

Bend's Unicom sells for \$13.9 million to MN company

by Bend_Weekly_News_Sources

Eschelon Telecom, Inc., a provider of integrated communications services to small and medium sized businesses in the western United States, announced that it has signed a definitive agreement to acquire United Communications, Inc. (d.b.a. Unicom), a privately-held competitive services provider headquartered in Bend, Oregon. Eschelon will pay approximately \$13.9 million in cash to acquire Unicom.

Unicom has approximately \$19 million in annual revenue and sells local, long distance, Internet access services and business telephone systems throughout Oregon and parts of Washington. The company currently has approximately 28,000 equivalent access lines.

“With Eschelon's existing footprint in Oregon, Unicom was a natural fit for us,” stated Richard A. Smith, President and Chief Executive Officer of Eschelon Telecom. “With the addition of the Unicom customers, Eschelon should have the highest CLEC (competitive local exchange carrier) market share in most, if not all of the significant markets in Oregon. We have a disciplined approach to our acquisitions – we want transactions that are within our existing footprint, concentrating on medium and small business customers, are EBITDA (earnings before interest, taxes, depreciation and amortization) positive pre-synergies, and cash flow accretive post-synergies within 12-24 months. Unicom fits those filters, and that reduces our integration risk and allows us to maximize the value created. We like Unicom a lot for all of those reasons.”

As with previous acquisitions, Eschelon expects to create significant synergies by integrating Unicom with the company's existing operations taking Unicom from a normalized EBITDA level of approximately \$1.6 million to a post-synergy EBITDA level of approximately \$4.5 million.

Craig Nelson, Unicom's President stated “We look forward to partnering with Eschelon to continue to bring excellent service and innovative products to our customers. Through their previous

acquisitions, Eschelon has proven their ability to integrate companies without disruption to the customer base. We have worked hard to build long term relationships with our customers and are confident that will not change under the Eschelon name.â€•

â€œLast year we established an objective of acquiring \$100 million of competitive local exchange carrier revenue over a two to three-year period. With the completed acquisitions and now Unicom, we will have acquired over \$74 million in revenue -â€• we have made significant progress toward our goal and are not done yet,â€• said Smith.

Eschelon management will provide additional details about the transaction and answer analyst and investor questions during its Fourth Quarter, 2006 earnings conference call scheduled for Monday, February 26, 2007. The transaction is expected to close in the second quarter of 2007.

About United Communications, Inc.:Founded in 1985, United Communications, Inc., dba Unicom, provides local and long distance telecommunication services, high-speed Internet, business telephone systems and integrated voice and data networks to business and residential customers in Oregon and Washington. The company is headquartered in Bend, Oregon. For more information, visit www.uci.net.

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