

Project Canine
Confidential Discussion Materials for the
Special Committee of the Board of Directors of Collie

December 12, 2012

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Situation Update

Section I

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Situation Update

- Collie has been engaged with Shepherd since early-October regarding a potential merger
 - Discussions appear to have been catalyzed by St. Bernard, which on October 15 announced its agreement to acquire 70% of Shepherd for more than \$20 billion
 - On December 11, CNBC reported on the discussions
 - Collie stock closed up almost 12%; Shepherd closed down 1.6%
 - Shepherd is expected to file a 13D on December 13
- Since our engagement by the Special Committee on November 21, Centerview has been actively involved in evaluating Shepherd's proposal(s), including relative to other strategic and financial alternatives available
- Negotiations with Shepherd have focused on three inter-related topics:
 - Financial and contractual aspects of the transaction
 - Interim financing to be provided by Shepherd
 - Potential for Collie to accelerate previously-agreed network buildout schedule (and associated financing implications)⁽¹⁾
- As discussed with both the Special Committee and full Board, we have focused on the ability of each of Collie's potential alternatives to address key Collie issues:
 - Need for additional substantial wholesale customer(s)
 - Issues associated with Collie's ownership / governance structure
 - Lack of liquidity to fund current business plan

(1) No longer an element of the transaction. To be discussed among principals post-announcement.

Overview of Shepherd Proposal

Key Terms – Merger Agreement | *Final Terms Subject to Further Negotiation*

Consideration	<ul style="list-style-type: none">▪ [\$2.90]/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 is terminated at closing▪ Agreement to offer to sell shares 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 (including CFIUS approval)⁽¹⁾▪ No MAE on Collie [standard TBD]▪ No Collie dissenting shares in excess of 12.5%▪ Regulatory approval [standard TBD] and other standard closing conditions
Termination / Termination Payment(s)	<ul style="list-style-type: none">▪ Board can change its recommendation consistent with fiduciary duties, but no fiduciary termination right▪ If the merger agreement is terminated other than because [Collie shareholders do not approve merger], then Shepherd (i) is required to make a \$100mm prepayment against accelerated network buildout⁽²⁾ and (ii) will forgive \$120mm of interim (see page 7)
Other	<ul style="list-style-type: none">▪ \$21mm basket for retention payments to non-management employees

Note: Does not reflect Shepherd comments to merger agreement received early-morning 12/12/12.

(1) Collie attempting to conform CFIUS standard to St. Bernard/Shepherd Agreement.

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

Overview of Shepherd Proposal

Key Terms – Changes vs. Preliminary Proposal | *Final Terms Subject to Further Negotiation*

		Preliminary Proposal	Current Proposal
Consideration		<ul style="list-style-type: none"> \$2.60/share in cash 	<ul style="list-style-type: none"> [\$2.90]/share in cash
Conditions to Sign - SIGs	MVNO	<ul style="list-style-type: none"> 4G agreements terminated 	<ul style="list-style-type: none"> Agreements remain in place
	RoFO	<ul style="list-style-type: none"> Triggered if merger agreement is terminated SIG offer + Shepherd commitment 	<ul style="list-style-type: none"> Triggered if [Collie shareholders do not approve merger] SIG offer only; no Shepherd commitment
Conditions to Close	Dissenting Shares	<ul style="list-style-type: none"> Percentage not specified Subsequent first proposal = 5% 	<ul style="list-style-type: none"> 12.5%
	Regulatory	<ul style="list-style-type: none"> No imposition of conditions unacceptable to Shepherd 	<ul style="list-style-type: none"> [Standard TBD]
Termination Payment(s)		<ul style="list-style-type: none"> Silent 	<ul style="list-style-type: none"> \$100mm prepayment against accelerated network buildout⁽¹⁾ \$120mm of interim financing is forgiven (see page 7)

Note: Does not reflect Shepherd comments to merger agreement received early-morning 12/12/12.

(1) Payable in January 2014 assuming network milestones have been satisfied, and if merger agreement is terminated other than because [Collie shareholders do not approve merger].

Overview of Shepherd Proposal

Key Terms – Interim Financing | *Final Terms Subject to Further Negotiation*

	Preliminary Proposal	Current Proposal
Amount / Coupon / Other	<ul style="list-style-type: none">Up to \$600mm1.00% Senior Exchangeable NotesDue 2018NCL	<ul style="list-style-type: none">Up to \$800mm1.00% Senior Exchangeable NotesDue 2018NCL
Availabilities	<ul style="list-style-type: none">Up to \$200mm subject to previously-agreed network milestonesRemainder subject to new, mutually-agreed milestones	<ul style="list-style-type: none">\$80mm per month, subject to caps at:<ul style="list-style-type: none">~5.5 months (~\$440mm) if shareholders have not approved issuance of additional shares⁽¹⁾7 months (\$560mm) if network milestones are not mutually-agreed within 45 days
Conversion	<ul style="list-style-type: none">\$1.25/share	<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 other than because [Collie shareholders do not approve merger]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 other than because [Collie shareholders do not approve merger]
Matching Right	<ul style="list-style-type: none">New RoFR on Excess Spectrum sale if merger does not close	<ul style="list-style-type: none">No new RoFR on Excess Spectrum sale

- (1) Above \$440mm, vote will be required to satisfy Nasdaq 20% rule; vote will be separately necessary given current Collie authorized shares limited to 360mm. Vote on share issuance and vote on merger will be cross-contingent.
- (2) Prepayment payable in January 2014 assuming network milestones have been satisfied.

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Summary of Shepherd Proposal

Key Financial Statistics

	Preliminary Proposal \$2.60	Current Proposal [\$2.90]	\$2.97	\$3.00	\$3.05	\$3.10	\$3.15
Increase vs. Preliminary Proposal	-	11.5%	14.2%	15.4%	17.3%	19.2%	21.2%
Incremental Value vs. Preliminary Proposal	-	\$227	\$280	\$303	\$340	\$378	\$416
Aggregate Value to Non-Shepherd Equityholders	1,965	2,192	2,245	2,268	2,305	2,343	2,381
Premia vs. Spot Prices							
Relative to Current - 12/11/12 (\$2.68)	(3.0%)	8.2%	10.8%	11.9%	13.8%	15.7%	17.5%
Relative to Pre-Leak - 12/10/12 (\$2.40)	8.3%	20.8%	23.8%	25.0%	27.1%	29.2%	31.3%
1-Day Prior to Receipt of Preliminary Proposal - 11/20/12 (\$2.12)	22.6%	36.8%	40.1%	41.5%	43.9%	46.2%	48.6%
1-Day Prior to Annc. of Shepherd/St. Bernard Txn - 10/10/12 (\$1.30)	100.0%	123.1%	128.5%	130.8%	134.6%	138.5%	142.3%
Premia vs. Trading Averages							
4-Weeks Prior to Pre-Leak (\$2.27)	14.5%	27.7%	30.8%	32.1%	34.3%	36.5%	38.7%
6-Months Prior to Pre-Leak (\$1.63)	59.9%	78.4%	82.7%	84.5%	87.6%	90.7%	93.8%
4-Weeks Prior to Receipt of Preliminary Proposal (\$2.11)	23.2%	37.4%	40.7%	42.2%	44.5%	46.9%	49.3%
4-Weeks Prior to Annc. of Shepherd/St. Bernard Txn (\$1.43)	81.5%	102.5%	107.4%	109.5%	113.0%	116.4%	119.9%
EV / MHz-pop⁽¹⁾	\$0.199	\$0.208	\$0.211	\$0.212	\$0.213	\$0.215	\$0.216

Source: Collie management, Company filings and FactSet, as of December 11, 2012.

Note: U.S. dollars in millions, except per MHz-pop and per share amounts. Date ranges reflect calendar ranges (e.g., 30 days reflects 30 calendar days).

(1) Based on 47.0bn MHz-pops.

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“Majority of Minority” Vote Analysis

Current Share Register⁽¹⁾

	Shares			Shares	% of Non-Shepherd	
Total Class A and Class B Shares Outstanding	1,465.6			Comcast	88.5	12.2%
(Less): Shares Held By Shepherd	(739.0)			Bright House	8.5	1.2%
"Minority" Shares	726.6			Intel	94.1	12.9%
Percentage of Minority Required to Approve Merger	50.1%			Subtotal SIGs	191.1	26.3%
Minority Shares Required to Approve Merger	364.0			Mt. Kellet and Crest	99.0	13.6%
				Next Five ⁽²⁾	179.1	24.7%
				Other Public	257.4	35.4%
				Total Non-Shepherd	726.6	100.0%

“Other Public” Shareholders Required to Approve Merger

		SIGs	SIGs and Next Five	
		All SIGs "For"	All SIGs / 50% of Next Five "For"	All SIGs / 100% of Next Five "For"
Mt. Kellet / Crest	"For"	16.9%	Not Needed	Not Needed
	"Against"	39.6%	32.4%	Not Needed

Source: Collie management and Company filings.

Note: Shares in millions. Based on 1,466 million basic shares outstanding; excludes shares associated with RSUs.

(1) Pro forma for Shepherd acquisition of shares from English Setter.

(2) Includes Highbridge, Sirios, Chesapeake, Vanguard and Glenview.

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Dilution Associated with Conversion of Interim Financing

\$1.50 / Share Conversion Price

		~5.5-Month Cap		7-Month Cap		Full Facility	
		<ul style="list-style-type: none"> Collie can issue 293mm shares prior to needing shareholder vote per Nasdaq rules 		<ul style="list-style-type: none"> If agreement on buildout schedule not reached within 45 days, Collie can draw only for 7 months 		<ul style="list-style-type: none"> \$800mm full availability 	
		Unadjusted	Less \$120mm	Unadjusted	Less \$120mm	Unadjusted	Less \$120mm
Implied Conversion Price	Principal	\$440	\$320	\$560	\$440	\$800	\$680
	Underlying Shares @ \$1.50	293	213	373	293	533	453
	Implied "Adjusted" Conversion Price	\$1.50	\$2.06	\$1.50	\$1.91	\$1.50	\$1.76
Change in Ownership ⁽¹⁾	Shepherd						
	Pre-Conversion	50.4%	50.4%	50.4%	50.4%	50.4%	50.4%
	Pro Forma	58.7%	56.7%	60.5%	58.7%	63.7%	62.1%
Non-SIG Shareholders Change		(6.1%)	(4.6%)	(7.4%)	(6.1%)	(9.7%)	(8.6%)
Change in Value Per Share	Share Price						
	Pre-Conversion ⁽¹⁾						
	\$1.00	\$0.08	\$0.06	\$0.10	\$0.08	\$0.13	\$0.12
	1.25	0.04	0.03	0.05	0.04	0.07	0.06
	1.50	0.00	0.00	0.00	0.00	0.00	0.00
	2.00	(0.08)	(0.06)	(0.10)	(0.08)	(0.13)	(0.12)
	2.50	(0.17)	(0.13)	(0.20)	(0.17)	(0.27)	(0.24)
	3.00	(0.25)	(0.19)	(0.30)	(0.25)	(0.40)	(0.35)

Value (dilution) / accretion to Non-Shepherd / Non-SIG shareholders⁽²⁾

Source: Financial projections per Collie management and Company filings.

Note: U.S. dollars in millions.

(1) Based on 1,466 million basic shares outstanding, excluding shares associated with RSUs.

(2) Based on projected September 2013 net debt balance per MCC.

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Summary of Indicative Dalmatian Proposal

	Proposal	Comments
Spectrum	<ul style="list-style-type: none"> ~40MHz contiguous spectrum in LTE Band 41 (the "Portfolio") 11.367bn total MHz-pops <ul style="list-style-type: none"> 9.528bn MHz-pops Owned 1.839bn MHz-pops Leased 	
Gross Value	<ul style="list-style-type: none"> \$2.46bn ~\$0.216/MHz-pop 	
Adjustments	<ul style="list-style-type: none"> ~\$177mm⁽¹⁾ NPV of spectrum lease payments ~\$200 - \$600mm tax liability 	<ul style="list-style-type: none"> Tax liability dependent on Shepherd decision regarding use of NOLs (if available) vs. conversion to Class A shares
Net Value ⁽²⁾	<ul style="list-style-type: none"> ~\$0.183/MHz-pop ~\$1.7bn - \$2.1bn in aggregate 	
Other	<ul style="list-style-type: none"> Option to purchase additional 20MHz adjacent to Portfolio at same price Match right to purchase/lease additional 20MHz of spectrum Agreement to "swap" spectrum at cost with replacement of "filter channels" if Dalmatian or Collie acquires spectrum contiguous to Portfolio Commercial agreement between Collie and Dalmatian 	<ul style="list-style-type: none"> Additional 20MHz likely exceeds current Excess Spectrum definition Commercial agreement is defined only in broad terms Dalmatian has on prior occasion expressed willingness to consider using acquired Collie debt as partial consideration
Liquidity Impact		<ul style="list-style-type: none"> Collie agreements restrict use of proceeds from asset sale <ul style="list-style-type: none"> Baskets allow for funding of (i) up to one year of capex and (ii) operating expenses up to 25% of proceeds (less amounts used to fund capex) Remainder must be used to tender for first lien If holders do not tender, Collie's use of proceeds is not restricted <ul style="list-style-type: none"> Current trading levels suggest debtholders may not tender

Source: Collie management.

(1) Collie management estimate based on 10% discount rate; Dalmatian proposal estimates NPV of spectrum lease payments as \$277 million based on 5% discount rate.

(2) Reflects \$177mm NPV of spectrum lease payments and assumes \$200mn tax liability.

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Valuation Analysis

Section 2

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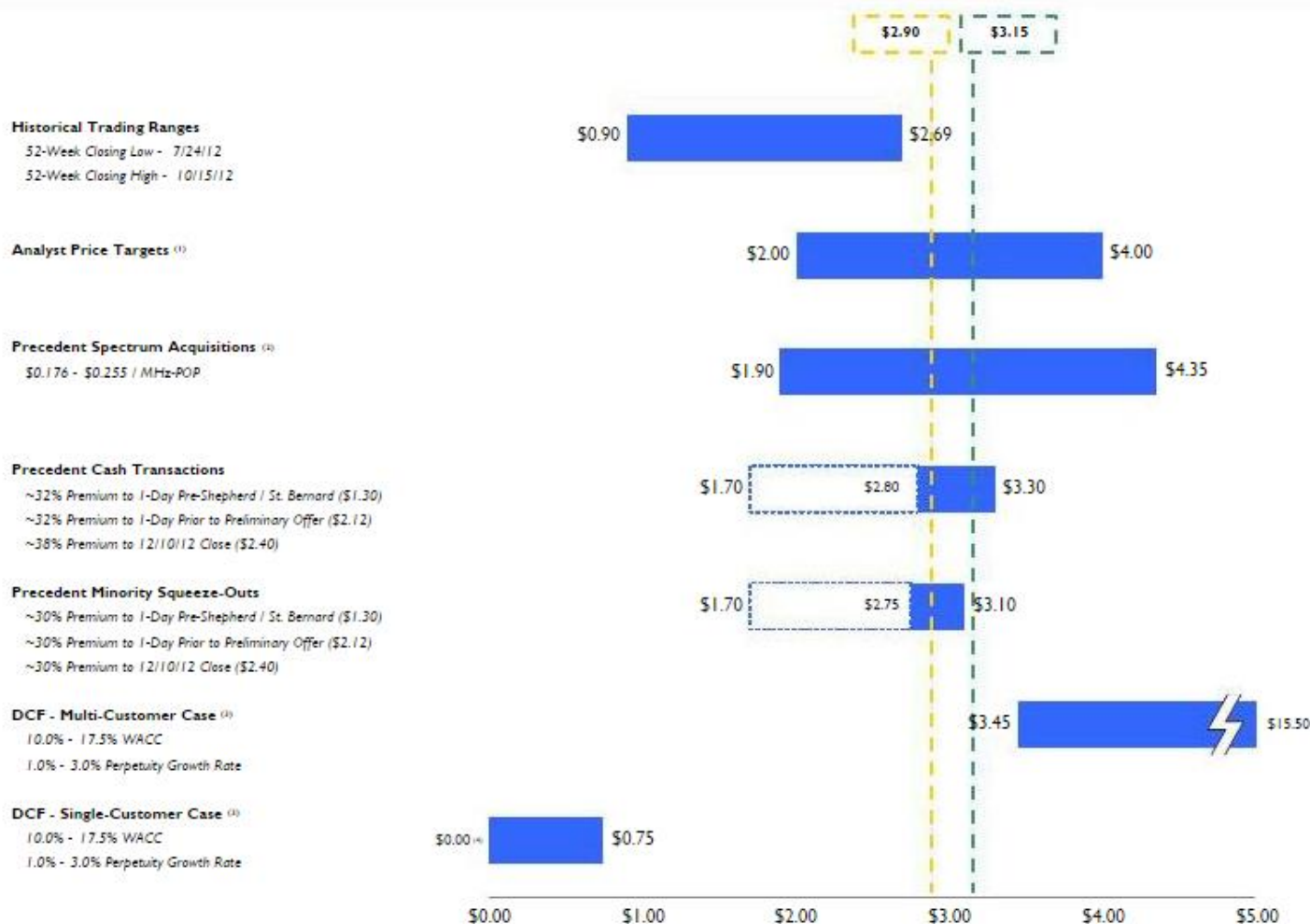
Overview of Valuation Methodologies Employed

- 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) Closed 12/11/12 at \$2.68
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 16
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 \$0.18 - \$0.26⁽¹⁾ / MHz-pop range See page 17
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% range See pages 18-19
Discounted Cash Flow Analysis	<ul style="list-style-type: none"> Illustrative intrinsic value based on projected future FCF Based on two Management cases, one which assumes additional wholesale customer(s) and another which assumes Shepherd remains the only customer 	<ul style="list-style-type: none"> DCF less significant to overall 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 See page 20-22
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) 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.

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

(4) Negative equity values expressed as \$0.00.

Analysis at Various Prices

	Preliminary Proposal \$2.60	Current Proposal [\$2.90]	\$2.97	\$3.00	\$3.05	\$3.10	\$3.15
Aggregate Equity Value ⁽¹⁾	\$3,887	\$4,335	\$4,440	\$4,485	\$4,560	\$4,635	\$4,710
Plus: Debt	4,486	4,486	4,486	4,486	4,486	4,486	4,486
Plus: NPV of Spectrum Leases ⁽²⁾	1,800	1,800	1,800	1,800	1,800	1,800	1,800
(Less): Cash & S-T Investments	(828)	(828)	(828)	(828)	(828)	(828)	(828)
Aggregate Enterprise Value	\$9,344	\$9,793	\$9,897	\$9,942	\$10,017	\$10,092	\$10,167
Transaction Highlights							
Increase vs. Preliminary Proposal	-	11.5%	14.2%	15.4%	17.3%	19.2%	21.2%
Incremental Value vs. Preliminary Proposal	-	227	280	303	340	378	416
Value of Non-Shepherd Equity	1,965	2,192	2,245	2,268	2,305	2,343	2,381
Premia							
Spot Prices Relative to:							
52-Wk. High (\$2.69)	(3.3%)	7.8%	10.4%	11.5%	13.4%	15.2%	17.1%
Current (\$2.68)	(3.0%)	8.2%	10.8%	11.9%	13.8%	15.7%	17.5%
Pre-Leak (\$2.40)	8.3%	20.8%	23.8%	25.0%	27.1%	29.2%	31.3%
1-Day Prior to Preliminary Proposal (\$2.12)	22.6%	36.8%	40.1%	41.5%	43.9%	46.2%	48.6%
1-Day Prior to Annc. of Shepherd/St. Bernard (\$1.30)	100.0%	123.1%	128.5%	130.8%	134.6%	138.5%	142.3%
1-Week Prior (\$2.47)	5.3%	17.4%	20.2%	21.5%	23.5%	25.5%	27.5%
4-Weeks Prior (\$2.22)	17.1%	30.6%	33.8%	35.1%	37.4%	39.6%	41.9%
6-Mos. Prior (\$1.19)	118.5%	143.7%	149.6%	152.1%	156.3%	160.5%	164.7%
Trading Averages:							
4-Weeks (\$2.27)	14.5%	27.7%	30.8%	32.1%	34.3%	36.5%	38.7%
3-Mos. (\$1.93)	34.9%	50.5%	54.1%	55.7%	58.3%	60.9%	63.5%
6-Mos. (\$1.63)	59.9%	78.4%	82.7%	84.5%	87.6%	90.7%	93.8%
4-Weeks Prior to Preliminary Proposal (\$2.11)	23.2%	37.4%	40.7%	42.2%	44.5%	46.9%	49.3%
4-Weeks (\$1.43)	81.5%	102.5%	107.4%	109.5%	113.0%	116.4%	119.9%
3-Mos. (\$1.43)	81.3%	102.3%	107.2%	109.2%	112.7%	116.2%	119.7%
6-Mos. (\$1.38)	88.6%	110.3%	115.4%	117.6%	121.2%	124.8%	128.5%
EV / MHz-pop ⁽³⁾	\$0.199	\$0.208	\$0.211	\$0.212	\$0.213	\$0.215	\$0.216

Source: Collie management, Company filings and FactSet, as of December 11, 2012.

Note: U.S. dollars in millions, except per MHz-pop and per share amounts. Date ranges reflect calendar ranges (e.g., 30 days reflects 30 calendar days).

(1) Based on fully diluted shares outstanding, including shares associated with RSUs, options and warrants.

(2) Collie management estimate.

(3) Based on 47.0bn MHz-pops.

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, as of December 11, 2012. Excludes analysts for whom price target is not available.

(1) Reflects standardized text, as per ThomsonOne.

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

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 acquirer, portfolio size, geographic coverage, useable spectrum as a percentage of total portfolio, etc.

	Acquiror	Target	\$ / MHz-pop	Date Annc.	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	\$0.210	10/18/12	9,893	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.

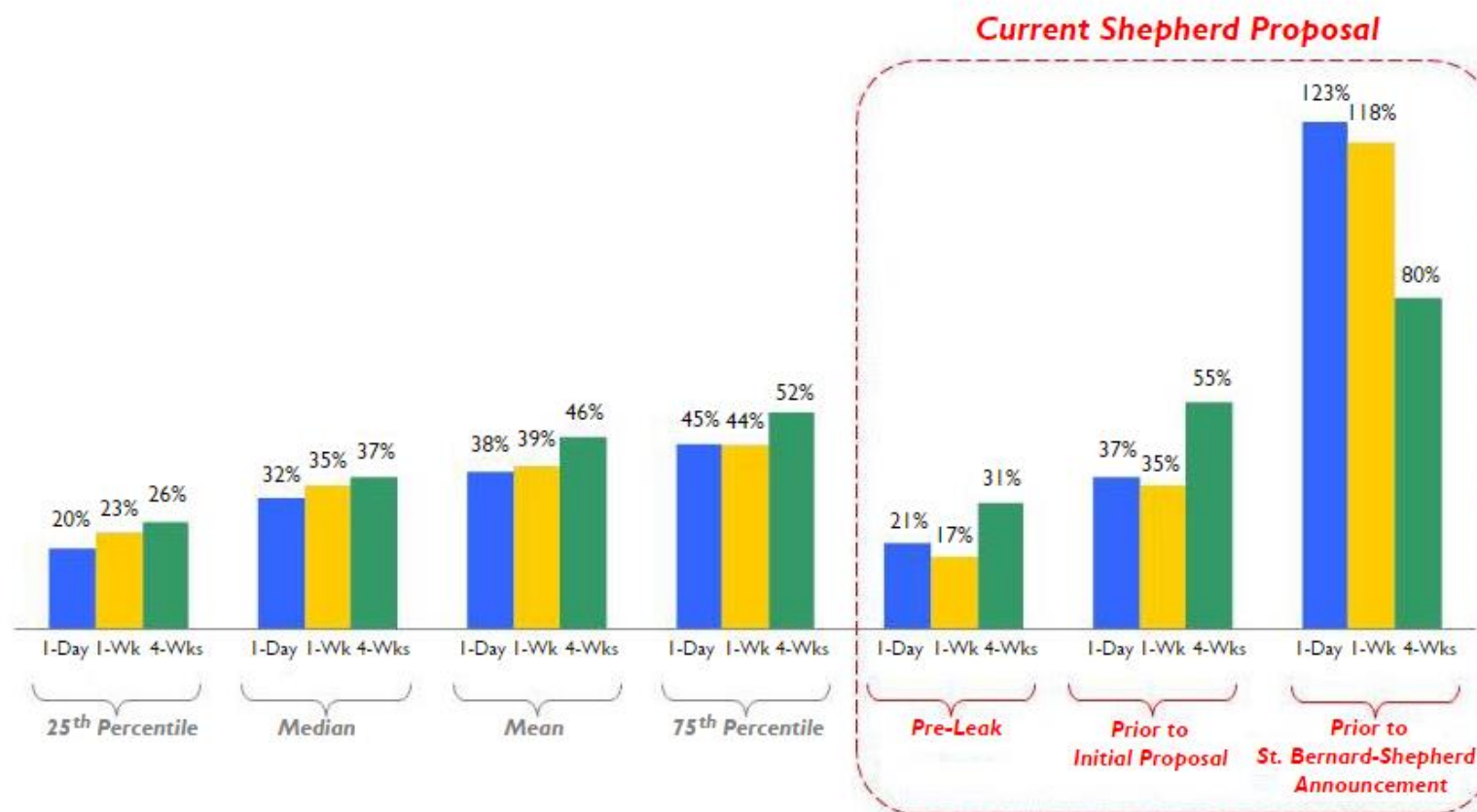
(5) Final closing prices as per Q1'12 10-Q.

(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				Price Increase ⁽³⁾
Annc.	Closed			% Prior	% Acq.	% PF		Price	Prem. ⁽²⁾	Price	Premium			
											1-Day	1-Week	4-Week	
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., 30 days reflects 30 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.

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:
 - *Multi-Customer Case ("MCC")* assumes substantial non-Shepherd LTE network traffic beginning in 2014 (~70% of total revenue by 2015)
 - *Single-Customer Case ("SCC")* assumes Shepherd remains Collie's only wholesale customer
- 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 MCC and the SCC contemplate substantial funding gaps (~\$2bn and ~\$4bn, 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.

Management Plan Overview

Financial Summary

	2011A	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	12-'20 CAGR
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	
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)	

 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.

Illustrative DCF Value

MCC – Equity Value / Share

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

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	10.0%	\$12.19	\$13.64	\$15.49
	12.5%	7.91	8.65	9.54
	15.0%	5.25	5.67	6.15
	17.5%	3.45	3.71	4.00

SCC – Equity Value / Share

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

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	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 – Implied Terminal Value Multiple

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	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

SCC – Implied Terminal Value Multiple

		Perpetuity Growth Rate		
		1%	2%	3%
WACC	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

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

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Review of Alternatives

Section 3

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Overview of Alternatives Considered

Covered in Section I			
	I. Sale to Shepherd	II. Sale of Spectrum to Dalmatian	III. Chapter 11 Restructuring
Benefits	<ul style="list-style-type: none"> Realizable value Shepherd assumes obligations Upon completion, eliminates key risks 	<ul style="list-style-type: none"> Net proceeds help address funding gap and provide time Likely permits refinancing at improved terms 	<ul style="list-style-type: none"> Addresses capital structure issues Potential ability to address key governance issues, uneconomic leases, etc.
Considerations	<ul style="list-style-type: none"> Interim funding Conditionality Impact if transaction does not close SIGs' support 	<ul style="list-style-type: none"> Dalmatian's intended use of spectrum is unclear Shepherd's reaction/response 	<ul style="list-style-type: none"> Highly-uncertain outcome Equity recovery uncertain Sale or liquidation of spectrum may be required Shepherd and Dalmatian have ability to influence process outcome SIGs' reaction/response
Solution to Key Collie Issues?			
Wholesale Customers	✓	✗ (however, provides add'l time)	?
Governance / Ownership	✓	✗	?
Liquidity	✓	✓	✓

Financing Considerations

	Comments	Illustrative Impact Analysis
Senior Debt	<ul style="list-style-type: none">▪ Lenders have indicated potential ability to refinance a portion of \$3.2bn Senior Secured Notes▪ Issuance upsized to include 6% call premium▪ 8.00% - 9.00% coupon on new debt versus 12.00%-14.75% current coupon	<ul style="list-style-type: none">▪ Potential annual interest savings of \$22 million for each \$1 billion refinanced ⁽¹⁾▪ No upfront cash to Collie's balance sheet; interest savings would not satisfy funding gap▪ Investors will demand call protection on new debt, limiting Shepherd's ability to refinance post-merger▪ Market perception of likelihood of strategic transaction may impact pricing / terms
Junior Debt	<ul style="list-style-type: none">▪ Most-aggressive proposal indicated ability to refinance \$500mm Second Priority Notes▪ Market appetite for new issue likely limited and expensive	<ul style="list-style-type: none">▪ No upfront cash to Collie's balance sheet; interest savings would not satisfy funding gap▪ Coupon not specified
Equity	<ul style="list-style-type: none">▪ Mt. Kellett provided term sheet in Spring 2012 for structured equity investment; however, proposal was not fully committed	<ul style="list-style-type: none">▪ Execution may be challenged by uncertainty around committed equity offering▪ Company only has 360mm available authorized shares (increase would require shareholder vote)▪ Shepherd pre-emptive rights▪ Likelihood of significant dilution

Source: Collie management and SEC filings.

(1) Assumes refinancing of Senior Secured Notes at 8.5% annual interest rate.

(2) Discount relative to unaffected price of \$2.40.

Chapter 11 Considerations

We understand that the Company is in the process of exploring—as a fall-back—various restructuring alternatives

	Pre-Arranged Chapter 11 Filing	Non Pre-Arranged Chapter 11 Filing
Description	<ul style="list-style-type: none">▪ Restructuring plan agreed with key creditors prior to filing▪ Court process used to confirm plan	<ul style="list-style-type: none">▪ Company files without a pre-negotiated exit plan
Benefits	<ul style="list-style-type: none">▪ Court process provides protection to Company and stakeholders▪ Enhances negotiating leverage with key constituencies▪ Reduces uncertainty and time to resolution▪ Addresses liquidity needs▪ Minimizes liquidation risk	<ul style="list-style-type: none">▪ Available option if pre-arranged filing is not possible (e.g., unable to build consensus, liquidity deteriorates, etc.)
Shepherd Considerations	<ul style="list-style-type: none">▪ Will be a key party—at least initially—to any negotiations▪ May pursue spectrum acquisition▪ Potential for cooperation with Dalmatian	<ul style="list-style-type: none">▪ Will seek to protect existing MVNO agreements▪ Potential stalking horse in asset sale(s)▪ May require Debtor in Possession financing to fund liquidity needs during case
Dalmatian Considerations	<ul style="list-style-type: none">▪ Capital structure positions makes Dalmatian a key constituency▪ Will be focused on acquiring spectrum▪ Could offer to swap debt for equity and/or new financing▪ Concerned about cram-up▪ Potential for cooperation with Shepherd	<ul style="list-style-type: none">▪ Same as at left

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Supporting Materials

Appendix A

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Illustrative WACC Analysis

	Illustrative WACC Over Time		
	Max Debt Yields (10/11/11)	Prior to S-P Annc. (10/10/12)	Current (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 Pa	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.

Illustrative Consolidation Math

	Standalone		Pro Forma	
	(A) Shepherd ⁽¹⁾	(B) Collie ⁽²⁾	(A) + (B) Shepherd w/ Additional \$4.9bn from St. Bernard ⁽³⁾	(A) + (B)
Current 9/2012PF Capital Structure				
Gross Debt	\$24.5	\$4.5	\$25.8	\$28.9
(Less): Cash	(8.8)	(1.2)	(12.7)	(7.8)
Net Debt	15.6	3.3	13.2	21.2
Illustrative 6/2013 Capital Structure				
Gross Debt	24.4	4.4	25.8	28.9
(Less): Cash	(6.3)	(0.2)	(9.1)	(4.2)
Net Debt	18.1	4.2	16.6	24.6
Illustrative Leverage Statistics				
9/12PF	Gross Debt / LTM EBITDA	5.1x	nm	6.2x
	Net Debt / LTM EBITDA	3.3	nm	4.5
	LTM (9/2012) EBITDA	\$4.8	(\$0.1)	\$4.7
6/13E	Gross Debt / Proj. LTM EBITDA	4.8x	nm	5.9x
	Net Debt / Proj. LTM EBITDA	3.5	nm	5.0
	Proj. LTM EBITDA	\$5.1	(\$0.2)	\$4.9

- Does not reflect impact of synergies
 - Collie management has presented to Shepherd potential to realize up to \$1.2bn in annual operating savings, and more than \$1.6bn in aggregate near-term CapEx savings

Source: Collie management, Company filings and Wall Street research.

Note: For illustrative purposes assumes Collie acquisition at \$3.00 / share.

(1) Current capital structure is pro forma for \$3.1bn convertible note issuance, purchase of English Setter stake in Collie, purchase of U.S. Cellular spectrum and consent solicitation fee. 6/2013 capital structure reflects Wall Street estimates.

(2) Debt excludes spectrum leases for purposes of leverage analysis.

(3) Pro forma for conversion of \$3.1bn convertible note to equity.


Illustrative Cash Flow Impact of Potential Dalmatian Transaction

	Multiple Carrier Case					Single Carrier Case				
Gross Proceeds to Collie	\$2,460					\$2,460				
Less: NPV of Spectrum Leases	(177)					(177)				
Less: Cash Taxes	(200)					(200)				
Less: 2013E CapEx Spend (a)	(327)					(293)				
Less: 25% of Proceeds after CapEx Reserve (b)	(439)					(447)				
Proceeds to be Used to Tender for Debt	\$1,317					\$1,342				

	2013E	2014E	2015E	2016E	2017E	2013E	2014E	2015E	2016E	2017E
Memo: Status Quo Cash Balance	(\$350)	(\$1,654)	(\$2,075)	(\$898)	\$1,596	(\$301)	(\$1,882)	(\$3,181)	(\$3,845)	(\$3,932)

Assuming No Holders Tender	Status Quo Period Cash Flow	(\$1,178)	(\$1,305)	(\$420)	\$1,176	\$2,494	(\$1,130)	(\$1,581)	(\$1,298)	(\$665)	(\$87)
	Net Proceeds from Spectrum Sale (after Tender)	1,317	-	-	-	-	1,342	-	-	-	-
	Proceeds Reserved for CapEx / General (a+b)	766	-	-	-	-	741	-	-	-	-
	Annual Interest Savings ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
	Pro Forma Ending Cash Balance	\$1,733	\$429	\$8	\$1,185	\$3,679	\$1,782	\$201	(\$1,098)	(\$1,762)	(\$1,849)

Assuming 100% of Holders Tender	Status Quo Period Cash Flow	(\$1,178)	(\$1,305)	(\$420)	\$1,176	\$2,494	(\$1,130)	(\$1,581)	(\$1,298)	(\$665)	(\$87)
	Net Proceeds from Spectrum Sale (after Tender)	-	-	-	-	-	-	-	-	-	-
	Proceeds Reserved for CapEx / General (a+b)	766	-	-	-	-	741	-	-	-	-
	Annual Interest Savings ⁽¹⁾	161	161	161	161	161	165	165	165	165	165
	Pro Forma Ending Cash Balance	\$578	(\$566)	(\$824)	\$513	\$3,169	\$604	(\$813)	(\$1,946)	(\$2,447)	(\$2,369)


Refinancing of Senior Secured Notes
could help address funding gap

Source: Financial projections per Collie management.

Note: U.S. dollars in millions.

(1) Based on weighted average interest rate of 12.25% on Senior Secured Notes.