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Project Canine
Confidential Discussion Materials for the
Special Committee of the Board of Directors of Collie
December 16, 2012

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Overview of Shepherd Proposal

Key Terms – Merger Agreement

Consideration	<ul style="list-style-type: none"> ▪ \$2.97/share in cash for 100% of equity interests it does not already own
Structure	<ul style="list-style-type: none"> ▪ Reverse triangular merger
Conditions to Sign - General	<ul style="list-style-type: none"> ▪ Approval of Collie and Shepherd Boards of Directors ▪ Approval of St. Bernard
Conditions to Sign - SIGs	<ul style="list-style-type: none"> ▪ Voting agreements in favor of the transaction ▪ Equityholders' Agreement terminated at closing ▪ SIG put right to Shepherd at deal price (pursuant to RoFO) if Collie shareholders do not approve merger
Significant Conditions to Close	<ul style="list-style-type: none"> ▪ Collie shareholder vote ▪ Closing of Shepherd/St. Bernard transaction (or closing of a replacement transaction) ▪ No MAE on Collie ▪ Regulatory approval (Shepherd required actions limited to actions that would not have an MAE measured against Collie) and other standard closing conditions
Termination / Termination Payment(s)	<ul style="list-style-type: none"> ▪ Board can change its recommendation if required to do so pursuant to its fiduciary duties, subject to (i) no fiduciary termination right and (ii) force-the-vote provision ▪ If merger agreement is terminated because (i) the Shepherd/St. Bernard transaction is terminated (other than for a replacement transaction) or (ii) the outside date is reached and the Shepherd/St. Bernard transaction has not closed and Collie is not in breach of its reps or covenants, Shepherd must (a) make a \$100mm prepayment against accelerated network buildout⁽¹⁾ and (b) forgive \$120mm of interim financing
Other	<ul style="list-style-type: none"> ▪ \$21mm basket for retention payments to non-management employees

(1) Prepayment payable in January 2014 assuming network milestones have been satisfied.

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Overview of Shepherd Proposal

Key Terms – Interim Financing

Amount / Coupon / Other	<ul style="list-style-type: none"> ▪ Up to \$800mm ▪ 1.00% Senior Exchangeable Notes ▪ Due 2018 ▪ NCL
Availabilities	<ul style="list-style-type: none"> ▪ \$80mm per month, subject to caps on principal at: <ul style="list-style-type: none"> – \$400mm if shareholders have not approved issuance of additional shares ⁽¹⁾ – \$560mm if network milestones are not mutually-agreed within 45 days
Conversion	<ul style="list-style-type: none"> ▪ \$1.50/share (principal subject to adjustment – see below) ▪ Convertible at Collie's option if merger agreement is terminated because the Shepherd/St. Bernard transaction does not close ▪ Otherwise always convertible at Shepherd's option
Forgiveness of Principal	<ul style="list-style-type: none"> ▪ Shepherd will forgive \$120mm of principal if merger agreement is terminated because (i) the Shepherd/St. Bernard is terminated (other than for a replacement transaction) or (ii) the outside date is reached and the Shepherd/St. Bernard transaction has not closed and Collie is not in breach of its reps or covenants

(1) Collie shareholder vote will be required to issue shares beyond (i) Nasdaq 20% rule and (ii) current authorized shares of 360mm. Vote on share issuance and vote on merger will be cross-contingent.

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Overview of Shepherd Proposal

Key Financial Statistics

	Day Prior to				Proposal
	Shepherd / St. Bernard	Prelim. Proposal	"Leak"	Current	
Price	\$1.30	\$2.12	\$2.40	\$3.37	\$2.97
Date	10/10/12	11/20/12	12/10/12	12/14/12	
Aggregate Equity Value ⁽¹⁾	\$1,942	\$3,168	\$3,587	\$5,039	\$4,440
Aggregate Enterprise Value ⁽²⁾	7,400	8,625	9,044	10,496	9,897
EV / MHz-pop⁽³⁾	\$0.157	\$0.184	\$0.192	\$0.223	\$0.211
Transaction Highlights					
Increase vs. Preliminary Proposal					\$280 / 14.2%
Value of Non-Shepherd Equity					2,245
Premia					
vs. Spot Prices					
Current (\$3.37)					(11.9%)
52-Wk. High (\$2.69) ⁽⁴⁾					10.4%
1-Day Prior to "Leak" (\$2.40)					23.8%
1-Day Prior to Preliminary Proposal (\$2.12)					40.1%
1-Day Prior to Shepherd Acknowledgement of St. Bernard Discussions (\$1.30)					128.5%
52-Wk. Low (\$0.90) ⁽⁴⁾					230.0%
vs. Trading Averages ⁽⁴⁾					
4-Weeks (\$2.27)					30.8%
3-Mos. (\$1.93)					54.1%
6-Mos. (\$1.63)					82.7%

Source: Collie management, Company filings and FactSet, as of December 14, 2012.

Note: U.S. dollars in millions, except per MHz-pop and per share amounts. Date ranges reflect calendar ranges.

(1) Based on fully-diluted shares outstanding.

(2) Based on projected December 31, 2012 net debt balance of \$5.5bn, including \$1.8bn NPV of spectrum leases.

(3) Based on 47.0bn MHz-pops.

(4) Based on closing prices prior to December 11, 2012 "leak."

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Overview of Valuation Methodologies Employed

Centerview's valuation analysis includes a number of different valuation methodologies, each with its own particular considerations

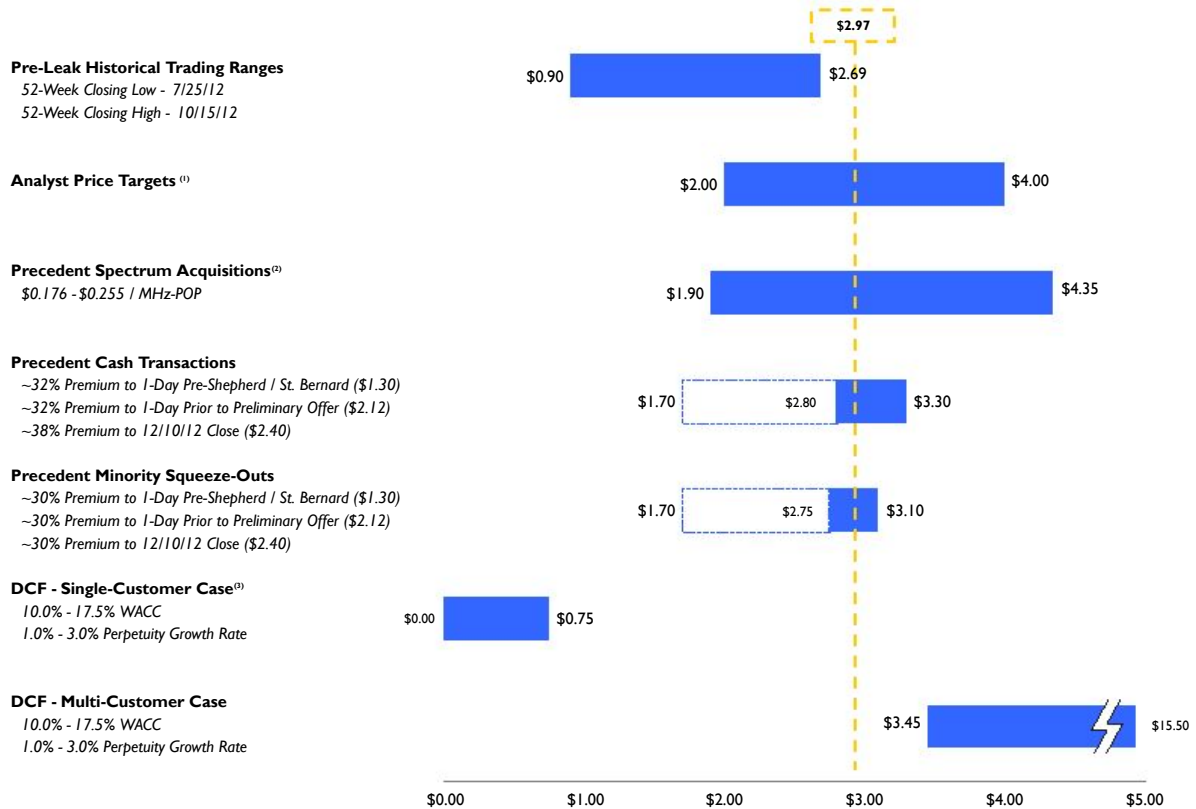
	Comments	Observations
Historical Trading Ranges	<ul style="list-style-type: none"> Reflects Collie trading levels both before and since the announcement of the Shepherd/St. Bernard transaction 	<ul style="list-style-type: none"> \$0.90 - \$2.69 52-week range (based on closing prices) ⁽¹⁾ Closed 12/11/12 at \$2.68 See page 7
Analyst Price Targets	<ul style="list-style-type: none"> Wide range of expectations and assumptions Generally based on per-MHz-pop valuations and DCF 	<ul style="list-style-type: none"> \$2.00 - \$4.00 range (excluding high/low) See page 8
Precedent Spectrum Acquisitions	<ul style="list-style-type: none"> Recent strategic acquisitions of material spectrum blocks <ul style="list-style-type: none"> Based on transactions involving MSS, WCS and 2.5GHz spectrum bands Each transaction is situation-specific with valuations affected by a number of factors 	<ul style="list-style-type: none"> Most-similar spectrum has traded in the range of \$0.18 - \$0.26⁽²⁾ / MHz-pop See page 9
Precedent Transactions	<ul style="list-style-type: none"> All cash transactions Minority squeeze-outs Each transaction is situation-specific 	<ul style="list-style-type: none"> Median of both cash transactions overall and minority squeeze-outs is in the ~30%-40% range See pages 10-11
Discounted Cash Flow Analysis	<ul style="list-style-type: none"> Illustrative intrinsic value based on projected FCF Based on two Management cases, one assuming additional wholesale customer(s) and another assuming Shepherd remains only customer 	<ul style="list-style-type: none"> DCF less significant to analysis given (i) Management's view of continuing challenge in attracting additional wholesale customer(s) and (ii) requirement of significant additional funding, which may not be available Does not reflect proceeds from divestiture of excess spectrum; indicative Dalmatian proposal implies additional value of ~\$1.40 per share. See page 12-14
Trading Comparables	<ul style="list-style-type: none"> We have considered and reviewed potential trading comparables, but not included in our analysis due to lack of meaningful comparability to Collie 	

(1) Based on closing prices prior to December 11, 2012 "leak."

(2) Price/MHz-pop for AT&T acquisition of Nextwave spectrum includes C/D blocks not immediately usable due to requirement for "guard bands." Excluding guard bands yields implied price of \$0.37/MHz-pop.

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Valuation Summary



Note: Figures rounded to nearest \$0.05, except historical trading ranges.

- (1) Excludes high and low price targets.
- (2) Based on transactions involving MSS, WCS and 2.5GHz spectrum bands. Price/MHz-pop for AT&T acquisition of Nextwave spectrum includes C/D blocks not immediately usable due to requirement for "guard bands." Excluding guard bands yields implied price of \$0.37/MHz-pop.
- (3) Negative equity values expressed as \$0.00. Does not reflect proceeds from divestiture of excess spectrum; indicative Dalmatian proposal implies additional value of ~\$1.40 per share.

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Recent Share Price Performance and Trading Volume



Source: FactSet, as of December 14, 2012.
 Note: Trading volume in millions of shares.
 (1) Based on closing prices prior to December 11, 2012 "leak."

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Analyst Price Targets

Analyst	Rating⁽¹⁾	Price Target⁽²⁾	Report Date	Valuation Methodology
Zachary	Buy	\$5.00	Oct-12	<i>not provided</i>
BofA Merrill Lynch	Buy	4.00	Oct-12	\$0.15-\$0.30 / MHz-pop
JPMorgan	Hold	4.00	Dec-12	\$0.28 / MHz-pop
Wells Fargo	Buy	3.75	Jul-12	\$0.17-\$0.19 / MHz-pop
Davidson	Buy	3.00	Oct-12	<i>not provided</i>
Guggenheim	Buy	3.00	Oct-12	<i>not provided</i>
JANCO	Buy	2.75	Aug-12	<i>not provided</i>
Macquarie	Hold	2.75	Nov-12	DCF "Scenario Analysis"
RBC	Hold	2.50	Nov-12	\$0.25 / MHz-pop
Jefferies	Hold	2.00	Oct-12	DCF / Spectrum-based
Evercore	Hold	1.75	Oct-12	Spectrum-based
UBS	Hold	1.75	Oct-12	DCF-based

Source: Wall Street research and FactSet. Excludes analysts for whom price target is not available.

Note: Reflects price targets prior to December 11, 2012 "leak."

(1) Reflects standardized text, as per ThomsonOne.

(2) Reflects near-term price target, as per analyst research.

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Precedent Spectrum Acquisitions

Precedent spectrum valuations are influenced by a number of factors including: situational context (e.g., distressed sale), immediately deployable vs. requiring regulatory approval, strategic value to acquiror, portfolio size, geographic coverage, useable spectrum as a percentage of total portfolio, etc.

	Acquiror	Target	\$ / MHz-pop	Date Ann.	Txn Value	Total MHz-pop	Comment
2.5 GHz	Collie	Shepherd Spectrum	\$0.255	5/7/08	7,400 ⁽¹⁾	28,989 ⁽²⁾	Reflects price for spectrum contributed by Shepherd for stake in Collie
	Dalmatian	Collie	\$0.216	NA	2,460	11,367	Preliminary Dalmatian proposal to Collie
	Shepherd	English Setter	\$0.211	10/18/12	9,897	47,000	Based on \$2.97/share
	Collie	BellSouth	\$0.176	2/15/07	300	1,700	Regulatory divestiture in connection with AT&T/BellSouth
WCS	AT&T	NextWave ⁽³⁾	\$0.211	8/2/12	600	2,846 ⁽⁴⁾	Price includes guard bands; ex. yields \$0.37 / MHz-pop Subject to FCC approval of AT&T / Sirius plan
MSS	Harbinger (LightSquared)	SkyTerra	\$0.247	9/23/09	1,849	7,500	Regulatory requirement for significant build-out
	Dalmatian	DBSD	\$0.227	2/1/11	1,364 ⁽⁵⁾	6,000	Transactions included satellites Required \$114mm payment to Shepherd
	Dalmatian	Terrestar	\$0.209	6/14/11	1,382 ⁽⁵⁾	6,600	FCC approval required prior to terrestrial use Distressed sale
AWS	Verizon	SpectrumCo	\$0.695	12/2/11	3,600	5,180	Contiguous with holdings / able to immediately deploy Part of larger agreement with Cable Companies
	Verizon	Cox	\$0.563	12/16/11	315	560	Contiguous with holdings / able to immediately deploy Complementary to SpectrumCo Acquisition
	Various	Nextwave Spectrum	\$0.253	7/17/08	150	593 ⁽⁶⁾	

Source: Company filings, FCC reports and Wall Street research.

Note: Figures in millions, except \$ / MHz-pop.

- (1) Reflects total transaction size at headline "target" price of \$20 / share (price after post-closing adjustments to be within \$17-\$23 range).
- (2) Reflects Shepherd spectrum to be contributed, as of 4/30/08. Merger agreement specifies a minimum of 27,540 MHz-pop at closing.
- (3) Transaction was primarily WCS but also included AWS spectrum.
- (4) Includes C/D blocks not immediately usable due to requirement for "guard bands." 1,607 MHz-pop excluding C/D blocks.
- (5) Final closing prices as per Q1'12 10-Q.
- (6) Divestiture included both 10 and 20 MHz blocks; assumes average of 15 MHz, as per Wall Street research.

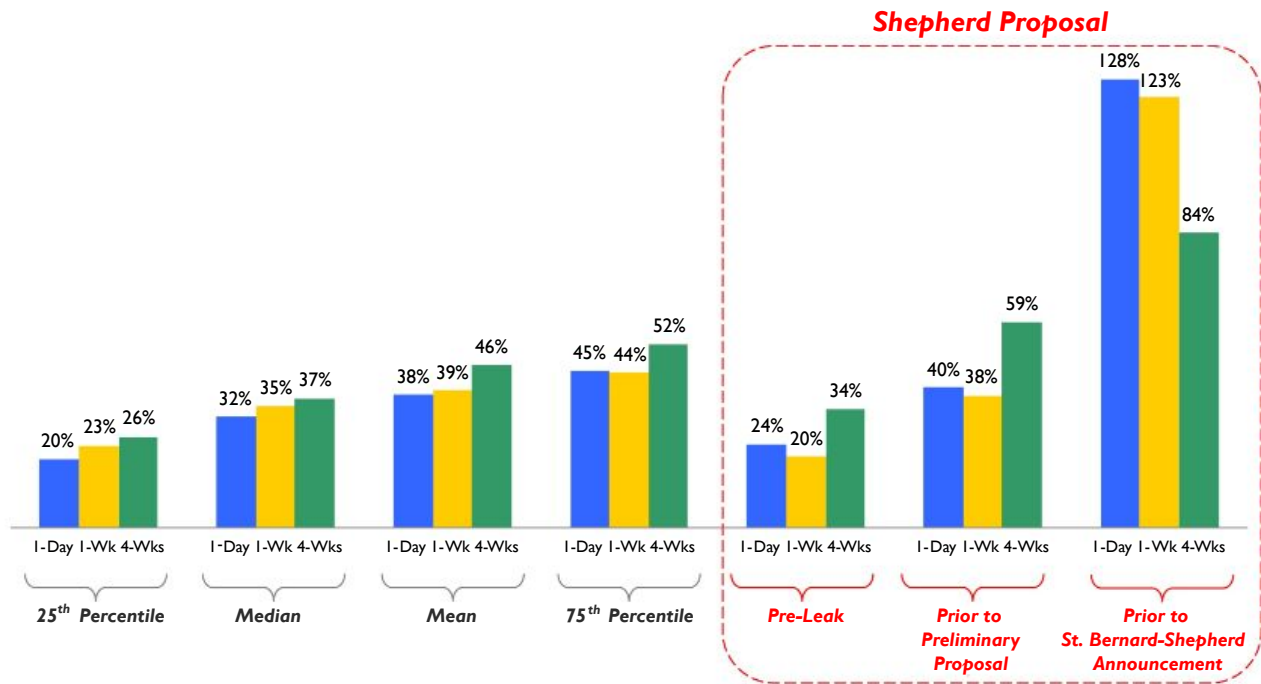
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Precedent Premiums Paid in Recent Cash Transactions

Selected Cash Transactions with Equity Values between \$1.0-\$5.0 billion ⁽¹⁾



Source: Thomson SDC.

(1) Includes 108 cash-only transactions announced since January 1, 2009 with non-financial, non-real estate public U.S. targets.

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Precedent Minority Squeeze-Out Transactions

Selected Cash Transactions Greater than \$1.0 billion

Date		Target	Acquiror	Ownership			Txn Value ⁽¹⁾	Preliminary Offer		Final Offer				
Annuc.	Closed			% Prior	% Acq.	% PF		Price	Prem. ⁽²⁾	Price	Premium			Price Increase ⁽³⁾
6/2/10	8/30/10	Gerdau Ameristeel	Gerdau Steel N. America	66.3%	33.7%	100.0%	\$1.6	\$11.00	53.4%	\$11.00	53.4%	57.1%	56.9%	-
9/4/09	10/28/09	Odyssey Re Holdings	Fairfax Financial Holdings	72.6%	27.4%	100.0%	1.0	60.00	20.0%	65.00	30.0%	29.9%	39.9%	8.3%
8/12/08	11/5/08	UnionBanCal	Bank of Tokyo-MUFJ	65.4%	34.6%	100.0%	3.7	63.00	9.1%	73.50	27.2%	29.5%	104.4%	16.7%
7/21/08	3/26/09	Genentech	Roche Holdings AG	55.7%	44.3%	100.0%	46.8	89.00	8.8%	95.00	16.1%	26.0%	28.1%	6.7%
3/10/08	1/2/09	Nationwide Financial	Nationwide Mutual Insurance	66.3%	33.7%	100.0%	2.5	47.20	26.7%	52.25	40.2%	31.0%	31.0%	10.7%
11/20/06	4/20/07	TD Banknorth	TD Bank Financial Group	57.0%	43.0%	100.0%	3.2	32.33	7.3%	32.33	7.3%	9.1%	8.6%	-
2/6/06	5/16/06	Lafarge North America	Lafarge S.A.	53.2%	46.8%	100.0%	2.9	75.00	17.4%	85.50	33.8%	34.4%	40.5%	14.0%
9/1/05	11/8/05	7-Eleven	Seven & I Holdings	72.7%	27.3%	100.0%	1.3	32.50	14.7%	37.50	32.3%	31.0%	14.1%	15.4%
8/2/04	12/8/04	Cox Communications	Cox Enterprises	62.2%	37.8%	100.0%	8.5	32.00	16.0%	34.75	26.0%	24.6%	25.2%	8.6%

All Transactions	Min	7.3%	7.3%	9.1%	8.6%	-
	Mean	19.3%	29.6%	30.3%	38.8%	8.9%
	Median	16.0%	30.0%	29.9%	31.0%	8.6%
	Max	53.4%	53.4%	57.1%	104.4%	16.7%
Transactions with Price Increases	Mean	11.5%				
Median	10.7%					

Source: Company filings, Thomson SDC, Bloomberg and Capital IQ.
 Note: Date ranges reflect calendar ranges (e.g., 4 weeks days reflects 28 calendar days).
 (1) Reflects value of equity acquired. U.S. dollars in billions.
 (2) Premium to target's stock price 1-day prior to preliminary announcement.
 (3) Initial to final.

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Management Plan Overview

Centerview Observations

- Management has provided Centerview with two sets of financial projections, differing primarily with respect to the Company's assumed wholesale customer base:
 - *Single-Customer Case* ("SCC") assumes Shepherd remains Collie's only wholesale customer
 - *Multi-Customer Case* ("MCC") assumes substantial non-Shepherd LTE network traffic beginning in 2014 (~70% of total revenue by 2015)
- Both cases assume ongoing LTE upgrades and retail strategy consistent with announced plans
- We have also reviewed a "Modified SCC," prepared by Collie management, which reflects a slightly-faster network buildout; results are immaterially different from SCC
- In evaluating the feasibility and value of these plans, we note the following:
 - Despite a concerted effort over the past several years, Collie has yet to attract another meaningful wholesale customer other than Shepherd
 - Given an estimated nine-month lead time to put traffic on-net, the MCC implies one or more very significant new-customer win(s) in the immediate future
 - Both the SCC and the MCC contemplate substantial funding gaps (~\$4bn and ~\$2bn, respectively) to reach free cash flow positive
 - Potential sources of funds include capital markets solutions and/or spectrum sales, but uncertainty around the timing and amount of available funding impacts the feasibility of these plans⁽¹⁾

Source: Collie management.

(1) Analysis does not reflect proceeds from divestiture of excess spectrum; indicative Dalmatian proposal implies additional value of ~\$1.40 per share.

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Management Plan Overview

Financial Summary

	2011A	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	12-'20 CAGR
SCC											
Revenue	\$1,253	\$1,262	\$1,191	\$839	\$1,211	\$1,714	\$2,101	\$2,434	\$2,749	\$2,904	11.0%
Adjusted EBITDA ⁽¹⁾	(\$305)	(\$168)	(\$267)	(\$717)	(\$387)	\$106	\$745	\$1,287	\$1,554	\$1,640	NM
% Margin	-24.3%	-13.3%	-22.4%	-85.4%	-32.0%	6.2%	35.5%	52.9%	56.5%	56.5%	
Capital Expenditures	(220)	(157)	(293)	(317)	(154)	(171)	(238)	(243)	(279)	(298)	8.4%
Interest Expense	(477)	(514)	(512)	(511)	(511)	(510)	(510)	(510)	(510)	(510)	-0.1%
Free Cash Flow	(1,368)	(624)	(1,065)	(1,545)	(1,267)	(641)	(57)	487	725	812	NM
Cash Balance / (Deficit)	\$1,108	\$828	(\$301)	(\$1,882)	(\$3,181)	(\$3,845)	(\$3,932)	(\$3,481)	(\$2,794)	(\$2,021)	
MCC											
Revenue	\$1,253	\$1,262	\$1,207	\$1,082	\$2,351	\$3,905	\$5,098	\$6,145	\$7,141	\$7,447	24.8%
Adjusted EBITDA ⁽¹⁾	(\$305)	(\$168)	(\$280)	(\$482)	\$748	\$2,275	\$3,696	\$4,871	\$5,763	\$5,940	NM
% Margin	-24.3%	-13.3%	-23.2%	-44.5%	31.8%	58.3%	72.5%	79.3%	80.7%	79.8%	
Capital Expenditures	(220)	(157)	(327)	(294)	(235)	(390)	(510)	(614)	(714)	(745)	21.5%
Interest Expense	(477)	(514)	(512)	(511)	(511)	(510)	(510)	(510)	(510)	(510)	-0.1%
Free Cash Flow	(1,368)	(624)	(1,113)	(1,269)	(389)	1,200	2,524	2,184	2,600	2,768	NM
Cash Balance / (Deficit)	\$1,108	\$828	(\$350)	(\$1,654)	(\$2,075)	(\$898)	\$1,596	\$3,743	\$6,306	\$9,036	

 Indicates Maximum Funding Gap

Source: Financial projections per Collie management.

Note: U.S. dollars in millions.

(1) Adjusted EBITDA excludes non-cash charges per Collie management calculation.

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Illustrative DCF Value

SCC – Equity Value / Share

Plan requires ~\$4.0 billion additional funding to achieve forecast

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	e (\$1.4)			
	10.0%	(\$0.09)	\$0.28	\$0.76
	12.5%	(1.16)	(0.97)	(0.74)
	15.0%	(1.81)	(1.70)	(1.58)
	17.5%	(2.23)	(2.16)	(2.09)

MCC – Equity Value / Share

Plan requires ~\$2.0 billion additional funding to achieve forecast

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	e \$6.7			
	10.0%	\$12.20	\$13.64	\$15.50
	12.5%	7.92	8.65	9.54
	15.0%	5.25	5.67	6.15
	17.5%	3.45	3.71	4.00

SCC – Implied Terminal Value Multiple

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	4.5x			
	10.0%	5.4x	6.1x	7.0x
	12.5%	4.2	4.7	5.2
	15.0%	3.5	3.8	4.1
	17.5%	2.9	3.2	3.4

MCC – Implied Terminal Value Multiple

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	4.8x			
	10.0%	5.7x	6.5x	7.5x
	12.5%	4.5	5.0	5.5
	15.0%	3.7	4.0	4.4
	17.5%	3.1	3.4	3.6

Source: Financial projections per Collier management.
 Note: Includes present value of NOLs per management.

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Illustrative WACC Analysis

	Illustrative WACC Over Time		
	Max Debt Yields (10/11/11)	Prior to St. B. (10/10/12)	Pre-Leak (12/10/12)
Cost of Equity	14.3%	14.5%	12.9%
Cost of Debt – At Par			
Wtd Avg. Cost of Debt (Incl. Leases) – At Par	11.1%	11.1%	11.1%
(Less): Taxes @ 38%	(4.2%)	(4.2%)	(4.2%)
After-Tax Cost of Debt – At Par	6.9%	6.9%	6.9%
WACC – At Par	9.1%	9.2%	9.6%
Cost of Debt – Based on Traded Notes Yield-to-Worst			
Weighted Avg. Yield-to-Worst⁽¹⁾	27.4%	12.5%	9.2%
(Less): Taxes @ 38%	(10.4%)	(4.8%)	(3.5%)
After-Tax Cost of Debt – At Yield-to-Worst	17.0%	7.8%	5.7%
WACC – At Yield-to-Worst	16.2%	9.8%	8.9%

Source: Bloomberg, Ibbotson and Advantage Data.

(1) Based on yield-to-worst of currently outstanding traded notes.

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