per share (or approximately 1.714x its purchase price of \$3.926 per share).

After all preferred share classes have received their 1.0x liquidation preference, the Series 2 preferred shareholders are entitled to participate with common in the upside up to 2.0x their liquidation preference, such that the Series 2 preferred shareholders will receive up to 3.0x their liquidation preference in aggregate. As a result, the Series 2 shareholders would choose to convert to common when the proceeds upon conversion exceed 3x their liquidation preference. Similarly, all other preferred shareholders would choose to convert to common when the proceeds upon conversion exceed 1x their liquidation preference.

Based on discussions with management, all preferred shares shall accrue non-cumulative dividends as and if declared by the Board of Directors on an annual basis. If declared, all preferred shareholders (i.e. Series 5, 4, 3, 2, 1-A, 1-B, and 1-C) shall be entitled to receive dividends at the rate of 8% of the applicable original issue price per share related to each preferred share class. According to the Articles, dividends shall be distributed to the preferred shareholders in the following order of seniority: (a) Series 4 and 5; (b) Series 3, (c) Series 2; (d) Series 1-C; (e) Series 1-A and 1-B; and (f) common. Lastly, after the payment of dividends on the preferred shares, any further dividends declared or paid shall be distributed, pro rata, to the outstanding preferred shares (on an as-converted-to-common basis) and common shares. The original issue prices per share for Series 5, 4, 3, 2, 1-A, 1-B, and 1-C are \$7.19113, \$3.92600, \$1.35190, \$0.17770, \$0.80000, \$0.86000, and \$0.32921, respectively. As of the Valuation Date, no dividends had been declared.

According to the Articles, upon any liquidation, dissolution, or winding up of the Company (after the debt holders have been paid in full their unpaid principal and interest), all preferred shareholders shall be paid their liquidation preferences plus any declared and unpaid dividends. As mentioned above, distribution or payment to shareholders follows an order of seniority. The order of seniority is as follows: (i) Series 4 and 5 preferred shareholders, (ii) Series 3 preferred shareholders, (iii) Series 2 preferred shareholders, (iv) Series 1-C preferred shareholders, (v) Series 1-A and 1-B preferred shareholders, and, finally, (vi) common shareholders. The Series 4 preferred shareholders are entitled to receive a non-participating liquidation preference of \$6.73 per share (or approximately 1.714x its purchase price of \$3.926 per share). After the preferred share classes have received their liquidation preferences, the Series 2 preferred shareholders are entitled to proceeds of up to an additional two times (2x) their liquidation preference. Based on our analysis, the aggregate liquidation preferences related to Series 5, 4, 3, 2, 1-A, 1-B, and 1-C are approximately \$39,999,999, \$47,997,956, \$29,999,999, \$10,062,662, \$1,000,000, \$1,751,997, and \$7,654,525, respectively.

All preferred shares are convertible into common on a one-for-one basis. The preferred shares automatically convert to common upon the closing of the sale of the Company's common stock in a firm commitment, underwritten public offering registered under the Securities Act of 1933, as amended (the "Securities Act"), other than a registration relating solely to a transaction under Rule 145 under such Securities Act or to an employee benefit plan of the Company, providing gross proceeds to the Company prior to deductions of underwriting discounts and expenses, in excess of \$25 million. According to the Articles, for each class of preferred shares, where (i) Series 1-A, 1-B, and 1-C preferred share classes are referred as "Class 1" in aggregate, (ii) Series 2 preferred share class is referred as "Class 2", (iii) Series 3 preferred share class is referred as "Class 3", (iv) Series 4 preferred share class is referred as "Class 4", and (v) Series 5 preferred share class is referred as "Class 5", with the agreement of holders of a majority of the then outstanding preferred shares of the respective class (voting on an as-converted basis), each share of

the particular class shall also automatically convert into common. As of the Valuation Date, Series 1-C represented a majority of Class 1 preferred shares.

In general, all preferred shareholders shall have one vote for each share of common stock into which the preferred shares could then be converted, and common shareholders have the right to one vote per common share held. Additionally, the holders of preferred shares shall vote together with the common shares as a single class at any annual or special meeting of the shareholders, and may act by written consent in the same manner as the common stock. The preferred shares also have special voting rights.

EXHIBIT M

## Capitalization Table



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AlphCom

Common Stock Valuation (000s)  
Capitalization Table  
As of June 20, 2011

(000s)

ISSUED and OUTSTANDING	Shares Outstanding	Conversion Ratio at End of Term	Common Share Equivalents	"A"	"B" See Below	= A + B	Adjusted Aggregate Liquidation Preference	Pro-Rata Interest Upon Conversion
				Stated Liquidation Preference Per Share	Accrued Dividends Per Share Through Term	Liquidation Preference & Dividends Per Share		
Series 5	5,562	1.00	5,562	\$7.19113	\$0.00000	\$7.19113	\$40,000	3.3%
Series 4 <sup>1</sup>	7,132	1.00	7,132	6.73000	0.00000	6.73000	\$47,998	4.2%
Series 3	22,191	1.00	22,191	1.35190	0.00000	1.35190	\$30,000	13.2%
Series 2	56,627	1.00	56,627	0.17770	0.00000	0.17770	\$10,063	33.6%
Series 1-C	23,251	1.00	23,251	0.32921	0.00000	0.32921	\$7,655	13.8%
Series 1-B	2,037	1.00	2,037	0.86000	0.00000	0.86000	1,752	1.2%
Series 1-A	1,250	1.00	1,250	0.80000	0.00000	0.80000	1,000	0.7%
All Preferred	118,051		118,051				\$138,467	70.0%
Common	50,682,752	1.00	50,683	0.00000	0.00000	0.00000	\$0	30.0%
Total common	50,683		50,683				\$0	30.0%
Total	168,734		168,734				\$138,467	100.0%

## Warrants and Options

	Total Shares	Strike Price	Weighted Strike	Proceeds from Exercise	Exercised Shares
Series 2 warrants	0	\$0.17770		\$0	0
<b>Total Series 2 warrants</b>	<b>0</b>			<b>\$0</b>	<b>0</b>
<i>Low Strike</i>					
Common warrants	3,600,000	\$0.03000	\$0.02599	\$108	3,600
Common warrants	556,016	0.05000	0.00669	28	556
Low Strike Common Warrants	4,156,016		\$0.03268	\$136	4,156
<i>High Strike</i>					
Common warrants	117,500	\$0.15000	\$0.01944	18	118
Common warrants	-	0.17770	0.00000	0	0
Common warrants	639,098	0.27000	0.19033	173	639
Common warrants	100,000	0.36000	0.03971	36	100
Common warrants	50,000	0.54000	0.02978	27	50
High Strike Common Warrants	906,598		\$0.27927	\$253	907
<i>Low Strike</i>					
Common options	705,737	\$0.00500	\$0.00031	\$4	706
Common options	-	0.00550	0.00000	0	0
Common options	3,491,705	0.03000	0.00913	105	3,492
Common options	25,000	0.05000	0.00011	1	25
Common options	-	0.05500	0.00000	0	0
Common options	-	0.08000	0.00000	0	0
Common options	-	0.10000	0.00000	0	0
Common options	6,161,750	0.15000	0.08053	924	6,162
Common options	1,092,500	0.17770	0.01692	194	1,093
Common options	-	0.20000	0.00000	0	0
Low Strike Common Options	11,476,692		\$0.10699	\$1,228	11,477
<i>High Strike</i>					
Common options	-	0.25000	\$0.00000	\$0	0
Common options	6,811,816	0.27000	0.09821	1,839	6,812
Common options	370,370	0.29700	0.00587	110	370
Common options	9,056,083	0.36000	0.17410	3,260	9,056
Common options	2,488,000	0.54000	0.07175	1,344	2,488
High Strike Common Options	18,726,269		\$0.34993	\$6,553	18,726
<b>Total Common Options (Low + High)</b>	<b>30,202,961</b>				

<sup>1</sup> Series 4 liquidation preference per share is determined to be approximately 1.714x its basic liquidation preference of \$3.926.

EXHIBIT N

## Option Pricing Method Overview



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit N: Option Pricing Method Overview

In order to value the Company's common shares, we performed the following series of steps:

- Step 1. We determined the value of the Company's total equity (including preferred and common equity), as summarized in Exhibit F above.
- Step 2. Our analysis assumes that as the value of the Company increases, each equity holder benefits from certain value components. We determined the ranges of equity values at which the various Company stakeholders receive value. The maximum values of these ranges, or "break points", are based on the full liquidation preference amounts, the points at which options / warrant holders choose to exercise, and the points at which the preferred shareholders would be indifferent between converting their shares into common and retaining their preferred shares. For analysis purposes, the common options and warrants were grouped into two categories based on their respective strike prices. We calculated the weighted average strike price for both (i) options with a relatively lower strike price (the "Lower Strike Options") and (ii) options with a relatively higher strike price (the "Higher Strike Options"). Similarly, we calculated the weighted average strike price for both (i) warrants with a relatively lower strike price (the "Lower Strike Warrants") and (ii) warrants with a relatively higher strike price (the "Higher Strike Warrants").
- Step 3. We used the Black-Scholes option pricing model to isolate the value allocated to each "range" (discussed in Step 2 above), calculated as the difference between the option values at each break point. The determination of the various inputs to the Black-Scholes option model (strike price, stock price, term, volatility, and risk-free rate) is described in detail in the sections below.
- Step 4. Based on the Company's capital structure (outlined in Exhibits L and M above) and the Articles, we calculated the percentage of each range attributable to each share class. For each range, the value allocable to each share class was then calculated by multiplying the value of each range by each security's respective percentage in which it shares in the range.
- Step 5. For each security, the value derived from each range was summed in order to determine the aggregate value of each share class.
- Step 6. The total value of each share class was divided by the security's respective fully diluted shares outstanding, in order to calculate the per share value for each security on a marketable basis.

### ANALYSIS

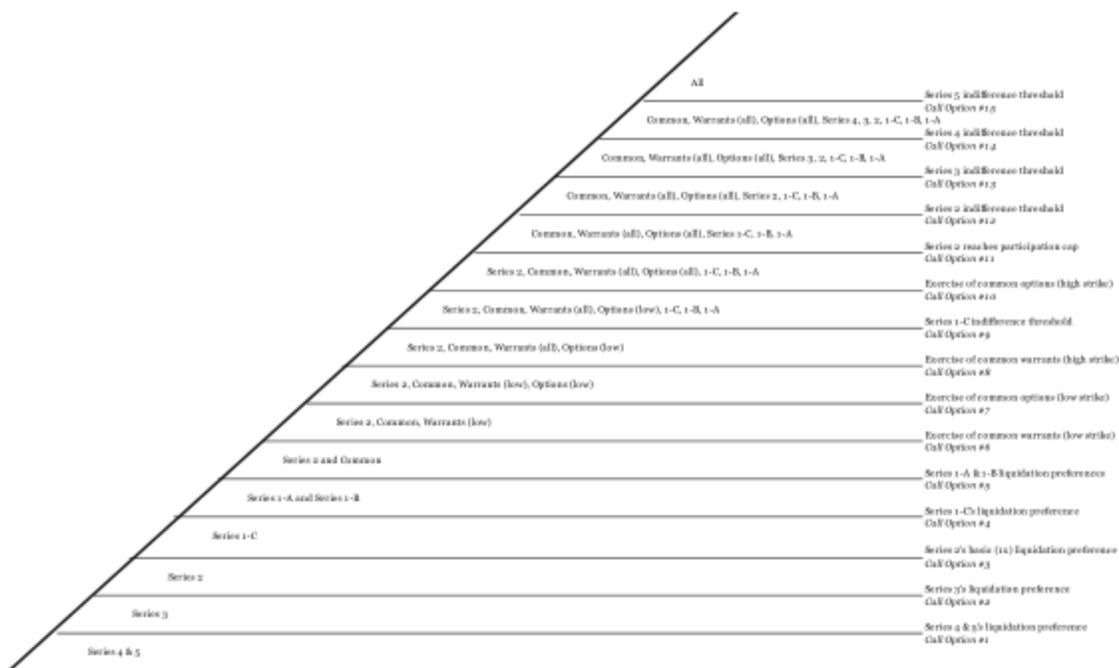
As discussed in Step 3 above, we utilized several call options to isolate the value of each range in which the various share classes are allocated varying percentages. Please see the table on the following page for further details relating to each call option.

**DESCRIPTION OF CALL OPTIONS**

Call Option	Description
Call Option #1	Value above basic Series 5, 4 liquidation preference
Call Option #2	Value above basic Series 5, 4 and 3 liquidation preference
Call Option #3	Value above basic Series 5, 4, 3 and (1x) 2 liquidation preference
Call Option #4	Value above basic Series 5, 4, 3, (1x) 2 and 1-C liquidation preference
Call Option #5	Value above all liquidation preferences
Call Option #6	Value above exercise of common warrants (low strike)
Call Option #7	Value above exercise of common options (low strike)
Call Option #8	Value above exercise of common warrants (high strike)
Call Option #9	Value above Series 1-C indifference threshold
Call Option #10	Value above exercise of common options (high strike)
Call Option #11	Value above Series 2 reaches participation cap
Call Option #12	Value above Series 2 indifference threshold
Call Option #13	Value above Series 3 indifference threshold
Call Option #14	Value above Series 4 indifference threshold
Call Option #15	Value above Series 5 indifference threshold

The chart below details how the call options were utilized to arrive at the different components of value attributable to each of the Company's equity holders. The individual components of the chart below represent the ranges in which the various share classes are allocating varying percentages.

**COMPONENTS OF VALUE**



Please see the sections on the following page for details related to specific assumptions used in the calculation of these call options, as well as details related to arriving at values for each of the Company's equity holders.

## BLACK-SCHOLES MODEL

The Black-Scholes model was used to determine the value of the call options described above. The following outlines the history of the model and its primary inputs.

- In 1973, Fisher Black and Myron Scholes derived what is today the most widely used and best-known theoretical model for the valuation of marketable options.
- The Black-Scholes model calculates the value of an option based on five inputs:
  - The current value of the underlying asset
  - The investment cost or exercise price (also called the strike price)
  - The time to decision date or time to maturity of the option
  - The volatility of the underlying asset
  - The risk-free rate of interest

The model is as follows:

$$\text{Call value} = \underbrace{S_t \times N(d_1)}_{\substack{\text{Expected value of underlying asset} \\ \text{(incorporating consideration of} \\ \text{dividends if applicable) if } > X \text{ at} \\ \text{expiration}}} - \underbrace{Xe^{-r(T-t)}}_{\substack{\text{Risk neutral} \\ \text{probability of} \\ \text{current value of} \\ \text{underlying asset} \\ \text{(incorp. div. if} \\ \text{applicable) } > X \text{ at} \\ \text{expiration}}} \times \underbrace{N(d_2)}_{\substack{\text{Present value of cost of investment}}}$$

Where:

$S_t$  = Current value of underlying asset

$X$  = Exercise or strike price

$e$  = Base of natural logarithms (2.78128)

$(T-t)$  = Time to maturity, in years

$v$  = Annual standard deviation of return (commonly referred to as volatility)

$N()$  = Value of cumulative normal distribution at the points  $d_1$  and  $d_2$

$d_1$  = Risk factor  $[\ln(S_t/X) + (r + 0.5v^2)(T-t)] / v(T-t)^{1/2}$

$d_2$  = Risk factor  $d_1 - v(T-t)^{1/2}$

$\ln$  = Natural logarithm

$r$  = Risk-free rate with time-to-maturity equal to expected time to liquidation event

## BLACK-SCHOLES MODEL ASSUMPTIONS

The following section details the specific assumptions and inputs used in the Black-Scholes model as it pertains to our valuation of each of the call options described above. All option models utilize the same assumptions with regard to (i) current value of the underlying asset, (ii) volatility, (iii) risk-free interest rate, and (iv) time to maturity. The models, however, use different assumptions with regard to the strike price. Please see below for further details related to the inputs used in the call option models.

### Current Value of the Underlying Asset

- For all call options, the current asset value was determined to be the total equity of the Company. As of the Valuation Date, the Company's equity value was determined to be \$266,100,000 on a minority, marketable basis. Please see Exhibits F and G for further details related to the discounted cash flow analysis performed in arriving at this value for the total equity of the Company.

### Strike Price

- As discussed in Step 2 of the Option Pricing Method Overview, we calculated the breakpoints at which various Company stakeholders receive value associated with their ownership interests. The strike prices were calculated based on the full liquidation preference amounts, the points at which the options/warrant holders choose to exercise, and the points at which the preferred shareholders would be indifferent between converting their shares into common and retaining their preferred shares. Please see the chart below and Exhibit O for further details related to the calculation of the strike.

### OPTION STRIKE PRICES

Call Option	Description	Strike Price
Call Option #1	Value above basic Series 5, 4 liquidation preference	\$47,998
Call Option #2	Value above basic Series 5, 4 and 3 liquidation preference	77,998
Call Option #3	Value above basic Series 5, 4, 3 and (1x) 2 liquidation preferences	88,061
Call Option #4	Value above basic Series 5, 4, 3, (1x) 2 and 1-C liquidation preferences	95,715
Call Option #5	Value above all liquidation preferences	138,467
Call Option #6	Value above exercise of common warrants (low strike)	141,974
Call Option #7	Value above exercise of common options (low strike)	150,257
Call Option #8	Value above exercise of common warrants (high strike)	171,437
Call Option #9	Value above Series 1-C indifference threshold	175,953
Call Option #10	Value above exercise of common options (high strike)	179,069
Call Option #11	Value above Series 2 reaches participation cap	179,994
Call Option #12	Value above Series 2 indifference threshold	199,983
Call Option #13	Value above Series 3 indifference threshold	338,453
Call Option #14	Value above Series 4 indifference threshold	1,367,311
Call Option #15	Value above Series 5 indifference threshold	1,458,816

### Volatility of the Underlying Asset

- Generally, the wider the fluctuations in the value of the underlying stock over time, the greater the time value of the option. Fluctuations add to the value of the upside and enhance the value of the option, theoretically infinitely, while downside fluctuations cannot drive the option below zero.
- For all call options, a volatility input of 45% (rounded) was developed by analyzing the standard deviation of historical stock prices, as well as the implied volatilities of publicly traded companies with operations similar to the Company, detailed below. The concluded volatility represents estimated volatility for equity and was based on guideline company indications. The selected volatility attempts to incorporate the following factors: (i) matches the term of the option, (ii) the nature of the Company's operations, and (iii) greater risk than the guideline companies due to the lack of product and customer diversification. Consideration of factors (ii) and (iii) results in a selected volatility which is greater than the overall average/median of guideline company indications. Please see the chart on the following page for details related to the historical and implied volatility indications for the guideline companies.

**HISTORICAL AND IMPLIED EQUITY VOLATILITIES OF THE GUIDELINE COMPANIES**

Comparable Company	Ticker	1 Yr Historical	2 Yr Historical	3 Yr Historical	Implied Volatility
Motorola Solutions, Inc.	MSI	56.0%	47.2%	60.6%	26.0%
Motorola Mobility Holdings, Inc.	MMI	NA	NA	NA	42.0%
Koss Corp.	KOSS	26.1%	48.2%	55.7%	NA
Nokia Corporation	NOK1V	37.2%	35.4%	41.9%	38.0%
GN Store Nord A/S	CPSE:GN	25.8%	36.1%	50.8%	29.0%
Plantronics, Inc.	PLT	28.3%	34.9%	50.6%	34.0%
Research In Motion Limited	RIMM	46.6%	44.6%	58.9%	51.0%
Netgear Inc.	NTGR	48.5%	42.5%	53.3%	NA
Logitech International SA	LOGI	35.8%	34.7%	44.2%	36.0%
	High	56.0%	48.2%	60.6%	51.0%
	Low	25.8%	34.7%	41.9%	26.0%
	Average	38.0%	40.5%	52.0%	36.6%
	Median	36.5%	39.3%	52.1%	36.0%

**Risk-Free Rate of Interest**

- Higher levels of interest rates in the economy tend to produce higher values for call options. One reason is that as interest rates increase, required rates of return also increase on all investments, including common stock. Concurrently, stock values decline, so that their expected total rates of return to the investor, including dividends and capital appreciation, will equate rates of return available in the market on other investments of comparable risk. Therefore, to the extent that the values of the underlying common stocks reflect efficient capital markets, the higher the level of interest rates, the higher the expected rate of appreciation in the value of the underlying stock. Moreover, as interest rates increase, so does an investor's carrying cost (or opportunity cost) for direct investment in the underlying stock, thus enhancing the attractiveness of the leverage feature of the stock option.
- For all call options, the risk-free rate was based on the rate of treasury securities with the same term as the options (approximately two years), 0.4084%.

**Time-to-Maturity of the Option**

- The longer the time to expiration, the greater the stock's opportunity to appreciate in value, thus enhancing the option value.
- The term of all call options was estimated to be approximately two years based on management's expectations for a future liquidity event.

Using the assumptions outlined above, we arrived at the following values for the call options:

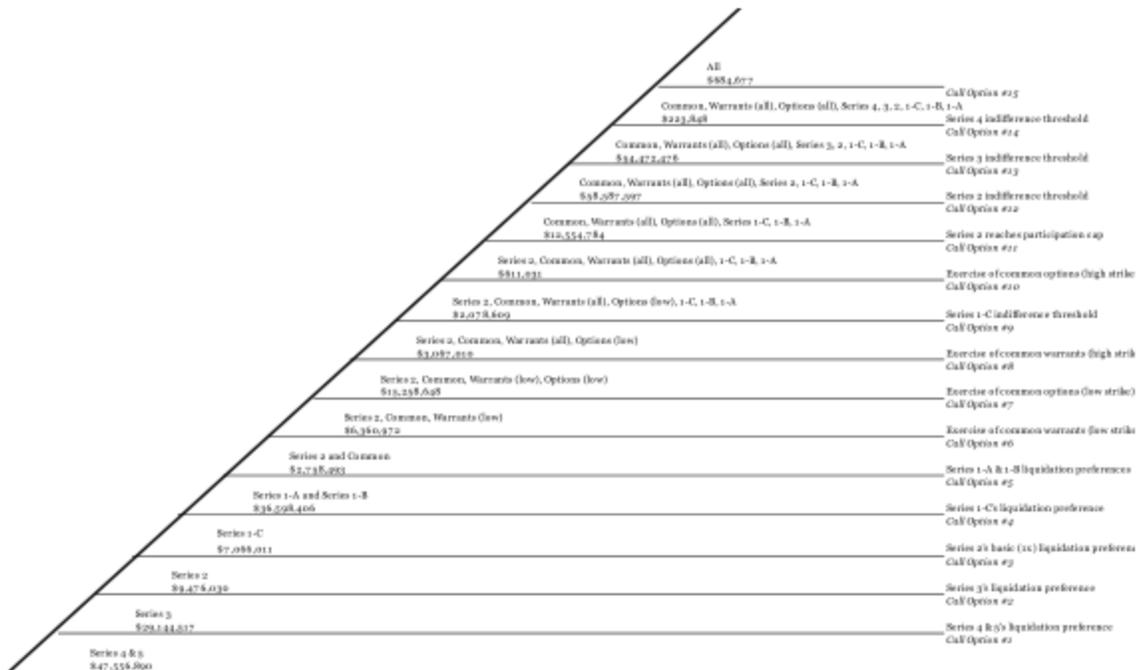
	Values as of Val. Date
Call Option #1	\$238,943,110
Call Option #2	209,798,593
Call Option #3	200,322,563
Call Option #4	193,256,552
Call Option #5	156,658,146
Call Option #6	153,899,653
Call Option #7	147,538,681
Call Option #8	132,280,033
Call Option #9	129,213,023
Call Option #10	127,134,413
Call Option #11	126,523,382
Call Option #12	113,968,598
Call Option #13	55,381,001
Call Option #14	908,525
Call Option #15	684,677

## ALLOCATION OF VALUE TO EACH SHARE CLASS

By using the call options described above, we were able to isolate several components of value attributable to the Company's preferred and common shares. Please see the table below for the descriptions and formulas related to these components by class.

Value Description	Formula	Sharing classes
Upside to all shareholders beyond Series 5's indif. threshold	Call #15	All
Between Series 5's indif. threshold and Series 4's indif. threshold	Call #14 - Call #15	1, 2, 1-C, 1-B, 1-A, Common (incl. warrants & options)
Between Series 4's indif. threshold and Series 3's indif. threshold	Call #13 - Call #14	1, 2, 1-C, 1-B, 1-A, Common (incl. warrants & options)
Between Series 3's indif. threshold and Series 2's indif. threshold	Call #12 - Call #13	2, 1-C, 1-B, 1-A, Common (incl. warrants & options)
Between Series 2's indif. threshold and Series 2's 3.0x cap	Call #11 - Call #12	1-C, 1-B, 1-A, Common (incl. warrants & options)
Between Series 2's 3.0x cap and exercise of common options (high)	Call #10 - Call #11	2, 1-C, 1-B, 1-A, Common (incl. warrants & options)
Between exercise of common options (high) and Series 1-C's indif. threshold	Call #9 - Call #10	C, 1-B, 1-A, Options (low), Warrants (all), 2, Common
Between Series 1-C's indif. threshold and exercise of common warrants (high)	Call #8 - Call #9	Options (low), Warrants (all), 2, Common
Between exercise of common warrants (high) and exercise of common options (low)	Call #7 - Call #8	Options (low), Warrants (low), 2, Common
Between exercise of common options (low) and exercise of common warrants (low)	Call #6 - Call #7	Warrants (low), 2, Common
Between exercise of common warrants (low) and Series 1-A & 1-B liq. prefs	Call #5 - Call #6	2, Common
Between Series 1-A & 1-B and Series 1-C's liq. pref.	Call #4 - Call #5	1-A, 1-B
Between Series 1-C's and Series 2's basic (1x) liq. pref.	Call #3 - Call #4	1-C
Between Series 2's basic (1x) and Series 3's liq. pref.	Call #2 - Call #3	2
Between Series 3's and Series 4's & 5's liq. pref.	Call #1 - Call #2	3
Series 4's & 5's liq. pref.	Company value - Call #1	4, 5

Using the assumptions outlined above, we arrived at the values of each component as follows:



After calculating the values of each component (as illustrated in the figure above), we allocated these values to the appropriate classes (preferred and common) based on their respective ownership proportions. We then summed the values by class in order to determine the aggregate value for each class of preferred and common shares. Please see Exhibit O for further details regarding our calculation of the values for each class.

## CONCLUSION

Using the assumptions outlined above, we arrived at the value of all of the Company's common shares of \$50,498,200, or \$1.00 per share. This value represents both a minority and control, marketable basis before giving any consideration to an applicable lack of marketability adjustment.

In order to arrive at an appropriate adjustment for the lack of marketability inherent in the Subject Interest, we looked at two major sources of empirical evidence on adjustments for lack of marketability: (i) studies based on restricted stocks of companies whose unrestricted shares are freely traded and (ii) studies of private transactions prior to initial public offerings. Please see Appendix 1 for further details related to these marketability discount studies.

In arriving at the concluded adjustment, consideration was given to the financial performance and nature of the Company and its early stage nature, sale/transfer restrictions associated with the common stock, the lack of voting rights associated with the common stock and the inability to influence decisions regarding the Company, the Company's dividend policy, and the expected holding period associated with the common stock, among other factors. Please see Exhibit P for our detailed analysis related to the concluded discount for lack of marketability.

An adjustment for lack of marketability inherent in the Company's common shares was determined to be 22.5%.<sup>12</sup> By applying a 22.5% adjustment for lack of marketability, we arrived at a value per share on a minority, non-marketable basis of **\$0.77** for the Company's common equity.

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<sup>12</sup> Please see Exhibit P for further discussion related to the concluded adjustment for lack of marketability. The concluded adjustment for lack of marketability was further supported by a put option analysis as presented in Exhibit Q.

EXHIBIT O

## Option Pricing Method Analysis



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

**Alphacomp**

Alpha Bank, Luxembourg (publ)  
 As of June 30, 2011  
 Summary of Values

Class	Total		Marketable		Marketable		Marketable		Non-Marketable	
	Value	Share	Value	Per Share	Value	Per Share	Value	Per Share	Value	Per Share
Series 5 Preferred	521,634	5.52								
Series 4 Preferred	24,972	7.12								
Series 3 Preferred	99,277	56,227								
Series 2 Preferred	243,886	21,251								
Series 1-4 Preferred	24,337	2,037								
Series 1-4 Variable	1,206	1,206								
Common warrants (low)	4,654	796								
Common warrants (high)	796	197								
Common options (low)	10,443	11,477								
Common options (high)	16,641	16,126								
Common	526,508	23,599		1.08		22.7%		(0.21)		16.27
<b>Total</b>										

Yield Description	Series 5	Series 4	Series 3	Series 2	Series 1-C	Series 1-B	Series 1-A	Warrants (low)		Warrants (high)		Options (low)	Options (high)	Total
								Value	Share	Value	Share			
Up to all shareholders beyond Series 5 (and Series 4, 3, 2, 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	589	524	924	1,190	928	97	54	8176	314	53	53	563	563	5685
Between Series 5 (and Series 4, 3, 2, 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	234
Between Series 4 (and Series 3, 2, 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	54,472
Between Series 3 (and Series 2, 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	55,588
Between Series 2 (and Series 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	1,411
Between Series 1-C (and Series 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	2,059
Between Series 1-B (and Series 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	3,087
Between Series 1-A (and Series 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	2,758
Between Series 1-C (and Series 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	3,088
Between Series 1-B (and Series 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	28,145
Between Series 1-A (and Series 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	0	0	0	0	0	0	0	0	0	0	0	0	0	47,457
Between Series 5 (and Series 4, 3, 2, 1-C, 1-B, 1-A, Common (incl. warrants & opt.))	521,634	52,577	924,533	995,577	928,448	97,457	92,425	958,498	54,634	5716	538,485	534,863	538,485	526,508
<b>Total value</b>														

Black-Scholes Formula (Dataquest@k.com) option

$$C = S_0 N(d_1) - X e^{-rt} N(d_2)$$

$$d_1 = \frac{[\ln(S_0/X) + (r + \sigma^2/2)T]}{\sigma \sqrt{T}}$$

$$d_2 = d_1 - \sigma \sqrt{T}$$

Put Call Parity

$$P = C - S_0 + X e^{-rt}$$

Input	Symbol	Description	Value
(1)	$S_0$	Company equity value	\$286,500
(2)	$X$	Strike price	\$286,500
(3)	$T$	Time until expiration (years)	2.00
(4)	$r$	Risk-free rate	4.00%
(5)	$\sigma$	Volatility (standard deviation)	45.00%

Output	Symbol	Description	Value
	$p$	Value of put option	\$1,692
	$C$	Value of call option	\$106,799
	$d_1$	Risk factor (see formula above)	2.375
	$N(d_1)$	Standard normal cumulative distribution of $d_1$	99.9%
	$d_2$	Risk factor (see formula above)	1.739
	$N(d_2)$	Standard normal cumulative distribution of $d_2$	95.9%

- (1) The Company's equity value was based on our discounted cash flow analysis.  
 (2) According to information provided by management and the Articles of Incorporation, distribution or payment to shareholders in the event of a liquidation follows an order of seniority. The order of seniority is as follows: (i) Series 4 and 5 preferred shareholders (paid-in-kind); (ii) Series 3 preferred shareholders; (iii) Series 2 preferred shareholders; (iv) Series 1-C preferred shareholders; (v) Series 1-A and 1-B preferred shareholders; and finally (vi) common shareholders. Based on information provided by management, the Company's Series 4 preferred shareholders were entitled to participate with common in the upside up to 2.0x its basic liquidation preference, such that the Series 2 preferred shareholders will receive up to 2.0x its basic liquidation preference. After Series 4 has received its 1.714x basic liquidation preference and all other preferred shares have received their 1.0x basic liquidation preference, the Series 2 preferred shareholders will receive up to 2.0x its basic liquidation preference in aggregate.

In order to determine the order in which class shares would convert into common, we looked at the company's operating value at which each class share would convert to common assuming that all other preferred shareholders also convert to common. Based on the calculated enterprise value, each shareholder's class would convert to common based on the order in which each class would ultimately convert to common. As previously mentioned, after Series 4 preferred shareholders received their 1.714x basic liquidation preference and all other preferred shareholders received their 1.0x basic liquidation preference, the Series 2 preferred shareholders can also participate with the common shareholders on a pro rata basis in the additional upside up to an additional amount equal to 2x their liquidation preference. As such, the Series 2 preferred shareholders would choose to convert to common when their pro rata share on an as-converted to common basis exceeds 1x their basic liquidation preference. The preferred shares are convertible to common shares on a one-to-one basis.

1.714x their basic liquidation preference. The preferred shares are convertible to common shares on a one-to-one basis.

Call Option #1	Call Option #2	Call Option #3	Call Option #4	Call Option #5	Call Option #6	Call Option #7	Call Option #8	Call Option #9	Call Option #10	Call Option #11	Call Option #12	Call Option #13	Call Option #14	Call Option #15
Series 5, 4	Series 5, 4, 3	Series 5, 4, 3, 2	Series 5, 4, 3, 2 & 1-C	All Preferred	Warrants (High Strike)	Common (Low Strike)	Warrants (High Strike)	Series 1-C Indifference Threshold	Common (High Strike)	Series 2 Part. Cap	Series 2 Indifference Threshold	Series 3 Indifference Threshold	Series 4 Indifference Threshold	Series 5 Indifference Threshold
\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500	\$286,500
547,998	577,998	595,715	595,715	513,467	514,974	510,257	517,417	517,955	517,954	517,954	517,953	518,453	51,267,311	51,451,816
2.40	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
\$1	\$62	\$1,692	\$1,692	\$7,499	\$1,218	\$10,074	\$13,822	\$17,225	\$18,247	\$18,553	\$23,825	\$104,581	\$1,070,396	\$1,116,133
\$286,500	\$306,799	\$300,325	\$303,287	\$156,450	\$15,040	\$147,609	\$13,200	\$126,215	\$127,334	\$126,523	\$153,909	\$65,281	\$999	\$485
3.118	2.375	2.183	2.024	1.474	1.414	1.345	1.131	1.097	1.030	1.001	0.996	0.969	-2.125	-2.227
99.9%	99.1%	98.4%	98.0%	95.0%	92.4%	91.1%	87.2%	86.4%	83.8%	82.6%	81.3%	32.8%	1.7%	1.3%
2.582	1.739	1.348	1.417	0.857	0.759	0.709	0.582	0.561	0.433	0.423	0.389	-4.567	-2.701	-2.160
99.4%	95.9%	93.9%	92.2%	79.9%	78.3%	76.1%	69.2%	67.7%	66.8%	66.5%	60.2%	24.5%	0.5%	0.2%

**Arithmetic Classes**

Series 3 liquidation preference	\$10,000 Series 3
plus Series 4 liquidation preference	47,998 Series 4
Call Option #1 Strike Price	\$87,998
<b>Step 2. Payment of Series 3 liquidation preference</b>	
Series 3 liquidation preference	\$10,000 Series 3
plus Series 4 liquidation preference	47,998 Series 4
plus Series 5 liquidation preference	40,000 Series 5
Call Option #2 Strike Price	\$117,998
<b>Step 3. Payment of Series 2 (1.0x basic) liquidation preference</b>	
Series 2 (1.0x basic) liquidation preference	\$10,000 Series 2
plus Series 3 liquidation preference	20,000 Series 3
plus Series 4 liquidation preference	47,998 Series 4
plus Series 5 liquidation preference	40,000 Series 5
Call Option #3 Strike Price	\$128,000

**Step 4. Payment of Series 1-C Liquidation preference**

Series 1-C liquidation preference	57,658 Series 1-C
plus: Series 1-C liquidation preference	30,603 Series 1-C
plus: Series 2 liquidation preference	10,000 Series 2
plus: Series 3 liquidation preference	47,598 Series 3
plus: Series 4 liquidation preference	40,000 Series 4
plus: Series 5 liquidation preference	40,000 Series 5
Call Option #1 Strike Price	<u>515,515</u>

**Step 5. Payment of Series 1-B & 1-A Liquidation preferences**

Series 1-B liquidation preference	51,752 Series 1-B
plus: Series 1-B liquidation preference	27,000 Series 1-B
plus: Series 1-C liquidation preference	7,653 Series 1-C
plus: Series 2 (1.0x, basic) liquidation preference	10,000 Series 2
plus: Series 3 liquidation preference	30,000 Series 3
plus: Series 4 liquidation preference	47,598 Series 4
plus: Series 5 liquidation preference	40,000 Series 5
Call Option #5 Strike Price	<u>512K,667</u>

**Step 6. Exercise of Common Warrants (low strike)**

Total common equivalents upon exercise:	56,627 Series 2
Series 2 common equivalents	50,683 Common
Common shares outstanding	4,156 Common warrants (low strike)
Common warrants outstanding upon exercise (low strike) ("A")	131,466
Total common equivalents upon exercise	
multiply by: Weighted strike price (low strike) ("B")	50,033 Common warrants (low strike)
Subtotal	53,652
less: Proceeds from exercise of common warrants (low strike) (A x B)	63150 Common warrants (low strike)
plus: Payment of liquidation preference senior to common	138,467 3, 4, 3, 2, 1-C, 1-B, 1-A
Call Option #6 Strike Price	<u>544,974</u>

**Step 7. Exercise of Common Options (low strike)**

Total common equivalents upon exercise:	56,627 Series 2
Series 2 common equivalents	50,683 Common
Common shares outstanding	4,156 Common warrants (low strike)
Common options outstanding upon exercise (low strike) ("C")	11,477 Common options (low strike)
Total common equivalents upon exercise	122,943
multiply by: Weighted strike price (low strike) ("D")	50,107 Common options (low strike)
Subtotal	53,154
less: Proceeds from exercise of common options (low strike) (C x D)	63,228 Common options (low strike)
plus: Proceeds from exercise of common warrants (low strike)	1,156 Common warrants (low strike)
plus: Payment of liquidation preference senior to common	138,467 3, 4, 3, 2, 1-C, 1-B, 1-A
Call Option #7 Strike Price	<u>819,257</u>

**Step 8. Exercise of Common Warrants (high strike)**

Total common equivalents upon exercise:	56,627 Series 2
Series 2 common equivalents	50,683 Common
Common shares outstanding	4,156 Common warrants (low strike)
Common warrants outstanding (low strike)	11,477 Common options (low strike)
Common options outstanding upon exercise (high strike) ("A")	123,646 Common warrants (high strike)
Total common equivalents upon exercise	123,646
multiply by: Weighted strike price (high strike) ("B")	50,278 Common warrants (high strike)
Subtotal	534,587
less: Proceeds from exercise of common warrants (high strike) (A x B)	63253 Common warrants (high strike)
less: Proceeds from exercise of common options (low strike)	1,156 Common options (low strike)
plus: Proceeds from exercise of common warrants (low strike)	1,156 Common warrants (low strike)
plus: Payment of liquidation preference senior to common	138,467 3, 4, 3, 2, 1-C, 1-B, 1-A
Call Option #8 Strike Price	<u>817,487</u>

**Step 5. Series 1-C Indifference Breakeven**

According to the article of Incorporation, a majority of Series 1-A, 1-B, 1-C and 1-D (as aggregate) could force all Series 1 shareholders to convert into common. As Series 1-C contains a majority among the Series 1 shareholders, when Series 1-C shareholders choose to convert into common, the remaining Series 1 shareholders, namely Series 1-A and 1-B shareholders, would convert into common simultaneously. As such, it was not necessary to calculate indifference thresholds related to Series 1-A and 1-B.

Total common equivalent upon exercise:	
Series 2 common equivalents	36,627 Series 2
Common shares outstanding	30,683 Common
Common warrants outstanding (low strike)	4,156 Common warrants (low strike)
Common options outstanding (low strike)	11,477 Common options (low strike)
Common warrants outstanding upon exercise (high strike)	907 Common warrants (high strike)
Series 1-C common equivalents	23,251 Series 1-C
Series 1-B common equivalents	2,037 Series 1-B
Series 1-A common equivalents	1,256 Series 1-A
Total common equivalent upon exercise	<u>146,338</u>
multiply by: Series 1-C L.P. per share	<u>\$0.538 Series 1-C</u>
Subtotal	<u>\$49,509</u>
less: proceeds from exercise of common warrants (high strike)	(6,525) Common warrants (high strike)
less: proceeds from exercise of common options (low strike)	(1,228) Common options (low strike)
less: proceeds from exercise of common warrants (low strike)	(136) Common warrants (low strike)
plus: Payment of liquidation preference senior to common	<u>128,061 5, 4, 3, 2</u>
Call Option #1 Series Price	<u>\$175,999</u>

**Step 10. Exercise of Common Options (high strike)**

Total common equivalent upon exercise:	
Series 2 common equivalents	36,627 Series 2
Common shares outstanding	30,683 Common
Common warrants outstanding (low strike)	4,156 Common warrants (low strike)
Common options outstanding (high strike)	907 Common options (high strike)
Common warrants outstanding upon exercise (low strike)	11,477 Common warrants (low strike)
Series 1-C common equivalents	23,251 Series 1-C
Series 1-B common equivalents	2,037 Series 1-B
Series 1-A common equivalents	1,256 Series 1-A
Common options outstanding upon exercise (high strike) ("E")	18,726 Common options (high strike)
Total common equivalent upon exercise	<u>166,114</u>
multiply by: Weighted strike price (high strike) ("F")	<u>\$0.558 Common options (high strike)</u>
Subtotal	<u>\$93,178</u>
less: proceeds from exercise of common options (high strike) ("E + F")	(88,443) Common options (high strike)
less: proceeds from exercise of common options (low strike)	(1,228) Common options (low strike)
less: proceeds from exercise of common warrants (low strike)	(136) Common warrants (low strike)
less: proceeds from exercise of common warrants (high strike)	(253) Common warrants (high strike)
plus: Payment of liquidation preference senior to common	<u>128,061 5, 4, 3, 2</u>
Call Option #10 Series Price	<u>\$179,609</u>

**Step 11. Series 2 exercise participation cap**

As discussed above, the Series 2 preferred shareholders participate with common shareholders in the upside beyond their 1x liquidation preference. However, once Series 2 is capped at an additional 2x, their liquidation preference, it was necessary to determine the Company's equity value at which the Series 2 preferred share class would reach their additional 2x liquidation preference cap. Beyond this cap, Series 2 would no longer participate with common in the upside. The Company equity value threshold at which Series 2 share class would be sufficient to receiving an aggregate liquidation preference as to common is calculated below.

Total common equivalent upon exercise:	
Series 2 common equivalents	36,627 Series 2
Common shares outstanding	30,683 Common
Common warrants outstanding (low strike)	4,156 Common warrants (low strike)
Common options outstanding (low strike)	11,477 Common options (low strike)
Common options outstanding (high strike)	18,726 Common options (high strike)
Common warrants outstanding upon exercise (high strike)	907 Common warrants (high strike)
Series 1-C common equivalents	23,251 Series 1-C
Series 1-B common equivalents	2,037 Series 1-B
Series 1-A common equivalents	1,256 Series 1-A
Total common equivalent upon exercise	<u>166,114</u>
multiply by: Series 2.2.1x L.P. cap per share (2x)	<u>\$0.558 Series 2</u>
Subtotal	<u>\$66,107</u>
less: proceeds from exercise of common warrants (high strike)	(6,525) Common warrants (high strike)
less: proceeds from exercise of common options (high strike)	(1,228) Common options (high strike)
less: proceeds from exercise of common warrants (low strike)	(136) Common warrants (low strike)
plus: Payment of liquidation preference senior to common	<u>128,061 5, 4, 3, 2</u>
Call Option #11 Series Price	<u>\$176,994</u>

**Step 12. Series 2 In-the-Money Threshold**

Total common equivalents upon exercise:  
Series 2 common equivalents  
Common shares outstanding (low strike)  
Common options outstanding (low strike)  
Common warrants outstanding (high strike)  
Common warrants outstanding upon exercise (high strike)  
Series 1-C common equivalents  
Series 1-B common equivalents  
Series 1-A common equivalents  
Total common equivalents upon exercise  
multiply by: Series 2 LP per share (14)  
Subtotal

36,627 Series 2
4,156 Common warrants (low strike)
4,156 Common warrants (low strike)
11,477 Common options (low strike)
18,728 Common options (high strike)
907 Common warrants (high strike)
23,251 Series 1-C
2,037 Series 1-B
1,259 Series 1-A
195,114
56,433 Series 2
590,155
(8253) Common warrants (high strike)
(6,553) Common options (high strike)
(1,228) Common options (low strike)
(136) Common warrants (low strike)
117,998 5 - 4 - 3
\$195,980

**Step 13. Series 3 In-the-Money Threshold**

Total common equivalents upon exercise:  
Series 2 common equivalents  
Series 3 common equivalents  
Common shares outstanding  
Common options outstanding (low strike)  
Common options outstanding (high strike)  
Common warrants outstanding upon exercise (high strike)  
Series 1-C common equivalents  
Series 1-B common equivalents  
Series 1-A common equivalents  
Total common equivalents upon exercise  
multiply by: Series 3 LP per share  
Subtotal

36,627 Series 2
22,191 Series 3
46,663 Common
4,156 Common warrants (low strike)
11,477 Common options (low strike)
18,728 Common options (high strike)
23,251 Series 1-C
2,037 Series 1-B
1,259 Series 1-A
191,305
\$1,252 Series 3
\$29,625
(8253) Common warrants (high strike)
(6,553) Common options (high strike)
(1,228) Common options (low strike)
(136) Common warrants (low strike)
87,998 5 - 4
\$39,650

**Step 14. Series 4 In-the-Money Threshold**

Total common equivalents upon exercise:  
Series 2 common equivalents  
Series 3 common equivalents  
Series 4 common equivalents  
Common shares outstanding  
Common options outstanding (low strike)  
Common options outstanding (high strike)  
Common warrants outstanding upon exercise (high strike)  
Series 1-C common equivalents  
Series 1-B common equivalents  
Series 1-A common equivalents  
Total common equivalents upon exercise  
multiply by: Series 4 LP per share  
Subtotal

36,627 Series 2
22,191 Series 3
1,025 Series 4
46,663 Common
4,156 Common warrants (low strike)
11,477 Common options (low strike)
18,728 Common options (high strike)
23,251 Series 1-C
2,037 Series 1-B
1,259 Series 1-A
198,231
\$6,726 Series 4
\$1,315,680
(8253) Common warrants (high strike)
(6,553) Common options (high strike)
(1,228) Common options (low strike)
(136) Common warrants (low strike)
40,000 Series 5
\$1,901,531

**Step 15: Series 5 Indifference Threshold:**

Total common equivalents upon exercise:	
Series 2 common equivalents	56,637 Series 2
Series 3 common equivalents	21,071 Series 3
Series 4 common equivalents	7,122 Series 4
Series 5 common equivalents	5,562 Series 5
Common shares outstanding	30,683 Common
Common warrants outstanding (low strike)	4,156 Common warrants (low strike)
Common options outstanding (low strike)	11,677 Common options (low strike)
Common warrants outstanding (high strike)	18,726 Common warrants (high strike)
Common options outstanding (high strike)	907 Common options (high strike)
Series 1-C common equivalents	21,251 Series 1-C
Series 1-B common equivalents	2,001 Series 1-B
Series 1-A common equivalents	283,996 Series 1-A
Total common equivalents upon exercise	283,996
multiply by: Series 5 LP per share	\$1,191 Series 5
Subtotal	\$1,466,596
less: proceeds from exercise of common warrants (high strike)	(825) Common warrants (high strike)
less: proceeds from exercise of common options (high strike)	(655) Common options (high strike)
less: proceeds from exercise of common options (low strike)	(1,228) Common options (low strike)
plus: proceeds from exercise of common warrants (low strike)	(136) Common warrants (low strike)
plus: proceeds from exercise of common warrants (high strike)	
<b>Call Option #15 Strike Price</b>	<b>\$1,458,816</b>

(5) The strike price was based on liquidation preference for each share class, as detailed below:

Call Option	Description	Strike Price
Call Option #1	Value above basic Series 3, 4 liquidation preference	\$47,888
Call Option #2	Value above basic Series 3, 4 and 5 liquidation preference	72,988
Call Option #3	Value above basic Series 3, 4, 5 and 6 liquidation preference	95,125
Call Option #4	Value above basic Series 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 1-C liquidation preference	138,487
Call Option #5	Value above all liquidation preferences	141,274
Call Option #6	Value above exercise of common warrants (low strike)	150,257
Call Option #7	Value above exercise of common options (low strike)	171,437
Call Option #8	Value above exercise of common warrants (high strike)	175,833
Call Option #9	Value above Series 1-C indifference threshold	179,899
Call Option #10	Value above exercise of common options (high strike)	179,884
Call Option #11	Value above Series 2 restricted participation cap	195,483
Call Option #12	Value above Series 2 indifference threshold	275,211
Call Option #13	Value above Series 4 indifference threshold	1,367,311
Call Option #14	Value above Series 5 indifference threshold	1,458,816

(6) The term of the option was estimated to be approximately 2 years based on the Company's expectations with regard to an exit strategy such as an IPO or liquidation event.

(7) The concluded equity volatility was based on guidance company indications.

(8) The risk-free rate was based on the rate of treasury securities with the same term as the option.

EXHIBIT P

## Adjustment for Lack of Marketability



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Exhibit P: Adjustment for Lack of Marketability

In order to reflect the lack of a recognized market for a closely held interest and the fact that a non-controlling equity interest may not be readily transferable, an adjustment for lack of marketability is required. Hypothetical willing buyers prefer investments that have quick access to a liquid market, as these investments can be both readily and efficiently converted into cash. Investors who hold interests in closely held entities may, in addition to the liability of holding a relatively illiquid investment, incur additional costs in terms of time and money, when trying to locate a willing buyer for such an interest. Therefore, with all other factors being equal, equity interests in closely held entities with marketability limitations sell at a substantial discount when compared to shares that actively trade on established markets.

The applicability of an adjustment for lack of marketability is supported in guidance provided by the U.S. Securities and Exchange Commission (“SEC”). In a December 2005 speech at the AICPA National Conference on Current SEC and Public Company and Accounting Oversight Board (“PCAOB”) Developments, Todd Hardiman, Associate Chief Accountant, noted the following:

*“[Another] issue we address with frequency is ... the magnitude of the discount for...lack of marketability...It’s not enough to simply cite the average marketability discount used by [an] investment banker or to highlight that the amount of the discount used falls within a broad range you noted in an academic study. As a starting point in evaluating these discounts, we try to understand the duration of the restrictions and the volatility of the underlying stock. Generally, the longer the duration and the higher the volatility, the higher the discount... It’s important to note that if you are deriving a marketability discount from what you believe to be comparable companies, you need to ensure that the discount only gives effect to the lack of liquidity of the comparable companies’ stock and not to other factors specific to the comparable companies such as the successful execution of a business plan or the reduction in risk associated with achieving projected results.”*

The framework of our analysis addresses Hardiman’s concerns. The following section describes references to specific studies incorporating comparisons of Company-specific factors (e.g., revenues, earnings, etc.), rather than conclusions based on averages from a “broad range...[from] an academic study.”

Two major sources of empirical evidence on adjustments for lack of marketability exist: (i) studies based on restricted stocks of companies whose unrestricted shares are freely traded and (ii) studies of private transactions prior to initial public offerings (“IPO”).

While both the restricted stock and pre-IPO studies have been used by appraisers to derive adjustments for lack of marketability, we believe that there are a number of problems associated with relying on the pre-IPO studies. There are three common critiques related to using the pre-IPO studies, including the following<sup>13</sup>:

1. The IPO stock prices used in the studies are affected by the hype and marketing efforts associated with bringing a new issue to market, thereby temporarily inflating the stock price following an IPO. There are also significant financial and reporting incentives for most pre-IPO companies to understate the true value of the stock in the pre-IPO transactions. These efforts ultimately exaggerate the magnitude of the calculated adjustment.
2. The transactions prior to the IPO are likely to be different in nature from those that take place at the time of the IPO or following the IPO. Prior to an IPO, buyers of shares are likely to be insiders who provide a service to the firm (e.g., employees). Therefore, a portion of the adjustment

<sup>13</sup> Based on various articles and court cases, including: (i) John J. Kania, “Evolution of the Discount for Lack of Marketability,” *Business Valuation Review*, March 2001, (ii) Hall, Lance S., “The Search for the Holy Grail, Getting Away from the 15-Minute Discount Determination,” *The Value Examiner*, July/August 2004, (iii) Estate of McCord, 120 T.C. No. 13, May 2003, and (iv) Bajaj, Denis, Ferris, and Sarin, “Firm Value and Marketability Discounts,” 27 *J. Corp. Law* 89, Fall 2001.

indicated from these transactions is likely compensation for these services rather than compensation for lack of marketability. Furthermore, the data used in the pre-IPO studies use older less relevant data.

3. The transactions identified in the IPO studies suffer from a success bias. Those firms that are successful and have good prospects are usually the ones that complete the IPO process, while companies with poor prospects often elect to bypass the IPO process. Since the IPO studies only consider transactions involving companies that have successfully completed the IPO process, a number of transactions involving companies with worse prospects are ultimately excluded. Therefore, adjustments for lack of marketability indicated by pre-IPO studies tend to naturally select only the highest discount data.

Based on these criticisms of the pre-IPO studies, we have ultimately relied upon the restricted stock studies as a basis from which to determine an appropriate adjustment for lack of marketability. As detailed in Appendix 1, many of the restricted stock studies are based on data from as far back as 40 years. We believe that the use of such dated studies as a primary basis for determining an adjustment for lack of marketability would result in an indication less reflective of the current market conditions. As a result, we have relied on restricted stock studies that have been published since 1991. These studies include the following:

#### **RESTRICTED STOCK STUDIES PUBLISHED SINCE 1991**

<i>Study</i>	<i>Years Covered in Study</i>	<i>Number of Transactions</i>	<i>Average Discount</i>
<i>William L. Silber</i>	<i>1981 – 1988</i>	<i>69</i>	<i>33.8%</i>
<i>Management Planning , Inc.</i>	<i>1980 – 1996</i>	<i>49</i>	<i>27.7%</i>
<i>FMV (two-year holding period transactions)</i>	<i>1980 – 1997</i>	<i>243</i>	<i>22.3%</i>
<i>Hertzel – Smith</i>	<i>1980 – 1987</i>	<i>106</i>	<i>20.1%</i>
<i>Johnson</i>	<i>1991 – 1995</i>	<i>72</i>	<i>20.0%</i>

Our methodology for determining an appropriate adjustment for lack of marketability included the following steps:

1. Examination and further analysis of transaction detail that was available for the studies above. Detailed data related to the performance of companies covered in the studies and other information for the Silber, Management Planning, and FMV studies were available, and as a result, we relied on the information from these three studies as a starting point for our analysis.
2. For each of the studies, we sorted and analyzed the underlying data to focus on the companies most similar to the Company based on a variety of measures, including revenues, earnings, market capitalization, and total assets. For each study, we concluded a benchmark Company-specific adjustment for lack of marketability as a starting point. Please see the following several pages for further details.
3. The benchmark Company-specific adjustments were further adjusted based on additional factors described in the Selected Marketability Section below.

#### **WILLIAM L. SILBER STUDY**

The William Silber study examined 69 companies and separated them into two groups, one with companies whose indicated discounts were greater than 35% and one with companies whose discounts were less than 35%. The mean discount for the higher discount group (i.e., those with discounts greater than 35%) was calculated to be 54%. The mean discount for the lower discount group (i.e., those with discounts less than 35%) was calculated to be 14%. The overall average discount for the entire study was calculated to be 34%. The groups were evaluated according to several factors, as outlined below. For the purposes of our analysis, the Company was compared to the two groups and the overall average according

to the same factors, and the appropriate group (or overall average) for each factor was selected. Please see the table below for details related to our analysis of the various factors considered and the resulting selected adjustment for lack of marketability.

**SILBER STUDY FACTORS AND SELECTED ADJUSTMENT FOR LACK OF MARKETABILITY**

Factor	Discount Group			Subject Interest / Company	Comparable Discount Group	Comparable Discount
	Lower	Average	Higher			
<i>Restricted Stock Total.</i> The size of the restricted block relative to total shares outstanding differed between the two groups.	10.9% restricted	13.6% restricted	16.3% restricted	1 common share	<b>Lower</b>	<b>14.0%</b>
<i>Earnings.</i> The annual earnings differed between the two groups.	\$3.2 million	\$0.9 million	\$1.44 million loss	-\$17.7 million	<b>Higher</b>	<b>54.0%</b>
<i>Revenues.</i> The average company size in terms of annual revenues differed between	\$65.4 million	\$40.0 million	\$13.9 million	\$86.8 million	<b>Lower</b>	<b>14.0%</b>
<i>Market Capitalization.</i> The average company size in terms of market capitalization differed between the two groups.	\$74.6 million	\$54.0 million	\$33.8 million	\$286.5 million	<b>Lower</b>	<b>14.0%</b>
<b>Selected Adjustment</b>						<b>25.0%</b>

**MANAGEMENT PLANNING, INC. STUDY**

The Management Planning, Inc. study analyzed 49 private transactions occurring between 1980 and 1996. Five variables indicated clear tendencies with regard to the level of restricted stock discounts, and the 49 transactions were organized into quartiles for each of the five key variables. The five key variables are as follows:

- **Revenues.** Companies with greater revenues, on average, tended to have lower restricted stock discounts than companies with lower revenues because larger companies are generally viewed as less risky than smaller companies.
- **Earnings.** Companies with higher earnings, on average, tended to have lower restricted stock discounts than companies with lower earnings because greater earning power tends to mitigate risk.
- **Market Price / Share.** Companies with higher market prices per share, on average, tended to have lower restricted stock discounts than companies with lower market prices because higher share prices are often associated with less speculative or risky companies.
- **Price Volatility.** Price volatility is measured as the standard deviation of a company's month-ending stock price over the past 12 months divided by its average stock price over that time period. Companies with more volatile stock prices tended to have higher restricted stock discounts.
- **Earnings Stability.** Companies with greater earnings stability, on average, tended to have lower restricted stock discounts than companies with lower earnings stability because greater earnings stability tends to mitigate risk. The earnings stability measure was based on reported net income for the ten years prior to each transaction and was measured as the "R-squared," or variance, of the observations related to each transaction.

The Company was then compared to the data from the private transactions with respect to each of the five key variables in arriving at a Company-specific adjustment for lack of marketability based on the

Management Planning, Inc. data. Please see the table below for details related to our analysis of the five factors and the resulting selected adjustment for lack of marketability.

**MANAGEMENT PLANNING, INC. STUDY FACTORS AND SELECTED ADJUSTMENT FOR LACK OF MARKETABILITY**

Factor	Quartiles				Company Comparable Discount
	1	2	3	4	
Average Revenues (\$ millions)	\$114.042	\$35.809	\$18.057	\$5.970	\$ 86.781
Average Discount	22.7%	22.9%	31.9%	34.7%	22.7%
Median Discount	21.8%	18.8%	31.5%	36.6%	21.8%
Average Earnings (\$ millions)	\$4.297	\$1.226	\$0.485	\$0.253	-\$ 17.663
Average Discount	18.0%	30.0%	30.1%	34.1%	34.1%
Median Discount	16.1%	30.5%	32.7%	39.4%	39.4%
Average Market Price / Share	\$21.02	\$11.38	\$7.98	\$3.99	NA
Average Discount	23.3%	24.5%	27.3%	37.3%	NA
Median Discount	23.3%	22.2%	29.5%	41.0%	NA
Average Price Volatility	9.44	17.69	25.34	46.46	NA
Average Discount	22.0%	21.0%	33.3%	34.8%	NA
Median Discount	19.4%	19.2%	31.6%	34.6%	NA
Average Earnings Stability	0.88	0.63	0.22	0.02	NA
Average Discount	16.4%	28.8%	27.8%	39.7%	NA
Median Discount	14.1%	26.2%	30.8%	44.8%	NA
<b>Selected Adjustment</b>					<b>30.0%</b>

**FMV STUDY**

The FMV study<sup>14</sup> analyzed 243 private transactions occurring between 1980 and 1997 and identified five variables that indicated clear tendencies with respect to the level of restricted stock discounts. The 243 transactions were organized into quintiles for each of the five key variables. The five key variables are as follows:

- **Revenues.** Companies with greater revenues, on average, tended to have lower restricted stock discounts than companies with lower revenues because larger companies are generally viewed as less risky than smaller companies.
- **Market Value.** Companies with greater market values, on average, tended to have lower restricted stock discounts than companies with lower market values because larger companies are generally viewed as less risky than smaller companies.
- **Market Price / Share.** Companies with higher market prices per share, on average, tended to have lower restricted stock discounts than companies with lower market prices because higher share prices are often associated with less speculative or risky companies.

<sup>14</sup> The FMV study analyzed a total of 597 transactions with six-month, one-year, and two-year holding periods. For the purposes of our analysis, we have used only the two-year holding period data, since the illiquidity of a security with a two-year holding period is more similar to that of a privately held non-controlling interest than a security with a one-year holding period. Therefore, hereafter, references to the FMV study refer only to those securities with a two-year holding period.

- **Market Price Volatility.** Companies with greater volatility tended to have higher restricted stock discounts than companies with lower volatility.
- **Total Assets.** Companies with more assets, on average, tended to have lower restricted stock discounts than companies with fewer assets because larger companies are generally viewed as less risky than smaller companies.

The Company was then compared to the data from the private transactions with respect to each of the five key variables in arriving at a Company-specific adjustment for lack of marketability based on the FMV study. Please see the table below for details related to our analysis of the five factors and the resulting selected adjustment for lack of marketability.

**FMV STUDY FACTORS AND SELECTED ADJUSTMENT FOR LACK OF MARKETABILITY**

Factor	Quintiles					Company Comparable Discount
	1	2	3	4	5	
Average Revenues (\$ millions)	\$295.054	\$35.796	\$13.096	\$4.720	\$0.484	<b>\$ 86.781</b>
Average Discount	17.0%	19.6%	21.5%	27.7%	25.7%	<b>17.0%</b>
Median Discount	18.4%	15.0%	20.8%	27.1%	24.5%	<b>18.4%</b>
Average Market Value (\$ millions)	\$478.181	\$99.288	\$53.623	\$26.147	\$10.833	<b>\$ 286.500</b>
Average Discount	14.8%	18.4%	21.8%	23.6%	32.9%	<b>14.8%</b>
Median Discount	12.7%	14.5%	20.0%	23.0%	33.5%	<b>12.7%</b>
Average Market Price / Share	\$21.29	\$9.62	\$6.07	\$3.67	\$1.43	NA
Average Discount	13.1%	18.7%	20.3%	24.7%	34.8%	NA
Median Discount	10.6%	14.5%	18.4%	24.1%	35.0%	NA
Average Market Price Volatility	0.37	0.56	0.70	0.84	1.49	NA
Average Discount	14.2%	15.5%	22.0%	26.7%	34.5%	NA
Median Discount	13.4%	14.1%	21.1%	25.3%	35.2%	NA
Average Total Assets (\$ millions)	\$1,145.940	\$43.556	\$16.694	\$7.938	\$2.875	<b>\$ 97.920</b>
Average Discount	14.8%	15.1%	24.1%	27.5%	30.1%	<b>14.8%</b>
Median Discount	12.5%	14.4%	24.1%	26.3%	32.0%	<b>12.5%</b>
<b>Selected Adjustment (rounded)</b>						<b>15.0%</b>

## SELECTED MARKETABILITY DISCOUNT

In arriving at a Company-specific adjustment for lack of marketability, we used the data from the Silber, Management Planning, and FMV restricted stock studies, all of which were published after 1991. We placed the most weight on the indications from the Management Planning, Inc. and FMV studies, since these studies utilize more recent data than the Silber study. Based on our analysis of the underlying data from the Silber, Management Planning, and FMV restricted stock studies, we arrived at a *benchmark Company-specific* adjustment for lack of marketability as detailed in the table below.

### SUMMARY OF RESTRICTED STOCK STUDIES

<i>Study</i>	<i>Overall Study Discount</i>	<i>Company Specific Adjustment (above)</i>
William L. Silber	33.8%	25.0%
Management Planning, Inc.	27.7%	30.0%
FMV	22.3%	15.0%
Selected Company-Specific Adjustment		22.5%

Although the above analysis has allowed us to consider and make adjustments for a number of important factors (e.g., earnings, assets, volatility, etc.), additional factors not considered in the above analysis also impact the magnitude of the concluded adjustment for lack of marketability. We have analyzed each of these factors and discussed their impact on the concluded adjustment for lack of marketability below.

- Financial Statement Analysis.** Larger companies with historically stable earnings and greater profitability warrant lower adjustments. The effects of these factors have already been captured in our analysis of the transactions in each of the restricted stock studies above. Therefore, this factor does not further impact the concluded adjustment for lack of marketability.
- Dividend Policy.** Based on conversations with management, the Company is not expected to pay dividends. For the purposes of our analysis, we examined the benchmark transactions in the Management Planning and FMV studies. The benchmark transactions for both the Management Planning and FMV studies involved companies with distribution policies primarily involving no distributions or minimal levels. Therefore, this factor would not be expected to affect the adjustment.
- History and Nature of the Company.** Companies that maintain a less positive economic outlook warrant a higher adjustment for lack of marketability. The Company was assumed to have a similar risk profile as the benchmark companies in the Management Planning and FMV studies. As such, this factor would not have any impact on the adjustment for lack of marketability.
- Management.** The reputation and experience of the management of the Company are important attributes considered by investors. In our analysis, the management of the Company was considered to be competent and experienced. As a result, this factor does not impact the concluded adjustment for lack of marketability.
- Amount of Control in Transferred Shares.** Greater levels of control over company activities and/or larger member interests would tend to decrease the adjustment for lack of marketability. The Subject Interest is one common share – a non-controlling interest with respect to the Company’s management and operations. Therefore, this factor does not affect the adjustment for lack of marketability.
- Transfer or Sale Restrictions.** As provided in Revenue Ruling 59-60, restrictive agreements are a factor to be considered with other relevant factors in determining fair market value. Ownership interests that have sale restrictions require higher than average adjustments for lack of marketability. Based on the Company’s Second Amended and Restated Right of First Refusal Agreement (the “Agreement”), existing shareholders and the Company may exercise their right of

first refusal in any transfers of shares. According to the Agreement, after the intent to transfer was notified, the Company has up to 30 days to purchase the shares subject to transfer. Thereafter, existing shareholders have up to 30 days to purchase the shares. Since the only sales / transfer restriction associated with shares subject to transfer is the 60-day period that allows the Company and existing investors to exercise their right of first refusal, this factor would not have a material impact on the adjustment.

- **Holding Period.** Interests in companies with long or indefinite holding periods require higher than average adjustments for lack of marketability. Based on discussions with management, the Company is expected to experience a liquidity event in approximately two years, which is similar to the holding period for the benchmark transactions in both the Management Planning and FMV studies (two years). Therefore, this factor would not affect the adjustment.
- **Redemption Policy.** Interests in companies with a history or policy of redeeming shares warrant a lower adjustment, as this would give the holder of such an interest a potential cash-out option. The Company does not maintain redemption policies for the common shares, and there are no expectations for redemptions in the future. Therefore, this factor does not impact the adjustment for lack of marketability.

Based on the selected *benchmark Company-specific* adjustment for lack of marketability, and making no additional adjustments based on the factors outlined above, we have concluded an adjustment for lack of marketability of **22.5%** to apply to the Subject Interest.

It is important to emphasize that the adjustments for lack of marketability derived from the studies described above are related to securities in entities that were, or were soon to be, publicly traded. In other words, the prospect of liquidity was known and understood to the buyers and sellers of the interests in the studies. In comparison, the expectation of a market for the Subject Interest was not certain at the Valuation Date, especially considering the Company's current status as an emerging business. Therefore, it is logical to expect that the adjustment for lack of marketability for a closely held interest would be greater than that which is derived from the most recent restricted stock studies.

EXHIBIT Q

## Put Option Analysis



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

# AliphCom

Common Stock Valuation (000s)

Black-Scholes Model

As of June 20, 2011

Put Option -- Reasonableness Check for Selected Marketability Adjustment

Implied marketability adjustment:	
Put option value	\$70,079
divided by: Value of the Company's equity	\$286,500
<b>Implied marketability adjustment</b>	<b>24.5%</b>
Compares to selected marketability adjustment	22.5%

Black-Scholes Formula (European-style call option)

$$c_t = S_t N(d_1) - X e^{-r(T-t)} N(d_2)$$

$$d_1 = (\ln(S_t/X) + (r + .5(v)^2)(T-t)) / (v(T-t)^{1/2})$$

$$d_2 = d_1 - v(T-t)^{1/2}$$

Put-Call Parity

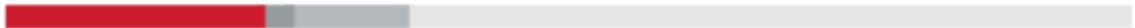
$$p_t = c_t - S_t + X e^{-r(T-t)}$$

<i>Inputs</i>	<u>Symbol</u>	<u>Description</u>	<u>Amount</u>
(1)	$S_t$	Value of the Company's total equity	\$286,500
(2)	$X$	Value of the Company's total equity	\$286,500
(3)	$(T-t)$	Time until expiration (years)	2.00
(4)	$v$	Volatility (standard deviation)	45.0%
(5)	$R_{rf}$	Risk-free rate	0.41%
<i>Outputs</i>	<u>Symbol</u>	<u>Description</u>	<u>Amount</u>
	$p_t$	<b>Value of put option</b>	<b>\$70,079</b>
	$c_t$	Value of call option	\$72,409
	$d_1$	Risk factor (see formula above)	0.331
	$N(d_1)$	Standard normal cumulative distribution of $d_1$	63.0%
	$d_2$	Risk factor (see formula above)	-0.305
	$N(d_2)$	Standard normal cumulative distribution of $d_2$	38.0%

- (1) The equity value of the Company was estimated based on the discounted cash flow analysis performed as of the Valuation Date.
- (2) The strike price is the value of the Company's total equity.
- (3) The term of the option was estimated to be approximately 2 years based on the Company's expectations with regard to an exit strategy such as an IPO or liquidation event.
- (4) The concluded equity volatility was based on guideline company indications.
- (5) The risk-free rate was based on the rate of treasury securities with the same term as the option.

APPENDIX 1

## Guideline Company Tear Sheets



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## MOTOROLA SOLUTIONS, INC. (NYSE:MSI)

### COMPANY INFORMATION

Motorola Solutions, Inc. provides business- and mission-critical communication products and services for enterprise and government customers worldwide. Its products include barcode scanners and scan equipped mobile computers; cellular networks; computer aided dispatch, dispatch consoles, logging recorders, emergency call tracking systems, fire station alerting systems, and console accessories; total Enterprise Access and Mobility solutions that provide voice and data services to enterprises; and micro kiosks and accessories. The company also offers voice and data mobile computing products; private broadband networks; RFID tags, antennas, readers, and accessories; SCADA systems; software for mobility, WLAN management and security, network design, public sector applications, and support and help-desk applications; two-way radio products for government and public safety; two-way radio products and pagers for businesses; wireless broadband network products; and wireless LAN products, as well as involves in original equipment manufacturing of scan engines and fixed mount scanners. In addition, it provides design, implementation, management, security, and support services for government and public safety, and enterprises; and applications, managed and support, professional, and system integration services for wireless service providers. Motorola Solutions primarily serves education, government, healthcare, hospitality, human services, manufacturing, mobile operators, petrochemical, retail, transportation and logistics, utility, and wholesale distribution industries. The company was formerly known as Motorola Inc. and changed its name to Motorola Solutions, Inc. on January 04, 2011. Motorola Solutions, Inc. was founded in 1928 and is headquartered in Schaumburg, Illinois.

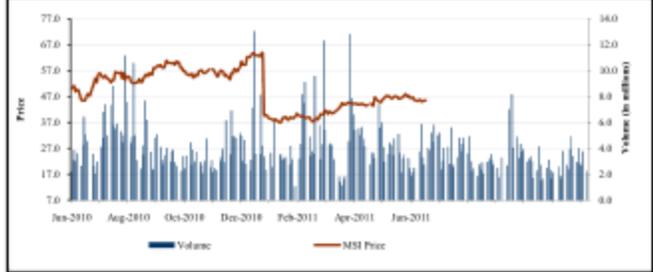
Stock Exchange	NYSE	Latest Fiscal Year	12/31/2010	Primary Industry	Communications Equipment
Website	www.motorolasolutions.com	Latest Fiscal Quarter	4/2/2011	LT Rating & Date	BBB 1/4/2011
Employees	51,000	LTM as of	4/2/2011	Auditor	Other

### VALUATION

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$45.57	Dividend Yield	NA
52 Week High (1/03/11)	64.61	Beta (2-year)	0.86
52 Week Low (1/20/11)	36.52	Beta (5-year)	1.43
Total Common Shares Outstanding	339,530	<b>Average Trading Volume</b>	
<b>Market Capitalization</b>		<b>Relative Performance</b>	
Plus: Total Debt	2,698.0	MSI YTD	(28.2%)
Plus: Preferred Stock	0.0	500 YTD	1.6%
Plus: Minority Interest	96.0	NASDAQ YTD	(0.9%)
<b>Invested Capital Value</b>	<b>\$18,266.4</b>	DJIA YTD	4.3%
Less: Cash & Equivalents	(6,219.0)		
<b>Enterprise Value</b>	<b>\$12,047.4</b>		

### PRICE/VOLUME GRAPH



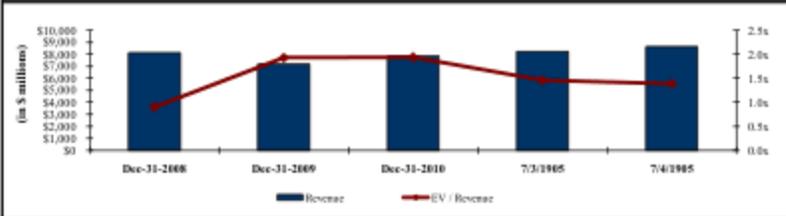
### VALUATION MULTIPLES

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/2/11	2011
EV / Revenue	0.91x	1.93x	1.94x	0.60x	1.46x	1.39x
EV / EBITDA	4.4x	10.2x	10.7x	5.9x	7.6x	7.0x
EV / EBIT	5.8x	14.2x	14.0x	8.3x	NA	NA
P / E	NM	NM	61.8x	14.3x	19.3x	17.3x
P / BV	0.7x	1.8x	2.0x	1.4x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	(77.8%)	(11.8%)	9.6%	33.8%	4.8%	4.9%
EBITDA	(17.4%)	(18.7%)	5.1%	78.8%	11.2%	7.6%
EBIT	13.0%	(23.4%)	31.8%	172.6%	NA	NA
Total Assets	(19.9%)	(8.1%)	(0.1%)	(34.4%)	NA	NA

### FINANCIAL SUMMARY

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/2/11	2011
<b>Income Statement</b>						
Revenue	\$8,140.0	\$7,180.0	\$7,871.0	\$19,426.0	\$8,245.4	\$8,652.4
EBITDA	1,677.0	1,364.0	1,433.0	1,981.0	1,593.8	1,714.6
Margin (%)	20.6%	19.0%	18.2%	10.2%	19.3%	19.8%
EBIT	1,274.0	976.0	1,091.0	1,405.0	NA	NA
Margin (%)	15.7%	13.6%	13.9%	7.2%	NA	NA
Net Income	(4,244.0)	(51.0)	633.0	1,061.0	NA	NA
Margin (%)	(52.1%)	(0.7%)	8.0%	5.5%	NA	NA
Diluted EPS	(13.11)	(0.16)	1.88	3.11	2.36	2.63
<b>Cash Flow Statement</b>						
Cash from Operations	\$226.0	\$629.0	\$1,972.0	\$1,906.0		
Cash from Investing	720.0	(668.0)	180.0	1,613.0		
Cash from Financing	(555.0)	(216.0)	(837.0)	(4,039.0)		
Depreciation & Amort.	403.0	388.0	342.0	576.0		
Capital Expenditures	(257.0)	(136.0)	(192.0)	(325.0)		
<b>Balance Sheet</b>						
Total Assets	\$27,869.0	\$25,603.0	\$25,577.0	\$16,560.0		
Total Liabilities	18,274.0	15,720.0	14,590.0	10,154.0		
Total Equity	9,595.0	9,883.0	10,987.0	6,406.0		
Net Working Capital	6,743.0	7,771.0	8,444.0	343.0		
Debt-Free NWC	6,835.0	8,307.0	9,049.0	948.0		
Short-Term Debt	92.0	536.0	605.0	605.0		
Total Debt	4,184.0	3,794.0	2,703.0	2,698.0		
Total Cash	6,979.0	7,963.0	8,863.0	6,219.0		
Total Net PP&E	2,442.0	1,012.0	922.0	915.0		

### VALUATION MULTIPLES CHART



### HISTORICAL SEGMENT INFORMATION

	Fiscal Year Ending		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue:</b>			
% Total	0%	0%	0%
Mobile Devices	NA	7NA	NA
Home and Network Mobility	NA	7NA	NA
Enterprise Mobility Solutions	NA	7NA	NA
<b>% Total</b>			
Germany	NA	NA	NA
Israel	4%	3%	3%

### KEY EXECUTIVES & BOARD MEMBERS

Key Execs	Title
Brown, Gregory	Chairman of the Board, Chief Executive Officer, President and Chairman of Executive Committee
Fitzpatrick, Edward	Chief Financial Officer and Senior Vice President
Delaney, Eugene	Executive Vice President of Product and Business Operations - Enterprise Mobility Solutions
Iha, Sanjay	Chief Executive Officer of Motorola Mobility Holdings Inc
<b>Selected Board Members</b>	
Brown, Gregory	Chairman of the Board, Chief Executive Officer, President and Chairman of Executive Committee
Scott, Samuel	Director, Chairman of Compensation & Leadership Committee and Member of Executive Committee
White, John	Director, Chairman of Audit & Legal Committee and Member of Executive Committee
Dorman, David	Lead Independent Director, Chairman of Governance & Nominating Committee, Member of Executive Committee and Member of Compensation & Leadership Committee
Lewent, Judy	Director, Member of Audit & Legal Committee and Member of Governance & Nominating Committee
Bruton, William	Director and Member of Compensation & Leadership Committee

### OWNERSHIP

Top 10 Institutional Holders	MM Shares	% Held
John Capital Lp	38.3	11.28%
Dodge & Cox	27.3	8.05%
Blackrock, Inc.	22.5	6.62%
Valuent Capital, Llc	20.0	5.89%
Morgan Stanley Investment Management Inc.	17.3	5.10%
Noven Investments, Inc.	16.0	4.71%
Alliancebernstein	12.7	3.73%
State Street Global Advisors, Inc.	12.3	3.62%
The Vanguard Group, Inc.	12.3	3.62%
Cramer Rosenthal Meglynn, Llc	6.6	1.96%
<b>Primary Inside Holder</b>		
Brown, Gregory Q.	0.7	0.2%

**COMPANY INFORMATION**

Motorola Mobility Holdings, Inc. provides technologies, products, and services for mobile and wire line digital communication, information, and entertainment applications. The company's mobile devices portfolio includes an array of converged devices, including smartphones based on the Android operating system, as well as tablets and Bluetooth accessories. Its home portfolio comprises video, voice, and data solutions for service providers' networks to the home, in the home, and beyond the home. The company also offers converged media experiences, such as Motorola Medios software suite that enables service providers to deliver content on devices. Motorola Mobility sells its products principally in the United States, China, Brazil, and Singapore. The company is based in Libertyville, Illinois. As of January 04, 2011, Motorola Mobility Holdings, Inc. (NYSE:MMI) operates independently of Motorola Solutions, Inc.

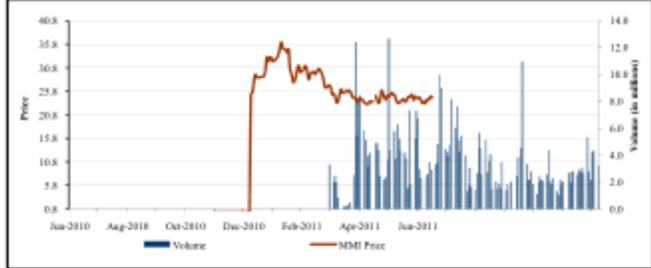
Stock Exchange	NYSE	Latest Fiscal Year	12/31/2010	Primary Industry	Communications Equipment
Website	██████████	Latest Fiscal Quarter	4/2/2011	LT Rating & Date	NA NA
Employees	19,000	LTM as of	4/2/2011	Auditor	KPMG LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$24.49	Dividend Yield	NA
52 Week High (1/19/11)	36.54	Beta (2-year)	NMF
52 Week Low (4/27/11)	22.56	Beta (5-year)	NMF
Total Common Shares Outstanding	294,985		
<b>Market Capitalization</b>	<b>\$7,234.2</b>	<b>Average Trading Volume</b>	
Plus: Total Debt	97.0	Last Week	3.7
Plus: Preferred Stock	0.0	Last 6 Months	3.6
Plus: Minority Interest	0.0	Last Year	3.6
<b>Invested Capital Value</b>	<b>\$7,331.2</b>	<b>Relative Performance</b>	
Less: Cash & Equivalents	(3,116.0)	MMI YTD	(15.8%)
<b>Enterprise Value</b>	<b>\$4,215.2</b>	500 YTD	1.6%
		NASDAQ YTD	(0.9%)
		DIA YTD	4.3%

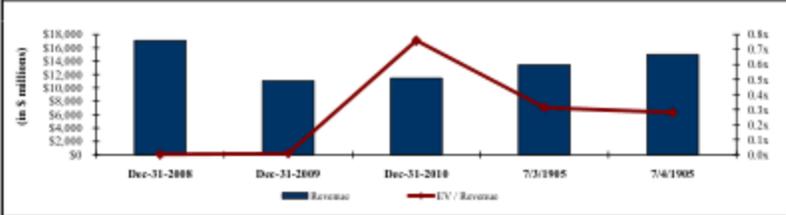
**PRICE/VOLUME GRAPH**



**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/2/11	2011
EV / Revenue	0.0x	0.01x	0.76x	0.35x	0.31x	0.28x
EV / EBITDA	NM	NM	34.9x	11.2x	8.4x	5.1x
EV / EBIT	NM	NM	457.4x	30.1x	NA	NA
P / E	0.0x	0.0x	0.0x	155.3x	33.4x	15.1x
P / BV	0.0x	0.0x	0.0x	4.2x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	(26.8%)	(35.4%)	3.7%	12.2%	17.2%	11.4%
EBITDA	651.1%	(45.0%)	(145.4%)	#VALUE!	99.9%	66.3%
EBIT	201.2%	(38.0%)	(102.5%)	#VALUE!	NA	NA
Total Assets	NA	(18.3%)	5.9%	73.0%	NA	NA

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Mobile Devices	77%	65%	68%
Home	28%	35%	32%
0	NA	NA	NA
<b>% Total</b>			
United States	54%	64%	65%
China	8%	0%	7%

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Jha, Sanjay	Chairman and Chief Executive Officer
Rothman, Marc	Chief Financial Officer and Senior Vice President
Raman, Geoffrey	Chief Technology Officer and Senior Vice President
Cram, Scott	Chief People Officer and Senior Vice President
<b>Selected Board Members</b>	<b>Title</b>
Jha, Sanjay	Chairman and Chief Executive Officer
Hambrecht, William	Director and Chairman of Governance & Nominating Committee
Stempel, James	Director and Chairman of Compensation & Leadership Committee
Meredith, Thomas	Director, Chairman of Audit Committee and Member of Compensation & Leadership Committee
Vinreb, Andrew	Director and Member of Governance & Nominating Committee
Jackson, Jeanne	Director and Member of Audit Committee

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/2/11	2011
<b>Income Statement</b>						
Revenue	\$17,099.0	\$11,050.0	\$11,460.0	\$12,012.0	\$13,436.6	\$14,987.6
EBITDA	(999.0)	(549.0)	249.0	375.0	497.9	828.1
Margin (%)	(5.8%)	(5.0%)	2.2%	3.1%	3.7%	5.5%
EBIT	(1,226.0)	(700.0)	19.0	140.0	NA	NA
Margin (%)	(7.2%)	(6.9%)	0.2%	1.2%	NA	NA
Net Income	(2,969.0)	(1,342.0)	(86.0)	45.0	NA	NA
Margin (%)	(17.4%)	(12.3%)	(0.8%)	0.4%	NA	NA
<b>Diluted EPS</b>	(10.09)	(4.56)	(0.29)	0.16	0.73	1.62
<b>Cash Flow Statement</b>						
Cash from Operations	(\$1,236.0)	(\$1,104.0)	\$606.0	\$687.0		
Cash from Investing	(143.0)	(66.0)	(277.0)	(303.0)		
Cash from Financing	1,298.0	1,186.0	(383.0)	2,731.0		
Depreciation & Amort.	227.0	211.0	230.0	235.0		
Capital Expenditures	(151.0)	(67.0)	(143.0)	(174.0)		
<b>Balance Sheet</b>				<b>Latest</b>		
Total Assets	\$7,167.0	\$5,858.0	\$6,204.0	\$9,429.0		
Total Liabilities	5,521.0	3,919.0	4,449.0	4,500.0		
Total Equity	1,646.0	1,939.0	1,755.0	4,929.0		
Net Working Capital	(958.0)	(464.0)	(727.0)	(745.0)		
Debt-Free NWC	(958.0)	(464.0)	(727.0)	(745.0)		
Short-Term Debt	0.0	0.0	0.0	0.0		
Total Debt	57.0	56.0	96.0	97.0		
Total Cash	29.0	0.0	0.0	3,116.0		
Total Net PP&E	974.0	807.0	806.0	810.0		
<b>Ownership</b>						
<b>Top 10 Institutional Holders</b>		<b>MM Shares</b>	<b>% Held</b>			
icahn Capital Lp		33.5	11.36%			
Dodge & Cox		27.3	9.26%			
Novus Investments, Inc.		17.3	5.86%			
The Vanguard Group, Inc.		14.8	5.01%			
Blackrock, Inc.		14.2	4.82%			
T. Rowe Price Group, Inc.		12.8	4.34%			
State Street Global Advisors, Inc.		10.5	3.56%			
Highfields Capital Management, Lp		8.7	2.96%			
Cambar Investors, Llc		8.0	2.73%			
Ipomagon Asset Management Holdings Inc.		6.7	2.28%			
<b>Primary Inside Holder</b>						
Jha, Sanjay K.		1.0	0.3%			

Source: Capital IQ

**COMPANY INFORMATION**

Koss Corporation designs, manufactures, and sells stereo headphones and related accessory products. The company offers speaker-phones, computer headsets, telecommunications headsets, active noise canceling stereophones, wireless stereophones, and compact disc recordings of American Symphony Orchestras on the Koss Classics label. It markets its products under the "Koss" brand name through audio specialty stores, the Internet, direct mail catalogs, regional department store chains, discount department stores, military exchanges, prisons, and national retailers. The company also sells its products to distributors for resale to school systems, and directly to other manufacturers. Koss Corporation distributes its products internationally through sales representatives and independent distributors. The company was founded in 1953 and is based in Milwaukee, Wisconsin.

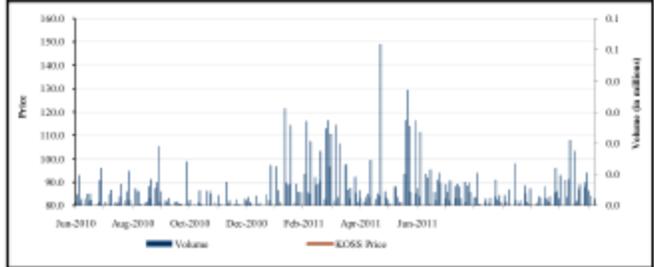
Stock Exchange	NasdaqGM	Latest Fiscal Year	6/30/2010	Primary Industry	Consumer Electronics
Website	www.koss.com	Latest Fiscal Quarter	3/31/2011	LT Rating & Date	NA NA
Employees	65	LTM as of	3/31/2011	Auditor	Baker Tilly Vinchow Krause, LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$6.50	Dividend Yield	3.7%
52 Week High (3/04/11)	7.81	Beta (2-year)	NMF
52 Week Low (12/15/10)	4.69	Beta (5-year)	NMF
Total Common Shares Outstanding	7,383		
<b>Market Capitalization</b>	<b>\$48.0</b>	<b>Average Trading Volume</b>	
Plus: Total Debt	3.6	Last Week	0.0
Plus: Preferred Stock	0.0	Last 6 Months	0.0
Plus: Minority Interest	0.0	Last Year	0.0
<b>Invested Capital Value</b>	<b>\$51.6</b>	<b>Relative Performance</b>	
<b>Invested Capital Value</b>	<b>\$55.2</b>	KOSS YTD	30.0%
Less: Cash & Equivalents	(10.1)	S&P 500 YTD	1.6%
<b>Enterprise Value</b>	<b>\$55.1</b>	NASDAQ YTD	(0.9%)
		DJIA YTD	4.3%

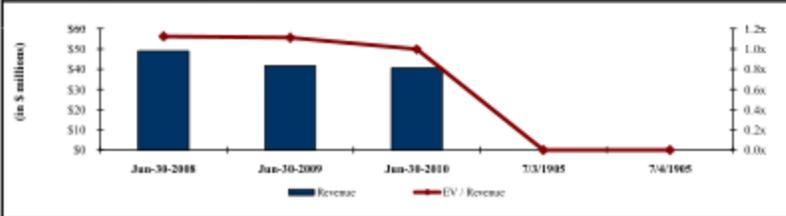
**PRICE/VOLUME GRAPH**



**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Jun-30-2008	Jun-30-2009	Jun-30-2010		2011	2012
EV / Revenue	1.13x	1.11x	1.00x	1.48x	NA	NA
EV / EBITDA	4.5x	5.0x	5.0x	9.2x	NA	NA
EV / EBIT	4.9x	6.4x	7.4x	10.1x	NA	NA
P / E	8.4x	24.7x	NM	25.0x	NA	NA
P / BV	1.4x	1.7x	3.0x	4.1x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	6.2%	(15.0%)	(2.7%)	(6.1%)	NA	NA
EBITDA	30.4%	(23.8%)	(13.5%)	(27.5%)	NA	NA
EBIT	34.2%	(23.8%)	(13.6%)	(29.4%)	NA	NA
Total Assets	4.1%	(2.4%)	(13.1%)	(0.9%)	NA	NA

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending		
	Jun-30-2008	Jun-30-2009	Jun-30-2010
<b>As a % of Total Revenue</b>			
% Total Stereo Headphones and Related Accessories	0%	0%	0%
% Total	100%	100%	100%
United States	NA	NA	NA
Foreign	NA	NA	NA
% Total	0%	0%	0%
United States	67%	58%	50%
Foreign	NA	NA	NA

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Koss, Michael	Vice Chairman, Chief Executive Officer, President and Chief Operating Officer
Smith, David	Chief Financial Officer, Principal Accounting Officer, Executive Vice President and Secretary
Koss, John	Vice President of Sales
Mike, Cheryl	Vice President of Human Resources and Customer Service
<b>Selected Board Members</b>	<b>Title</b>
Koss, John	Chairman of the Board
Koss, Michael	Vice Chairman, Chief Executive Officer, President and Chief Operating Officer
Doerr, Thomas	Director, Member of Audit Committee, Member of Nominating Committee and Member of Compensation Committee
Mattson, Lawrence	Independent Director, Member of Audit Committee, Member of Nominating Committee and Member of Compensation Committee
Stollenwerk, John	Independent Director, Member of Audit Committee, Member of Nominating Committee and Member of Compensation Committee
Nixon, Theodore	Director, Member of Audit Committee and Member of Compensation Committee

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Jun-30-2008	Jun-30-2009	Jun-30-2010		2011	2012
<b>Income Statement</b>						
Revenue	\$49.1	\$41.7	\$40.6	\$39.4	NA	NA
EBITDA	12.2	9.3	8.1	6.3	NA	NA
EBIT	11.3	8.6	7.4	5.7	NA	NA
Net Income	3.5	(0.3)	(3.6)	2.2	NA	NA
Diluted EPS	0.47	(0.03)	(0.48)	0.30	0.00	0.00
<b>Cash Flow Statement</b>						
Cash from Operations	\$5.4	\$2.6	\$1.0	\$4.9		
Cash from Investing	(0.9)	(2.3)	(1.8)	(2.3)		
Cash from Financing	(5.5)	(2.0)	(0.6)	(4.1)		
Depreciation & Amort.	1.0	0.7	0.6	0.6		
Capital Expenditures	(0.6)	(1.0)	(0.8)	(1.2)		
<b>Balance Sheet</b>				Latest		
Total Assets	\$30.4	\$29.6	\$25.8	\$27.6		
Total Liabilities	11.4	12.5	13.6	13.8		
Total Equity	18.9	17.1	12.2	13.8		
Net Working Capital	12.2	6.3	5.4	8.6		
Debt-Free NWC	12.2	6.3	5.4	8.6		
Short-Term Debt	0.0	0.0	0.0	0.0		
Total Debt	0.0	0.0	1.3	3.6		
Total Cash	3.2	1.5	0.1	0.1		
Total Net PP&E	2.2	2.2	2.4	2.7		
<b>Ownership</b>						
<b>Top 10 Institutional Holders</b>		MM Shares	% Held			
Koss Corp. - Esp		0.3	4.40%			
Dimensional Fund Advisors Lp		0.2	3.16%			
Reinhart Partners, Inc.		0.2	2.41%			
Morgan Dempsey Capital Management, Llc		0.1	1.19%			
Boyer & Associates, Llc		0.1	0.99%			
The Bank Of New York Mellon Corp, Private Banking & Securities Inve		0.0	0.66%			
Northern Trust Global Investments		0.0	0.59%			
Athena Capital Management, Inc.		0.0	0.53%			
Great Oaks Capital Management, Llc		0.0	0.47%			
California Public Employees' Retirement System		0.0	0.28%			
<b>Primary Inside Holder</b>						
Koss, John C.		2.8	38.2%			

Source: Capital IQ

**COMPANY INFORMATION**

Nokia Corporation manufactures and sells mobile devices, and provides Internet and digital mapping and navigation services worldwide. Its Devices & Services segment develops and manages a portfolio of mobile devices; and services comprising applications and content. It also offers Internet services focusing on navigation, applications and games, music, and mail, as well as on the tools that enable developers to create applications under the Ovi brand name. The company's NAVTEQ segment provides various digital map information and related location-based content and services to mobile device and handset manufacturers, automobile manufacturers and dealers, navigation systems manufacturers, software developers, Internet portals, parcel and overnight delivery services companies, and governmental and quasi-governmental entities. Its map database enables its customers to offer advanced driver assistance systems, dynamic navigation, route planning, location-based services, and geographic information-based products and services to consumer and commercial users. Its Nokia Siemens Networks segment provides mobile and fixed network solutions and related services to operators and service providers. This segment offers various business solutions, such as consulting and systems integration; service management, and charging and billing software; and subscriber database management. It also provides managed services, including network planning, optimization, and network operations; software and hardware maintenance, proactive, and multi-vendor care, as well as competence development services; and project management, turnkey implementations, and energy efficient sites. In addition, this segment offers fixed and mobile network infrastructure comprising Flexi multiradio base stations, pocket core products, optical transport systems, and broadband access equipment, as well as network solutions. Nokia Corporation was founded in 1865 and is based in Espoo, Finland.

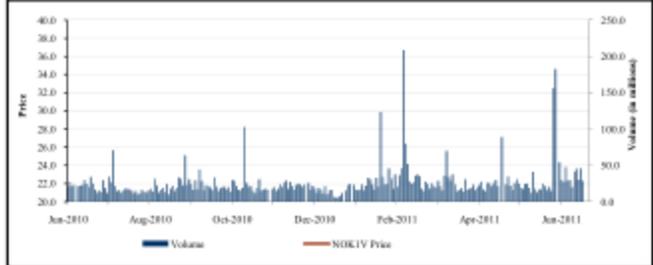
Stock Exchange	HLS	Latest Fiscal Year	12/31/2010	Primary Industry	Communications Equipment
Website		Latest Fiscal Quarter	3/31/2011	LT Rating & Date	BBB+ 6/9/2011
Employees	132,427	LTM as of	3/31/2011	Auditor	PricewaterhouseCoopers LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$4.05	Dividend Yield	14.0%
52 Week High (2/09/11)	8.49	Beta (2-year)	0.72
52 Week Low (8/20/11)	4.03	Beta (5-year)	1.10
Total Common Shares Outstanding	3710,029	<b>Average Trading Volume</b>	
<b>Market Capitalization</b>		Last Week	
Plus: Total Debt	\$15,925.6	Last 6 Months	
Plus: Preferred Stock	6,642.6	Last Year	
Plus: Minority Interest	0.0	<b>Relative Performance</b>	
Invested Capital Value	\$24,113.0	NOK1V YTD	(47.7%)
Less: Cash & Equivalents	(16,372.4)	500 YTD	1.6%
Enterprise Value	\$7,740.6	NASDAQ YTD	(0.9%)
		DJIA YTD	4.3%

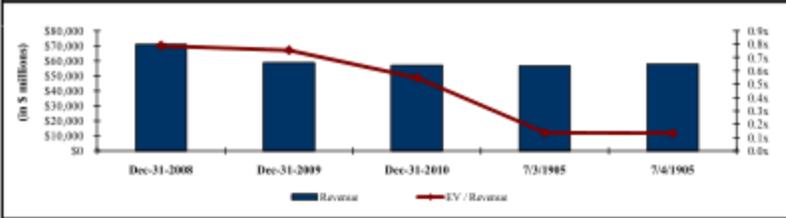
**PRICE/VOLUME GRAPH**



**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
EV / Revenue	0.79x	0.75x	0.55x	0.40x	0.14x	0.13x
EV / EBITDA	5.1x	7.3x	5.7x	4.4x	2.6x	2.0x
EV / EBIT	6.4x	11.9x	9.7x	7.6x	13.5x	6.8x
P / E	8.1x	70.2x	13.8x	12.1x	16.0x	9.2x
P / BV	3.0x	2.7x	2.1x	1.6x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	(5.0%)	(17.1%)	(3.1%)	5.1%	(0.7%)	2.2%
EBITDA	(27.7%)	(44.8%)	(10.6%)	(14.3%)	(46.0%)	32.0%
EBIT	(35.0%)	(57.7%)	(13.7%)	(23.0%)	(82.1%)	98.0%
Total Assets	0.7%	(7.4%)	2.4%	(0.9%)	NA	NA

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue:</b>			
% Total	0%	0%	0%
Mobile Phones	NA	NA	NA
Multimedia	NA	NA	NA
Enterprise Solutions	NA	NA	NA
<b>% Total</b>			
Europe	NA	NA	NA
Middle-East & Africa	NA	NA	NA

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Elop, Stephen	Chairman of Nokia Leadership Team, Chief Executive Officer, President and Director
Ihamantila, Timo	Chief Financial Officer, Executive Vice President, Member of Nokia Leadership Team and Chairman of Disclosure Committee
Ojanperä, Tero	Executive Vice President, Acting Head of Services & Developer Experience and Member of Nokia Leadership Team
Östlind, Kai	Chief Development Officer, Executive Vice President and Member of Nokia Leadership Team
<b>Selected Board Members</b>	
Ollila, Jorma	Chairman of the Board
Elop, Stephen	Chairman of Nokia Leadership Team, Chief Executive Officer, President and Director
Sordini, Dante	Vice Chairman, Chairman of Corporate Governance & Nomination Committee and Member of Personnel Committee
Kallavesi, Olli-Pekka	Chairman of Nokia Siemens Networks
Kagermann, Henning	Director, Member of Personnel Committee and Member of Corporate Governance & Nomination Committee
Siljström, Risto	Director, Chairman of Audit Committee and Member of Corporate Governance & Nomination Committee

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
<b>Income Statement</b>						
Revenue	\$70,858.7	\$58,737.4	\$56,917.2	\$61,438.0	\$56,505.3	\$57,739.6
EBITDA	11,022.1	6,082.4	5,436.1	5,552.0	2,957.8	3,878.2
Margin (%)	15.6%	10.4%	9.6%	9.0%	5.2%	6.7%
EBIT	8,762.7	3,709.1	3,199.5	3,217.8	571.6	1,131.9
Margin (%)	12.4%	6.3%	5.6%	5.2%	1.0%	2.0%
Net Income	5,572.6	1,277.0	2,480.7	2,616.5	NA	NA
Margin (%)	7.9%	2.2%	4.4%	4.3%	NA	NA
Diluted EPS	1.47	0.34	0.67	0.71	0.25	0.44
<b>Cash Flow Statement</b>						
Cash from Operations	\$4,467.3	\$4,653.5	\$6,401.6	\$5,170.5		
Cash from Investing	(4,059.2)	(3,078.5)	(3,246.4)	(1,147.3)		
Cash from Financing	(2,158.9)	(997.5)	(1,221.6)	(1,784.0)		
Depreciation & Amort.	2,259.5	2,373.3	2,236.7	2,334.3		
Capital Expenditures	(1,242.2)	(761.0)	(910.5)	(961.5)		
<b>Balance Sheet</b>						
Total Assets	\$55,309.2	\$51,218.9	\$52,461.3	\$51,261.4		
Total Liabilities	32,239.2	30,081.0	30,696.6	28,710.2		
Total Equity	23,069.9	21,137.9	21,764.7	22,551.2		
Net Working Capital	5,750.0	12,074.5	12,879.7	(1,724.5)		
Debt-Free NWC	10,767.8	13,335.7	14,356.0	(906.2)		
Short-Term Debt	5,017.8	1,261.2	1,476.4	818.3		
Total Debt	6,220.9	7,613.0	7,164.6	6,642.6		
Total Cash	10,974.6	13,188.1	16,966.8	16,372.4		
Total Net PP&E	2,773.7	2,611.3	2,488.8	2,623.6		
<b>OWNERSHIP</b>						
<b>Top 10 Institutional Holders</b>			MM Shares	% Held		
Dodge & Cox			136.9	3.69%		
Morgan Stanley, Investment Banking And Brokerage Investments			105.0	2.83%		
Government Pension Fund - Global			66.6	1.80%		
Capital Research And Management Company			42.5	1.14%		
Blackrock, Inc.			42.3	1.14%		
Neuven Investments, Inc.			40.0	1.08%		
The Vanguard Group, Inc.			33.0	0.89%		
Ilium Pension Insurance Co. Ltd, Asset Management Arm			30.9	0.83%		
Old Mutual Asset Management Us			27.1	0.73%		
Srb Investment Management Ab			16.9	0.46%		
<b>Primary Inside Holder</b>						
Ollila, Jorma			0.8	0.0%		

Source: Capital IQ

**COMPANY INFORMATION**

GN Store Nord A/S develops, manufactures, and sells hearing instruments and audiologic diagnostic equipment worldwide. It offers hearing instruments under the ReSound, Beldone, and Interxon brands, and audiologic diagnostics equipment under the MADSEN, AURICAL, ICS, and HORT MANN brand names. The company sells audiologic diagnostics equipment to hearing clinics, hospitals, ear-nose-throat specialists, and original equipment manufacturers. It also develops and sells headsets and in-car speakerphones for mobile users, and wireless and corded headsets, as well as speakerphones and other devices for contact center and office-based users under the Jabra brand name. The company has a strategic partnership with Skype. GN Store Nord A/S was founded in 1869 and is headquartered in Ballerup, Denmark.

Stock Exchange	CPSE	Latest Fiscal Year	12/31/2010	Primary Industry	Healthcare Equipment
Website		Latest Fiscal Quarter	3/31/2011	LT Rating & Date	NA NA
Employees	4,528	LTM as of	3/31/2011	Auditor	KPMG LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$47.02	Dividend Yield	0.1%
52 Week High (1/18/11)	53.99	Beta (2-year)	0.99
52 Week Low (8/31/10)	36.10	Beta (5-year)	1.33
Total Common Shares Outstanding	202,707		
<b>Market Capitalization</b>	<b>\$9,531.3</b>	<b>Average Trading Volume</b>	
Plus: Total Debt	245.9	Last Week	0.8
Plus: Preferred Stock	0.0	Last 6 Months	0.7
Plus: Minority Interest	0.0	Last Year	0.7
<b>Invested Capital Value</b>	<b>\$9,777.2</b>	<b>Relative Performance</b>	
Less: Cash & Equivalents	(31.6)	CPSE:GN YTD	(7.5%)
<b>Enterprise Value</b>	<b>\$9,745.6</b>	500 YTD	1.6%
		NASDAQ YTD	(0.9%)
		DJIA YTD	4.3%

**PRICE/VOLUME GRAPH**



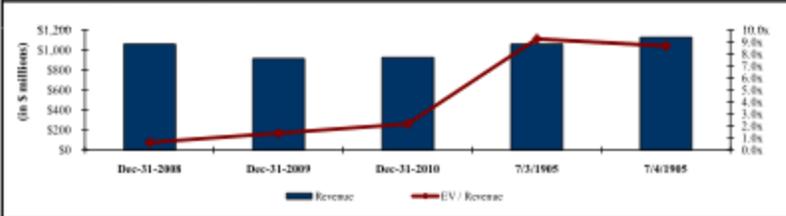
**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
EV / Revenue	0.65x	1.42x	2.18x	2.11x	9.23x	8.65x
EV / EBITDA	10.0x	37.4x	18.3x	17.8x	54.1x	45.0x
EV / EBIT	19.8x	352.4x	23.6x	22.7x	61.9x	48.4x
P / E	NM	NM	6.5x	5.5x	NA	NA
P / BV	0.5x	1.3x	1.6x	1.5x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	(9.9%)	(13.7%)	1.6%	12.0%	14.0%	6.7%
EBITDA	(21.7%)	(50.2%)	220.9%	106.5%	62.9%	20.1%
EBIT	(50.3%)	(89.5%)	2245.0%	218.4%	83.4%	28.0%
Total Assets	(3.6%)	(7.6%)	28.4%	30.1%	NA	NA

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
<b>Income Statement</b>						
<b>Revenue</b>	\$1,055.2	\$910.8	\$925.6	\$1,002.1	\$1,055.3	\$1,126.5
<b>EBITDA</b>	69.2	34.5	110.6	118.9	180.3	216.5
Margin (%)	6.6%	3.8%	12.0%	11.9%	17.3%	19.2%
<b>EBIT</b>	34.7	3.7	85.8	93.2	157.4	201.4
Margin (%)	3.3%	0.4%	9.3%	9.3%	14.9%	17.9%
<b>Net Income</b>	(10.5)	(13.5)	333.7	352.1	NA	NA
Margin (%)	(1.0%)	(1.5%)	36.1%	35.1%	NA	NA
<b>Diluted EPS</b>	(0.05)	(0.07)	1.62	1.71	NA	NA
<b>Cash Flow Statement</b>						
Cash from Operations	\$96.1	\$138.1	\$101.3	\$96.6		
Cash from Investing	(113.9)	(29.1)	(66.0)	(75.5)		
Cash from Financing	14.6	(110.7)	(35.4)	(25.9)		
Depreciation & Amort.	2,259.5	30.8	24.8	25.7		
Capital Expenditures	(25.0)	(9.6)	(17.1)	(18.1)		
<b>Balance Sheet</b>						
				<b>Latest</b>		
Total Assets	\$1,478.1	\$1,374.2	\$1,764.1	\$1,820.9		
Total Liabilities	632.5	520.0	594.0	645.1		
Total Equity	845.6	854.2	1,170.1	1,175.8		
Net Working Capital	168.5	129.0	547.6	578.0		
Debt-Free NWC	195.9	149.7	558.6	603.1		
Short-Term Debt	27.4	20.6	11.0	25.1		
Total Debt	328.0	227.3	201.7	245.9		
Total Cash	28.9	28.5	28.2	31.6		
Total Net PP&E	134.0	90.5	86.5	88.1		

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Segment Adjustment	NA	NA	NA
Discontinuing Operations	NA	NA	NA
GN Netcom	47%	57%	38%
<b>% Total</b>			
Denmark	3%	3%	2%
Rest of Nordic Region	NA	NA	NA

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Boyer, Anders	Chief Financial officer and Member of Executive Management
Kirgo, Lise	Executive Vice President
Elsherg, Mogens	Member of Executive Management and Chief Executive Officer of GN Netcom
Viksmoen, Lars	Member of the Executive Management, Chief Executive Officer of GN ReSound and President of GN ReSound
<b>Selected Board Members</b>	
Wold-Olsen, Per	Chairman of the Supervisory Board, Chairman of Remuneration Committee and Member of Strategy Committee
Hoover, William	Deputy Chairman of Supervisory Board, Member of Strategy Committee and Member of Remuneration Committee
Thomsen, Carsten	Member of the Supervisory Board and Chairman of Audit Committee
Bardenfleth, Jørgen	Member of Supervisory Board and Member of Remuneration Committee
Bisgaard, Nikolai	Member of Supervisory Board
Svendsen-Tune, René	Member of Supervisory Board and Member of Audit Committee

**OWNERSHIP**

Top 10 Institutional Holders	MM Shares	% Held
(Capability Needed)	#VALUE!	#VALUE!
<b>Primary Inside Holder</b>		
(Capability Needed)	#VALUE!	#VALUE!

Source: Capital IQ

**COMPANY INFORMATION**

Plantronics, Inc., together with its subsidiaries, engages in the design, manufacture, and marketing of lightweight communications headsets, telephone headset systems, and accessories for the business and consumer markets under the Plantronics brand name worldwide. It also offers specialty telephone products, such as telephones for the hearing impaired and other related products for people with special communication needs under the Clarity brand name. The company's products are designed for specific markets and applications, such as offices; contact centers; mobile devices comprising cell phones and personal digital assistants; computer and gaming; and residential applications, as well as for other specialty applications. It sells its products through a network of distributors, retailers, wireless carriers, original equipment manufacturers, and telephony service providers. The company was founded in 1961 and is headquartered in Santa Cruz, California.

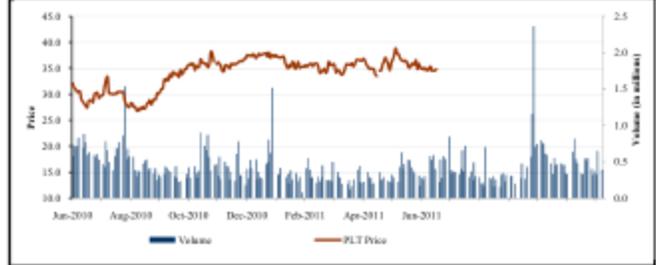
Stock Exchange	NYSE	Latest Fiscal Year	3/31/2011	Primary Industry	Communications Equipment
Website	██████████	Latest Fiscal Quarter	3/31/2011	LT Rating & Date	NA NA
Employees	3,200	LTM as of	3/31/2011	Auditor	PricewaterhouseCoopers LLP

**VALUATION**

(in millions, except per share data)

Valuation		Market Data	
Current Price (6/20/11)	\$34.84	Dividend Yield	0.6%
52 Week High (5/10/11)	39.23	Beta (2-year)	1.37
52 Week Low (8/24/10)	26.10	Beta (5-year)	1.59
Total Common Shares Outstanding	47,627	<b>Average Trading Volume</b>	
<b>Market Capitalization</b>		Last Week	0.4
Plus: Total Debt	0.0	Last 6 Months	0.4
Plus: Preferred Stock	0.0	Last Year	0.4
Plus: Minority Interest	0.0	<b>Relative Performance</b>	
<b>Invested Capital Value</b>	\$1,659.3	PLT YTD	1.6%
Less: Cash & Equivalents	(430.0)	500 YTD	(0.9%)
<b>Enterprise Value</b>	\$1,229.4	NASDAQ YTD	4.3%
		DJIA YTD	

**PRICE/VOLUME GRAPH**



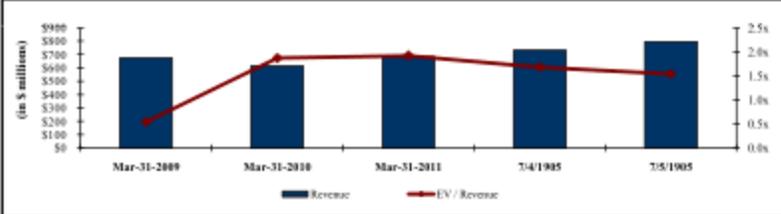
**VALUATION MULTIPLES**

	Fiscal Year Ending,			LTM	Fiscal Year Ending,	
	Mar-31-2009	Mar-31-2010	Mar-31-2011		3/31/11	2012
EV / Revenue	0.54x	1.87x	1.92x	1.92x	1.68x	1.54x
EV / EBITDA	3.3x	8.6x	8.0x	8.0x	6.9x	6.4x
EV / EBIT	4.2x	9.7x	8.7x	8.7x	8.3x	7.6x
P / E	8.7x	NM	18.5x	16.6x	13.5x	12.4x
P / BV	1.6x	2.4x	3.1x	2.7x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	(9.8%)	(9.0%)	11.4%	11.4%	6.9%	9.1%
EBITDA	(29.7%)	21.5%	23.0%	23.8%	7.9%	8.6%
EBIT	(33.0%)	35.8%	27.6%	29.1%	(2.2%)	8.9%
Total Assets	(14.6%)	3.5%	13.6%	13.6%	NA	NA

**FINANCIAL SUMMARY**

	Fiscal Year Ending,			LTM	Fiscal Year Ending,	
	Mar-31-2009	Mar-31-2010	Mar-31-2011		3/31/11	2012
<b>Income Statement</b>						
Revenue	\$674.6	\$613.8	\$683.6	\$683.6	\$730.9	\$797.2
EBITDA	109.9	133.5	164.2	164.2	177.2	192.5
Margin (%)	16.3%	21.8%	24.0%	24.0%	24.2%	24.2%
EBIT	87.2	118.4	151.1	151.1	147.7	160.8
Margin (%)	12.9%	19.3%	22.1%	22.1%	20.2%	20.2%
Net Income	(64.9)	57.4	109.2	109.2	NA	NA
Margin (%)	(9.6%)	9.3%	16.0%	16.0%	NA	NA
Diluted EPS	(1.32)	1.16	2.21	2.21	2.57	2.81
<b>Cash Flow Statement</b>						
Cash from Operations	\$99.2	\$143.7	\$158.2	\$158.2		
Cash from Investing	(83.2)	67.9	(169.9)	(169.9)		
Cash from Financing	(14.9)	(21.0)	(55.4)	(55.4)		
Depreciation & Amort.	2,259.5	15.1	13.2	13.2		
Capital Expenditures	(23.7)	(6.3)	(18.6)	(18.6)		
<b>Balance Sheet</b>						
Total Assets	\$633.1	\$655.4	\$744.6	\$744.6		
Total Liabilities	107.8	84.0	109.8	109.8		
Total Equity	525.4	571.3	634.9	634.9		
Net Working Capital	377.6	500.0	524.1	94.2		
Debt-Free NWC	377.6	500.0	524.1	94.2		
Short-Term Debt	0.0	0.0	0.0	0.0		
Total Debt	0.0	0.0	0.0	0.0		
Total Cash	218.2	369.2	430.0	430.0		
Total Net PP&E	95.7	65.7	70.6	70.6		

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending,		
	Mar-31-2009	Mar-31-2010	Mar-31-2011
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Audio Communications Group	100%	100%	100%
Audio Entertainment Group	NA	NA	NA
Segment Adjustment	NA	NA	NA
<b>% Total</b>			
Segment Adjustment	NA	NA	NA
Diaspo, Middle East and Africa	24%	24%	25%

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Kannappan, Kenneth	Chief Executive Officer, President and Executive Director
Scherer, Barbara	Chief Financial Officer, Principal Accounting Officer and Senior Vice President of Finance & Administration
Houston, Don	Senior Vice President of Sales
Vanhoutte, Philip	Managing Director of Europe, Middle East & Africa
<b>Selected Board Members</b>	
Tsua, Marvin	Chairman, Chairman of Nominating & Corporate Governance Committee, Member of Audit Committee, Member of Strategy Committee and Member of Compensation Committee
Kannappan, Kenneth	Chief Executive Officer, President and Executive Director
Wery, Roger	Independent Director, Chairman of Strategy Committee, Member of Nominating & Corporate Governance Committee and Member of Mergers & Acquisitions Committee
Hammann, Gregg	Independent Director, Chairman of Compensation Committee and Member of Audit Committee
Mehr, Marshall	Independent Director, Chairman of Audit Committee and Member of Mergers & Acquisitions Committee
Dexheimer, Brian	Independent Director, Member of Mergers & Acquisitions Committee and Member of Strategy Committee

**OWNERSHIP**

Top 10 Institutional Holders	MM Shares	% Held
Princip Management Company	4.9	10.18%
Blackrock, Inc.	3.8	7.84%
The Vanguard Group, Inc.	2.4	5.04%
State Street Global Advisors, Inc.	1.8	3.77%
Friess Associates, Llc	1.7	3.63%
Royce & Associates, Llc	1.5	3.17%
Pymis Global Advisors, Llc	1.4	2.81%
Disciplined Growth Investors, Inc.	1.3	2.80%
Columbia Management Investment Advisers, Llc	1.3	2.75%
Calamos Asset Management Inc.	1.1	2.30%
<b>Primary Inside Holder</b>		
Kannappan, S. Kenneth	0.1	0.3%

Source: Capital IQ

**COMPANY INFORMATION**

Research In Motion Limited (RIM) designs, manufactures, and markets wireless solutions for the worldwide mobile communications market. The company, through the development of integrated hardware, software, and services, provides platforms and solutions for seamless access to time-sensitive information, including email, phone, short messaging service, and Internet and Intra-net based applications and browsing. Its products and services principally comprise the BlackBerry wireless platform, the RIM Wireless Handheld product line, software development tools, and other software and hardware. The company's BlackBerry smartphones use wireless, push-based technology that delivers data to mobile users' business and consumer applications. Its BlackBerry smartphone portfolio includes BlackBerry Bold series, the BlackBerry Torch, BlackBerry Curve series, the BlackBerry Style, BlackBerry Storm series, the BlackBerry Tour, BlackBerry Pearl series, and the BlackBerry PlayBook tablet. The company's BlackBerry enterprise solutions comprise BlackBerry enterprise server, BlackBerry enterprise server express, BlackBerry mobile voice system, and hosted BlackBerry services. Its technology also enables third party developers and manufacturers to enhance their products and services through software development kits, wireless connectivity to data, and third-party support programs. In addition, the company offers BlackBerry technical support services, non-warranty repairs, and nonrecurring engineering services. Further, it provides BlackBerry App World that offers BlackBerry smartphone users an electronic catalogue that aids in the discovery and download/purchase of applications directly from their BlackBerry smartphone. The company markets and sells its BlackBerry wireless solutions primarily through global wireless communications carriers, and third party distribution channels. Research In Motion Limited was founded in 1984 and is headquartered in Waterloo, Canada.

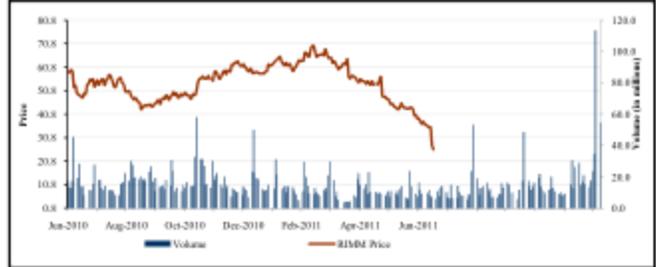
Stock Exchange	NasdaqGS	Latest Fiscal Year	2/26/2011	Primary Industry	Communications Equipment
Website	http://www.rim.net	Latest Fiscal Quarter	5/28/2011	LT Rating & Date	NA NA
Employees	17,500	LTM as of	5/28/2011	Auditor	Ernst & Young LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$25.89	Dividend Yield	NA
52 Week High (1/00/09)	88.08	Beta (2-year)	1.14
52 Week Low (1/00/09)	27.08	Beta (5-year)	1.59
Total Common Shares Outstanding	520,998	<b>Average Trading Volume</b>	
<b>Market Capitalization</b>		Last Week	
Plus: Total Debt	\$13,488.6	42.8	
Plus: Preferred Stock	0.0	Last 6 Months	
Plus: Minority Interest	0.0	13.8	
<b>Invested Capital Value</b>		Last Year	
Less: Cash & Equivalents	\$13,488.6	15.3	
Enterprise Value	(2,389.0)	<b>Relative Performance</b>	
	\$11,099.6	RIMM YTD	(55.5%)
		500 YTD	1.6%
		NASDAQ YTD	(0.9%)
		DJIA YTD	4.3%

**PRICE/VOLUME GRAPH**



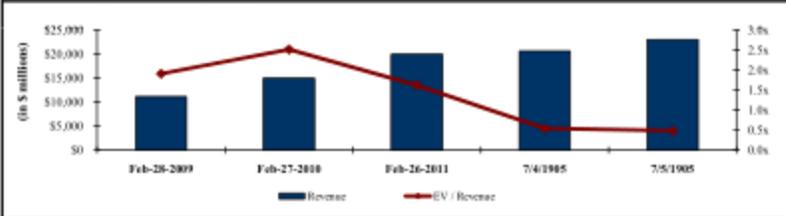
**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Feb-28-2009	Feb-27-2010	Feb-26-2011		5/28/11	2012
EV / Revenue	1.91x	2.51x	1.62x	0.99x	0.54x	0.48x
EV / EBITDA	6.4x	9.0x	5.7x	3.6x	2.4x	2.2x
EV / EBIT	7.1x	10.5x	6.8x	4.5x	3.1x	2.9x
P / E	0.0x	0.0x	0.0x	6.9x	5.0x	4.7x
P / BV	0.0x	0.0x	0.0x	0.0x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	84.1%	35.1%	33.1%	30.5%	3.4%	11.6%
EBITDA	69.1%	27.3%	34.9%	22.5%	(18.0%)	8.2%
EBIT	67.5%	20.6%	32.2%	15.6%	(23.4%)	5.3%
Total Assets	47.0%	26.0%	26.2%	29.6%	NA	NA

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM	Fiscal Year Ending	
	Feb-28-2009	Feb-27-2010	Feb-26-2011		5/28/11	2012
<b>Income Statement</b>						
Revenue	\$11,065.0	\$14,953.0	\$19,907.0	\$20,580.0	\$20,583.4	\$22,980.4
EBITDA	3,284.0	4,181.0	5,639.0	5,639.0	4,622.8	5,001.8
EBIT	2,956.0	3,565.0	4,712.0	4,558.0	3,609.9	3,802.1
Net Income	1,893.0	2,457.0	3,411.0	3,337.0	NA	NA
Diluted EPS	3.30	4.31	6.34	6.30	5.22	5.46

**VALUATION MULTIPLES CHART**



**Cash Flow Statement**

	Feb-28-2009	Feb-27-2010	Feb-26-2011	LTM
Cash from Operations	\$1,452.0	\$3,035.0	\$4,009.0	\$3,906.0
Cash from Investing	(1,823.0)	(1,470.0)	(1,698.0)	(2,094.0)
Cash from Financing	25.0	(843.0)	(2,087.0)	(1,698.0)
Depreciation & Amort.	2,259.5	616.0	927.0	1,096.0
Capital Expenditures	(834.0)	(1,009.0)	(1,039.0)	(1,035.0)

**Balance Sheet**

	Feb-28-2009	Feb-27-2010	Feb-26-2011	LTM
Total Assets	\$8,101.4	\$10,205.0	\$12,875.0	\$13,842.0
Total Liabilities	2,227.2	2,602.0	3,937.0	4,254.0
Total Equity	5,874.1	7,603.0	8,938.0	9,588.0
Net Working Capital	2,726.2	3,381.0	3,858.0	1,744.0
Debt-Free NWC	2,726.2	3,381.0	3,858.0	1,744.0
Short-Term Debt	0.0	0.0	0.0	0.0
Total Debt	0.0	0.0	0.0	0.0
Total Cash	1,518.2	1,912.0	2,121.0	2,389.0
Total Net PP&E	1,334.6	1,957.0	2,504.0	2,576.0

**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending		
	Feb-28-2009	Feb-27-2010	Feb-26-2011
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Wireless Communications Products, Services :	100%	100%	100%
0	NA	NA	NA
0	NA	NA	NA
<b>% Total</b>			
Canada	8%	6%	7%
United States	67%	58%	39%

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Lazaridis, Michael	Co-Founder, Co-Chairman, Co-Chief Executive Officer, President and Member of Strategic Planning Committee
Balsillie, James	Co-Chairman, Co-Chief Executive Officer and Member of Strategic Planning Committee
Bisalka, Brian	Chief Financial Officer
Morrison, Donald	Chief Operating Officer of Black Berry
<b>Selected Board Members</b>	
Lazaridis, Michael	Co-Founder, Co-Chairman, Co-Chief Executive Officer, President and Member of Strategic Planning Committee
Balsillie, James	Co-Chairman, Co-Chief Executive Officer and Member of Strategic Planning Committee
Wetmore, John	Director, Chairman of Compensation, Nomination & Governance Committee and Member of Strategic Planning Committee
Stymiest, Barbara	Director and Chairman of Audit & Risk Management Committee
Richardson, John	Lead Independent Director, Member of Audit & Risk Management Committee and Member of Compensation, Nomination & Governance Committee
Martin, Roger	Director and Member of Strategic Planning Committee

**OWNERSHIP**

Top 10 Institutional Holders	MM Shares	% Held
Blackrock, Inc.	21.6	
Mclean Budden Limited	13.7	
Princo Management Company	12.8	
Yd Asset Management, Inc.	11.3	
Invenco Ltd.	10.9	
Jarislowsky, Fraser Limited	10.2	
Pymis Global Advisors, Llc	9.5	
Bmo Investments Inc.	9.5	
Rbc Global Asset Management Inc.	8.1	
Brookside Capital Management, Llc	8.1	
<b>Primary Inside Holder</b>		
Balsillie, James L.	26.7	ADIV:0%

Source: Capital IQ

**COMPANY INFORMATION**

NETGEAR, Inc. designs, develops, and markets networking products for home users and small businesses worldwide. The company's products enable users to connect and communicate across local area networks and the World Wide Web, and share Internet access, peripherals, files, and digital multimedia content and applications among various networked devices and other Internet-enabled devices. Its product line consists of wired and wireless devices that enable Ethernet networking, broadband access, network connectivity, and network storage and security appliances. NETGEAR's products that enable Ethernet networking include Ethernet switches, wireless controllers, Internet security appliances, and network attached storage. Its products, which enable broadband access comprise routers, gateways, Internet protocol telephony products, and media servers. The company's products that enable network connectivity consists of wireless access points, wireless network interface cards and adapters, Ethernet network interface cards and adapters, media adapters, powerline adapters and bridges, and MoCA adapters and bridges. NETGEAR markets its products through traditional retailers, online retailers, wholesale distributors, direct market resellers, value added resellers, and broadband service providers. The company was founded in 1996 and is headquartered in San Jose, California.

Stock Exchange	NasdaqGS	Latest Fiscal Year	12/31/2010	Primary Industry	Communications Equipment
Website	www.netgear.com	Latest Fiscal Quarter	4/3/2011	LT Rating & Date	NA NA
Employees	654	LTM as of	4/3/2011	Auditor	PricewaterhouseCoopers LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$39.84	Dividend Yield	NA
52 Week High (4/29/11)	43.67	Beta (2-year)	1.32
52 Week Low (7/01/10)	17.44	Beta (5-year)	1.53
Total Common Shares Outstanding	36,602	<b>Average Trading Volume</b>	
<b>Market Capitalization</b>		<b>Relative Performance</b>	
Plus: Total Debt	0.0	NTGR YTD	18.3%
Plus: Preferred Stock	0.0	500 YTD	1.6%
Plus: Minority Interest	0.0	NASDAQ YTD	(0.9%)
Invested Capital Value	\$1,458.2	DJIA YTD	4.3%
Less: Cash & Equivalents	(279.2)		
Enterprise Value	\$1,179.1		

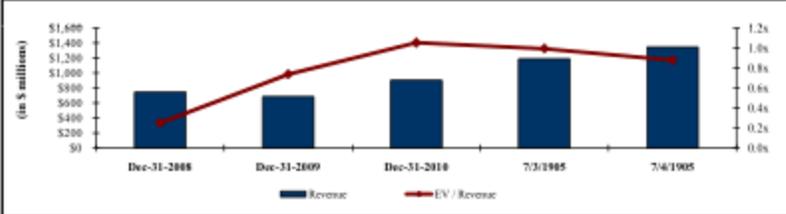
**PRICE/VOLUME GRAPH**



**VALUATION MULTIPLES**

	Fiscal Year Ending,			LTM	Fiscal Year Ending,	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/3/11	2011
EV / Revenue	0.25x	0.74x	1.05x	0.89x	0.99x	0.88x
EV / EBITDA	2.4x	8.6x	8.1x	6.9x	8.2x	7.3x
EV / EBIT	2.9x	10.9x	9.1x	7.7x	8.6x	7.7x
P / E	10.9x	NM	26.5x	19.4x	16.3x	14.5x
P / BV	1.6x	1.9x	2.6x	2.3x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	2.1%	(7.6%)	31.4%	29.9%	31.7%	13.2%
EBITDA	(13.3%)	(25.5%)	100.3%	60.8%	22.1%	12.8%
EBIT	(16.2%)	(29.3%)	124.7%	71.1%	32.0%	10.7%
Total Assets	6.4%	8.0%	23.2%	20.4%	NA	NA

**VALUATION MULTIPLES CHART**



**HISTORICAL SEGMENT INFORMATION**

	Fiscal Year Ending,		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Networking Products	100%	100%	100%
0	NA	NA	NA
0	NA	NA	NA
<b>% Total</b>			
United Kingdom	18%	13%	11%
Asia Pacific	12%	12%	11%

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
Lo, Patrick	Co-Founder, Chairman and Chief Executive Officer
Gorjanc, Christine	Chief Financial Officer and Chief Accounting Officer
Falcon, Michael	Senior Vice President of Worldwide Operations & Support
Soares, David	Senior Vice President of Retail Business and General Manager
<b>Selected Board Members</b>	
Lo, Patrick	Co-Founder, Chairman and Chief Executive Officer
Lacy, Litwood	Lead Independent Director, Chairman of Nominating & Corporate Governance Committee and Member of Audit Committee
Godwin, A.	Director, Chairman of Audit Committee and Member of Nominating & Corporate Governance Committee
Faison, Ralph	Director, Chairman of Compensation Committee and Member of Nominating & Corporate Governance Committee
Rossmann, Gregory	Director and Member of Compensation Committee
Graham, Jeff	Director, Member of Compensation Committee and Member of Nominating & Corporate Governance Committee

**FINANCIAL SUMMARY**

	Fiscal Year Ending,			LTM	Fiscal Year Ending,	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		4/3/11	2011
<b>Income Statement</b>						
Revenue	\$743.3	\$686.6	\$902.1	\$969.3	\$1,187.6	\$1,243.8
EBITDA	78.9	58.8	117.7	125.1	143.7	162.0
Margin (%)	10.6%	8.6%	13.0%	12.9%	12.3%	12.1%
EBIT	65.6	46.4	104.2	111.2	137.6	152.3
Margin (%)	8.8%	6.8%	11.6%	11.5%	11.6%	11.3%
Net Income	18.1	9.3	50.9	58.4	NA	NA
Margin (%)	2.4%	1.4%	5.6%	6.0%	NA	NA
Diluted EPS	0.51	0.27	1.41	1.61	2.45	2.74
<b>Cash Flow Statement</b>						
Cash from Operations	\$47.5	\$48.1	\$26.4	\$38.5		
Cash from Investing	(12.5)	(72.3)	(95.2)	(36.8)		
Cash from Financing	(9.7)	3.6	22.8	24.9		
Depreciation & Amort.	2,259.5	12.4	13.4	14.0		
Capital Expenditures	(15.4)	(3.9)	d Filing Mode)	(9.5)		
<b>Balance Sheet</b>						
Total Assets	\$586.2	\$633.1	\$780.3	\$773.4		
Total Liabilities	195.3	219.0	279.9	242.3		
Total Equity	391.0	414.2	500.4	531.1		
Net Working Capital	312.8	339.1	413.3	167.1		
Debt-Free NWC	312.8	339.1	413.3	167.1		
Short-Term Debt	0.0	0.0	0.0	0.0		
Total Debt	0.0	0.0	0.0	0.0		
Total Cash	203.0	247.1	270.7	279.2		
Total Net PP&E	20.3	16.9	17.5	17.1		
<b>OWNERSHIP</b>						
<b>Top 10 Institutional Holders</b>		MM Shares	% Held			
Fidelity Investments		3.6	9.81%			
Blackrock, Inc.		2.8	7.68%			
The Vanguard Group, Inc.		1.9	5.10%			
Jeanmon Associates Llc		1.8	5.00%			
Bry Melton Asset Management		1.7	4.53%			
Royce & Associates, Llc		1.6	4.47%			
Columbia Wangor Asset Management, Llc		1.6	4.41%			
Invesco Ltd.		1.1	2.98%			
Loomis, Sayles & Company		1.0	2.70%			
Calamos Asset Management Inc.		1.0	2.63%			
<b>Primary Inside Holder</b>						
Lo, Patrick C. S.		0.3	0.9%			

Source: Capital IQ

**COMPANY INFORMATION**

Logitech International S.A. engages in the development and marketing of products in PC navigation, Internet communications, digital music, home-entertainment control, gaming, and wireless devices. The company operates in two segments, Personal Peripherals and Video Conferencing. The company's Personal Peripherals segment include pointing devices, such as mice and trackball, keyboards and desktops; notebook essentials consisting mice, Webcams, speakers, headsets, presentation tools, numeric pads, laptops, cooling pads, and notebook risers; voice and video communications, including Web cameras and video security systems; audio comprising speakers and earphones, streaming media, and PC headsets; gaming products, such as PC game controllers, console game controllers and accessories, and gaming headsets; and remote controls. The company sells its peripheral products to various retail distributors and resellers, and original equipment manufacturers (OEMs). The company's Video Conferencing segment include HD video communications products, HD audio conference telephones, hardware infrastructure solutions, video management software, and services to support video and audio communications. It sells its video conferencing products to distributors, value-added resellers, OEMs, and direct enterprise customers. The company operates in the Americas, Europe, Middle East, Africa, and Asia Pacific. Logitech International S.A. was founded in 1981 and is based in Apple, Switzerland.

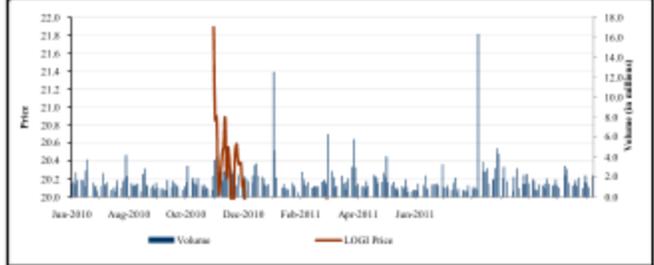
Stock Exchange	NasdaqGS	Latest Fiscal Year	3/31/2011	Primary Industry	Computer Storage and Peripherals
Website	www.logitech.com	Latest Fiscal Quarter	3/31/2011	LT Rating & Date	NA NA
Employees	11,000	LTM as of	3/31/2011	Auditor	PricewaterhouseCoopers LLP

**VALUATION**

(in millions, except per share data)

<b>Valuation</b>		<b>Market Data</b>	
Current Price (6/20/11)	\$39.84	Dividend Yield	NA
52 Week High (1/00/09)	23.29	Beta (2-year)	1.32
52 Week Low (1/00/09)	11.49	Beta (5-year)	1.53
Total Common Shares Outstanding	36,602		
<b>Market Capitalization</b>	<b>\$1,458.2</b>	<b>Average Trading Volume</b>	
Plus: Total Debt	0.0	Last Week	1.5
Plus: Preferred Stock	0.0	Last 6 Months	1.6
Plus: Minority Interest	0.0	Last Year	1.6
<b>Invested Capital Value</b>	<b>\$1,458.2</b>	<b>Relative Performance</b>	
Less: Cash & Equivalents	(279.2)	LOGI YTD	(39.2%)
<b>Enterprise Value</b>	<b>\$1,179.1</b>	500 YTD	1.6%
		NASDAQ YTD	(0.9%)
		DJIA YTD	4.3%

**PRICE/VOLUME GRAPH**



**VALUATION MULTIPLES**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
EV / Revenue	0.25x	0.74x	1.05x	0.89x	0.99x	0.88x
EV / EBITDA	2.4x	8.6x	8.1x	6.9x	8.2x	7.3x
EV / EBIT	2.9x	10.9x	9.1x	7.7x	8.6x	7.7x
P / E	0.6x	0.0x	0.0x	19.4x	43.3x	32.2x
P / BV	0.6x	0.0x	0.0x	2.3x	NA	NA
<b>1-Year Growth</b>						
Total Revenue	2.1%	(7.6%)	31.4%	29.9%	31.7%	13.2%
EBITDA	(13.3%)	(25.5%)	100.3%	60.8%	22.1%	12.8%
EBIT	(16.2%)	(29.3%)	124.7%	71.1%	32.0%	10.7%
Total Assets	6.4%	8.0%	23.2%	20.4%	NA	NA

**FINANCIAL SUMMARY**

	Fiscal Year Ending			LTM 3/31/11	Fiscal Year Ending	
	Dec-31-2008	Dec-31-2009	Dec-31-2010		2011	2012
<b>Income Statement</b>						
<b>Revenue</b>	\$743.3	\$686.6	\$902.1	\$969.3	\$1,187.6	\$1,343.8
<b>EBITDA</b>	78.9	58.8	117.7	125.1	143.7	162.0
Margin (%)	10.6%	8.6%	13.0%	12.9%	12.1%	12.1%
<b>EBIT</b>	65.6	46.4	104.2	111.2	137.6	152.3
Margin (%)	8.8%	6.8%	11.6%	11.5%	11.6%	11.3%
<b>Net Income</b>	18.1	9.3	50.9	58.4	NA	NA
Margin (%)	2.4%	1.4%	5.6%	6.0%	NA	NA
<b>Diluted EPS</b>	0.51	0.27	1.41	1.61	0.92	1.24

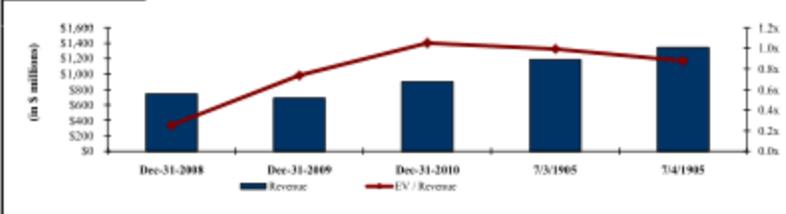
**Cash Flow Statement**

	Dec-31-2008	Dec-31-2009	Dec-31-2010	LTM 3/31/11
Cash from Operations	\$200.6	\$365.3	\$156.6	\$156.6
Cash from Investing	(113.1)	(427.8)	(39.9)	(39.9)
Cash from Financing	(41.2)	(108.2)	46.4	46.4
Depreciation & Amort.	2,259.5	12.4	13.4	14.0
Capital Expenditures	(15.4)	(3.9)	d Filing Mode)	(9.5)

**Balance Sheet**

	Dec-31-2008	Dec-31-2009	Dec-31-2010	Latest 3/31/11
Total Assets	\$586.2	\$633.1	\$780.3	\$773.4
Total Liabilities	195.3	219.0	279.9	242.3
Total Equity	391.0	414.2	500.4	531.1
Net Working Capital	312.8	339.1	413.3	167.1
Debt-Free NWC	312.8	339.1	413.3	167.1
Short-Term Debt	0.0	0.0	0.0	0.0
Total Debt	0.0	0.0	0.0	0.0
Total Cash	203.0	247.1	270.7	279.2
Total Net PP&E	20.3	16.9	17.5	17.1

**VALUATION MUL**



**HISTORICAL SEG**

	Fiscal Year Ending		
	Dec-31-2008	Dec-31-2009	Dec-31-2010
<b>As a % of Total Revenue</b>			
% Total	0%	0%	0%
Networking Products	100%	100%	100%
0	NA	NA	NA
0	NA	NA	NA
<b>% Total</b>			
United Kingdom	16%	13%	11%
Asia Pacific	12%	12%	11%

**KEY EXECUTIVES & BOARD MEMBERS**

Key Execs	Title
De Luca, Guerinio	Executive Chairman, Chairman of Nominating Committee and Chairman of Board Compensation Committee
Quindlen, Gerald	Chief Executive Officer, President, Director and Member of Board Compensation Committee
Borel, Daniel	Founder and Director
Burdman, Erik	Chief Financial Officer, Principal Accounting Officer and Senior Vice President of Finance
<b>Selected Board Members</b>	
De Luca, Guerinio	Executive Chairman, Chairman of Nominating Committee and Chairman of Board Compensation Committee
Quindlen, Gerald	Chief Executive Officer, President, Director and Member of Board Compensation Committee
Borel, Daniel	Founder and Director
Chang, Eth-Hsun	Director, Member of Audit Committee and Vice Chairman of Taiwan Subsidiary
Riber, Monika	Non-Executive Director and Chairman of Audit Committee
Bouquet, Matthew	Non-Executive Director, Chairman of Compensation Committee and Member of Audit Committee

**OWNERSHIP**

Top 10 Institutional Holders	MM Shares	% Held
(Capability Needed)	#VALUE!	#VALUE!
<b>Primary Inside Holder</b>		
(Capability Needed)	#VALUE!	#VALUE!

Source: Capital IQ

APPENDIX 2

## Studies Regarding Adjustments for Lack of Marketability



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Appendix 2: Studies Regarding Adjustments for Lack of Marketability

Two major sources of empirical evidence on adjustments for lack of marketability exist: (i) studies of private transactions prior to public offerings and (ii) studies of restricted stocks. The results of pre-IPO and restricted stock studies are important to the determination of an appropriate adjustment for lack of marketability, since in each study the share price analyzed reflected the buyer's ability to gain access to a public market within a readily foreseeable, defined time period, ranging from a few months to a few years. Minority shareholders in privately held companies do not enjoy as favorable an investment. Their shares have no immediate or predictable access to a public market, and the value of those shares suffers accordingly.

### PRE-IPO STUDIES

In general, pre-IPO studies compare the prices paid in arm's-length transactions for private stocks immediately prior to (i.e., within five months of) a public offering with the prices at which the stocks went public. Generally, the adjustments for lack of marketability for interests in closely held companies with little likelihood of going public in the foreseeable future should be higher than for pre-IPO stocks.

#### *Emory Studies*<sup>15</sup>

*Using data from the investment bank Robert W. Baird & Company, John Emory measured the differences in prices of private and public transactions of companies' stock from 1980 through 2000. The Emory studies compared the prices of stock transactions occurring within five months prior to an IPO to the subsequent IPO price. Emory noted that the discounts found in these studies occur where a high degree of marketability is probable but not certain, and observed that these companies were generally perceived as sound financial investments and likely to go public in the near future; as such, he argued that marketability discounts for the more typical company's stock, with extremely limited marketability and dim prospects for the company being sold or having a near-term IPO would tend to be higher than those indicated in his study. These studies indicated a median discount of 47% and an average discount of 46%. The figure on the following page summarizes all of Emory's studies.*

*A review of the figure on the following page reveals that (i) the most recent data (1997 – 2000) was based on a very large number of qualifying transactions and (ii) this data reflected the highest mean and median marketability discounts ever recorded (with the exception of the original study in 1980 – 1981). The trend of increasing discounts would likely have continued as the investment environment had turned decidedly more conservative after 2000 and risk of all sorts (including lack of marketability) was being penalized at increasing levels in the marketplace.*

<sup>15</sup> From John D. Emory Sr., F.R. Dengel III, and John D. Emory Jr., "Expanded Study of the Value of Marketability as Illustrated in Initial Public Offerings of Common Stock; May 1997 through December 2000," *Business Valuation Review*, December 2001, pp. 4-20; and John D. Emory Sr., F.R. Dengel III, and John D. Emory Jr., "The Value of Marketability as Illustrated in Initial Public Offerings of Dot-Com Companies," *Business Valuation Review*, September 2000, pp. 111-121.

**EMORY MARKETABILITY DISCOUNTS**

Study	# of IPO Prospectuses Reviewed	# of Qualifying Transactions	Discount Mean	Discount Median
1980-81	97	12	59%	68%
1985-86	130	19	43%	43%
1987-89	98	21	38%	43%
1989-90	157	17	46%	40%
1990-92	266	30	34%	33%
1992-93	443	49	45%	43%
1994-95	318	45	43%	41%
1995-97	732	84	43%	41%
1997-00	1,847	266	50%	52%
All Transactions	4,088	543	46%	47%

*Valuation Advisors Study<sup>16</sup>*

Brian Pearson of Valuation Advisors conducted pre-IPO studies in 1999, 2000, and 2001. These studies included a review of more than 500 IPO prospectuses. For the 1999 study, these transactions were screened to exclude transactions with warrants or options. The 2000 and 2001 studies were also updated to reflect discounts associated with convertible preferred stock. In each case, the discounts were computed for different time periods prior to the IPO. The studies indicated that, generally, the discounts were larger as the holding period until the IPO increased, often substantially so. The average one-year discounts from the 1999 through 2001 studies are shown below.

**VALUATION ADVISORS DISCOUNTS**

Year	Average One-Year Discount
1999	52%
2000	47%
2001	22%

Pearson noted that the lower marketability discounts in 2001 reflected favorably on the quality of the companies that went public and did not necessarily mean that marketability discounts were generally lower; riskier companies generally could not complete an IPO in 2001.

<sup>16</sup> From Brian K. Pearson, "The 2001 Marketability Discount Study," *CPA Expert*, Spring 2002; Pearson, "2000 Marketability Discounts as Reflected in Initial Public Offerings," *Business Valuation Update*, September 2001; Pearson, "1999 Marketability Discounts as Reflected in Initial Public Offerings," *CPA Expert*, Spring 2000.

## RESTRICTED STOCK STUDIES

The restricted stock studies, summarized in the figure below, examined the difference in prices paid for restricted stocks and their unrestricted, freely traded counterparts. An owner of restricted stock, also referred to as letter stock or Rule 144 stock, is restricted from selling the stock in the public market until a certain period lapses, at which time the stock becomes fully marketable. In general, the restricted stock studies indicated that restricted stocks trade at a discount from the prices of their freely traded counterparts due to their restricted marketability. As shown in the figure below, the average discount for lack of marketability indicated by these studies ranged from 20.0% to 35.6%, with an overall central tendency of 29.4%. Generally, the discounts for lack of marketability for interests in closely held companies should be higher than for restricted stocks, since there is no readily-established market in which the equity interests could be sold within a known period of time. The figure below summarizes the average and median discounts from the restricted stock studies.

### SUMMARY OF RESTRICTED STOCK STUDIES

Restricted Stock Studies	Average Discount	Median Discount
SEC Studies (non-reporting OTC companies)	32.6%	NA
Gelman Study	33.0%	33.0%
Moroney Study	35.6%	33.0%
Maher Study	35.4%	33.3%
Trout Study	33.5%	NA
Standard Research Consultants Study	NA	45.0%
Silber Study	33.8%	NA
Management Planning, Inc. Study	27.7%	28.9%
FMV Study	22.3%	20.1%
Hertzel – Smith Study	20.1%	13.3%
Johnson Study	20.0%	NA
Average	29.4%	29.3%

The following is a brief description of each of the restricted stock studies:

- *SEC Institutional Investor Study*<sup>17</sup>. In 1971, the Securities and Exchange Commission (“SEC”) published the Institutional Investor Study. The study provided considerable evidence that substantial value is attributable to the right to sell stock in the usual markets at any time, with the result that restrictions on the flexibility of sale result in additional price discounts. Based on more than 350 private transactions of stock subject to Rule 144 of the Securities Act of 1933, which regulates the public sale of restricted shares by requiring a minimum holding period of two years before such shares can be sold in a public market, the SEC study found that these restricted securities sold at substantial discounts from their unrestricted counterparts. These companies were analyzed based on trading market, class of institution, sales and earnings. The study concluded mean and median discounts of 26.0% and 24.0%, respectively, along with the following observations:
  - There is an exchange effect (New York Stock Exchange and American Stock Exchange listed companies have lower discounts).
  - The higher the sales of the issuer, the lower the discounts.
  - Companies with higher earnings have lower discounts.

<sup>17</sup> From “Discounts Involved in Purchases of Common Stock (1966-1969),” *Institutional Investor Study Report of the Securities and Exchange Commission*, H.R. Doc. No. 64, Part 5, 92nd Congress, 1st Session, 1971, pp. 2444-2456.

This study found that the average marketability discount was 32.6% for non-reporting over-the-counter (“OTC”) companies (OTC companies are more likely to resemble most closely-held companies). The study concluded that companies with stocks listed on national exchanges had lower discounts than companies with stocks traded OTC.

- *Gelman Study*<sup>18</sup>. The Gelman Study reviewed the prices paid by four closed-end investment companies specializing in restricted securities from 1968 to 1970. This study found that the average and median marketability discounts were 33.0% and that nearly 60.0% of the discounts were at or greater than 30.0%.
- *Moroney Study*<sup>19</sup>. In his study, Moroney reviewed the prices paid for restricted stocks by ten registered investment companies. The average and median marketability discounts indicated by his analysis were 35.6% and 33.0%, respectively.
- *Maher Study*<sup>20</sup>. Maher’s study reviewed restricted stock transactions from 1969 to 1973. The mean discount for these years was 35.4% and the median was 33.3%.
- *Trout Study*<sup>21</sup>. In his analysis of letter stocks purchased by mutual funds, Trout developed a multiple regression model that attempted to estimate the appropriate marketability discount for a particular company. His analysis indicated an average marketability discount of 33.5% and corroborated the SEC study’s conclusion that stocks listed on national exchanges had lower discounts than OTC stocks.
- *Standard Research Consultants Study*<sup>22</sup>. In 1983, SRC reviewed 28 private placements of restricted stocks occurring from 1978 to 1982, indicating discounts ranging from 7.0% to 91.0%, with a median of 45.0%. Further, SRC concluded that the earnings pattern of the issuer was an important factor associated with the size of the discounts. Companies that displayed five or more years of successive profits were able to sell their securities at substantially smaller discounts (a median of 34.0%) than companies with one or more years of losses in the five years prior to the sale. Further, companies with the largest revenues had the smallest discounts (a median of 36.0%).
- *Silber Study*<sup>23</sup>. In a 1991 article in the *Financial Analysts Journal*, Silber found an average discount of 33.8% for 69 private placements of common stock of publicly traded companies between 1981 and 1988. He also found a direct relationship between the size of the discount and the size of the block of the private placement relative to total shares outstanding.
- *Management Planning, Inc. Study*<sup>24</sup>. A study conducted by Management Planning, Inc. analyzed restricted stocks of public companies from 1980 through 1996. This extensive study examined several factors including size, revenue growth and stability, trading volume, and many others. After eliminating financial institutions and under-performing entities from the sample, the average restricted stock discount was 27.7%. The study concluded with the following observations:
  - Companies with greater revenues exhibited lower discounts.
  - Companies with higher earnings exhibited lower discounts.
  - Companies with a higher market price per share exhibited lower discounts.
  - Companies with lower price stability exhibited higher discounts.
  - Companies with higher earnings stability exhibited lower discounts.

<sup>18</sup> From Milton Gelman, “An Economist-Financial Analyst’s Approach to Valuing Stock of a Closely Held Company,” *Journal of Taxation*, June 1972, pp. 353-54.

<sup>19</sup> From Robert E. Moroney, “Most Courts Overvalue Closely Held Stocks,” *Taxes*, March 1973, pp. 144-54.

<sup>20</sup> From J. Michael Maher, “Discounts for Lack of Marketability for Closely-Held Business Interests,” *Taxes*, September 1976, p. 562-71.

<sup>21</sup> From Robert R. Trout, “Estimation of the Discounts Associated with the Transfer of Restricted Securities,” *Taxes*, June 1977, pp. 381-5.

<sup>22</sup> From “Revenue Ruling 77-287 Revisited,” *SRC Quarterly Reports*, Spring 1983, pp. 1-3.

<sup>23</sup> From William L. Silber, “Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices,” *Financial Analysts Journal*, July-August 1991, pp. 60-64.

<sup>24</sup> From Robert P. Oliver and Roy H. Meyers, “Discounts Seen in Private Placements of Restricted Stock: The Management Planning, Inc., Long-Term Study (1980-1996)” (Chapter 5) in Robert F. Reilly and Robert P. Schweih, eds. *The Handbook of Advanced Business Valuation* (New York: McGraw-Hill, 2000).

- *FMV Study*<sup>25</sup>. FMV conducted a study on discounts associated with restricted stocks. The study was based on approximately 597 private placements of restricted common stock from 1980 through 2008, which include transactions with holding periods of six-month, one-year, or two-year. However, as previously mentioned, we have selected only those transactions with a two-year holding period (243 total transactions). The study confirmed the findings of the SEC Institutional Investor Study in that the size of the discount is often related to the amount of earnings, sales, and the presence/nature of a trading exchange. The range of discounts from the study related to the two-year holding period was negative 29.6% (a premium) to 71.0%, with an overall mean and median of 22.3% and 20.1%, respectively.
- *Hertzel – Smith Study*<sup>26</sup>. Hertzel and Smith conducted a study on discounts associated with restricted stocks. The study was based on approximately 106 restricted stock transactions taking place between 1980 and 1987. The overall average discount for the study was 20.1%.
- *Johnson Study*<sup>27</sup>. Johnson conducted a study on discounts associated with restricted stocks. The study was based on approximately 72 restricted stock transactions from 1991 through 1995. The overall average discount for the study was 20.0%.

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<sup>25</sup> From FMV Restricted Stock Study.

<sup>26</sup> From Michael Hertzel and Richard L. Smith, "Market Discounts and Shareholder Gains for Placing Equity Privately," *The Journal of Finance*, June 1993, pp. 459-485.

<sup>27</sup> From Bruce Johnson, "Restricted Stock Discounts, 1991-95," *Shannon Pratt's Business Valuation Update*, March 1999, pp. 1-3.

APPENDIX 3

## Appraisers' Qualifications



ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

**Petra N. Loer***Managing Director – San Francisco***Email:** [REDACTED]**Office:** 415.764.2740**Fax:** 415.762.7534**Education:**

- UC Berkeley, BS (Business Administration, Global Trade Management)

**Affiliations:**

- CFA Institute
- American Society of Appraisers (ASA)
- Association for Corporate Growth (ACG)
- Financial Women's Association

**Petra Loer** is a member of the Valuation Services Group at WTAS. Her experience includes the valuation of closely-held businesses, business interests, intangible assets, intellectual property, debt instruments, and derivatives. These engagements span a variety of purposes, including financial reporting, tax planning and reporting, mergers and acquisitions, litigation support, strategic planning, and restructuring.

Her client basis ranges from small closely held businesses to multi-billion dollar multinational public companies, in industries as diverse as manufacturing to technology.

Before joining WTAS, Petra was a member of the Valuation Services practices at a national consulting firm and an international accounting firm. Petra holds the Chartered Financial Analyst (CFA) and Accredited Senior Appraiser (ASA) designations.

Petra teaches national valuation training for WTAS and contributes to the firm's publications focused on key valuation topics. Additionally, she serves on the Advisory Board of World Bridges, an Oakland-based nonprofit organization.

APPENDIX 4

Facts, Factual Assumptions, and Factual  
Representations Relied Upon (Pursuant to  
Circular 230 Requirements)

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ALIPHCOM – COMMON EQUITY VALUATION  
As of June 20, 2011

## Appendix 4: Facts, Factual Assumptions, and Factual Representations Relied Upon in Our Valuation (Pursuant to Circular 230 Requirements)

<i>Item</i>	<i>Initial Report Reference</i>	<i>Source</i>
<b>Total Enterprise Analysis</b>		
• General Company information	10	Management and Company-provided board presentations
• Historical financial information	12	Historical financials for the Company and discussions with management
• Forecasted financial information	26	Management's Forecast; discussions with management, and guideline company indications
• Discount rate	27	Bloomberg, Capital IQ, and Morningstar Valuation Yearbook
• Debt balance at the Valuation Date	31	Estimated balance sheet at the Valuation Date and discussions with management
• Public Company Market Multiple Method	47	Bloomberg and Capital IQ
• Guideline company indications	33	Bloomberg and Capital IQ
• Details related to the recent round of financing	10	The Articles and discussions with management
<b>Common Stock Analysis</b>		
• Capitalization table	55	Capitalization table as of the Valuation Date
• Option and warrant detail	55	Capitalization table as of the Valuation Date and discussions with management
• Conversion rights, dividends, preferences, and voting rights	52	Capitalization table as of the Valuation Date, the Articles, discussions with management, and the Agreement
• Current value of underlying asset	60	Based on the implied value of the Company's total equity
• Strike price	60	Based on each preferred share class' indifference point and/or the preferred liquidation preferences
• Time to an exit event	61	Management

CONTINUED

• Expected Return	61	Bloomberg
• Volatility	60	Capital IQ and Bloomberg
• Adjustment for lack of marketability	63	Discussions with management, historical financials, and pre-IPO and Restricted Stock studies