Exhibit 7
First Class Communications Inc.
Reporting Unit Balance Sheets
$US in thousands

	Balance Sheets as of 12/31/12							Common Size	
	Retail		Service		Total		Retail	Service	Total
ASSETS									
Cash and short-term investments	$140,000		$100,000		$240,000		11.7%	25.0%	15.0%
Net accounts receivable	150,000		100,000		250,000		12.5%	25.0%	15.6%
Inventories	100,000		-		100,000		8.3%	0.0%	6.3%
Other current assets	40,000		30,000		70,000		3.3%	7.5%	4.4%
Total current assets	430,000		230,000		660,000		35.8%	57.5%	41.3%
Net PP&E	400,000		30,000		430,000		33.3%	7.5%	26.9%
Long-term investments	100,000		50,000		150,000	A	8.3%	12.5%	9.4%
Intangible assets	70,000		30,000		100,000		5.8%	7.5%	6.3%
Goodwill	180,000		50,000		230,000		15.0%	12.5%	14.4%
Other assets	20,000		10,000		30,000		1.7%	2.5%	1.9%
Total long-term assets	770,000		170,000		940,000		64.2%	42.5%	58.8%
Total assets	$1,200,000		$400,000		$1,600,000		100.0%	100.0%	100.0%
LIABILITIES & SHAREHOLDERS' EQUITY									
Accounts payable	$140,000		$50,000		$190,000		11.7%	12.5%	11.9%
Income taxes payable	80,000		20,000		100,000		6.7%	5.0%	6.3%
Short-term debt	150,000	p.2	50,000	p.3	200,000		12.5%	12.5%	12.5%
Other current liabilities	100,000		50,000		150,000		8.3%	12.5%	9.4%
Total current liabilities	470,000		170,000		640,000		39.2%	42.5%	40.0%
Other long-term liabilities	-		-		-		0.0%	0.0%	0.0%
Total long-term liabilities	-		-		-		0.0%	0.0%	0.0%
Total liabilities	470,000		170,000		640,000		39.2%	42.5%	40.0%
Preferred stock	-		-		-		0.0%	0.0%	0.0%
Common equity	730,000		230,000		960,000		60.8%	57.5%	60.0%
Total shareholders' equity	730,000	p.1	230,000	p.1	960,000		60.8%	57.5%	60.0%
Total liabilities and shareholders' equity	$1,200,000		$400,000		$1,600,000		100.0%	100.0%	100.0%

A This balance includes the JV balance of $14,154.

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Note: Since this is only an excerpt of the third-party valuation analysis, the market approach method and related assumptions have been omitted because they are not pertinent to the case study.

Exhibit 1
First Class Communications Inc.
December 31, 2012, ASC 350 Goodwill Impairment Analysis Summary — Step 1 Test
$US in thousands

Reporting Unit	Market Approach	Income Approach		Weighting	Fair Value of Equity	Book Value of Equity		Step 1 Passed?
Retail	$742,500	$930,000	**p.2**	1/2 each	$840,000	$730,000	**p.4**	YES
Service	550,000	500,000	**p.3**	1/2 each	530,000	230,000	**p.4**	YES
Total	$1,292,500	$1,430,000			$1,370,000	$960,000		

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Note: For the purposes of this case study, assume that the assumptions in this analysis were tested by the audit team's fair value specialists and no issues were noted.

Exhibit 3
First Class Communications Inc.: Retail Reporting Unit
December 31, 2012 Income Approach: Discounted Cash Flow Method
$US in thousands

	Reported				Entity Projections						
	FYE 12/31/10	FYE 12/31/11	FYE 12/31/12	Two-Year CAGR*	Year 1	Year 2	Year 3	Year 4	Year 5	Normalized	Terminal
Revenue	$1,125,000	$1,160,000	$1,200,000	*3.3%*	$1,250,000	$1,300,000	$1,400,000	$1,400,000	$1,500,000	$1,500,000	
Revenue growth		*3.1%*	*3.4%*		*4.2%*	*4.0%*	*7.7%*	*0.0%*	*7.1%*		
Operating expenses	1,045,000	1,075,000	1,090,000		1,140,000	1,160,000	1,200,000	1,225,000	1,260,000	1,260,000	
Operating income (EBITDA)	80,000	85,000	110,000	*17.3%*	110,000	140,000	200,000	175,000	240,000	240,000	
Operating income growth		*6.3%*	*29.4%*		*0.0%*	*27.3%*	*42.9%*	*-12.5%*	*37.1%*		
Operating margin	*7.1%*	*7.3%*	*9.2%*		*8.8%*	*10.8%*	*14.3%*	*12.5%*	*16.0%*	*16.0%*	
Less: depreciation and amortization	28,125	29,000	30,000		31,250	32,500	35,000	35,000	37,500	37,500	
Earnings before interest and taxes (EBIT)	51,875	56,000	80,000	*24.2%*	78,750	107,500	165,000	140,000	202,500	202,500	
Provision for income taxes	20,750	22,400	32,000		31,500	43,000	66,000	56,000	81,000	81,000	
Debt-free net income	31,125	33,600	48,000		47,250	64,500	99,000	84,000	121,500	121,500	
Debt-free net income growth		*8.0%*	*42.9%*		*-1.6%*	*36.5%*	*53.5%*	*-15.2%*	*44.6%*		
Debt-free net margin		*2.9%*	*4.0%*		*3.8%*	*5.0%*	*7.1%*	*6.0%*	*8.1%*	*8.1%*	
Cash flow adjustments: add/(deduct)											
Plus: depreciation and amortization	28,125	29,000	30,000		31,250	32,500	35,000	35,000	37,500	37,500	
Less: capital expenditures	(30,000)	(25,000)	(30,000)		(25,000)	(25,000)	(20,000)	(25,000)	(37,500)	(37,500)	
Less: incremental working capital	(4,000)	(4,000)	(5,000)		(5,000)	(5,000)	(10,000)	-	(10,000)	(10,000)	
Free cash flow to the firm	$25,250	$33,600	$43,000	*30.5%*	$48,500	$67,000	$104,000	$94,000	$111,500	111,500	$114,845
Present value factor (mid-year convention)					*0.9449*	*0.8437*	*0.7533*	*0.6726*	*0.6005*		
Present value of discrete cash flows					$45,828	$56,528	$78,343	$63,224	$66,956		

Total present value of discrete cash flows	$310,879
Present value of terminal value	766,270
Business enterprise value	$1,077,149
Less: interest-bearing debt	150,000 p.4
Equity value	$927,149
Equity value (rounded)	**$930,000** p.1

Capitalization multiple	*11.1111x*
Terminal value	$1,276,054

Assumptions:	
Discount rate	12.0%
Depreciation and amortization rate	2.5%
Incremental working capital rate	10.0%
Long-term growth rate	3.0%
Corporate income tax rate	40.0%

* Two-year CAGR: Compound annual growth rate of key financial metrics

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Note: For the purposes of this case study, assume that the assumptions in this analysis were tested by the audit team's fair value specialists and no issues were noted.

Exhibit 4
First Class Communications Inc.: Service Reporting Unit
December 31, 2012 Income Approach: Discounted Cash Flow Method
$US in thousands

	Reported			Two-Year	Entity Projections						
	FYE 12/31/10	**FYE 12/31/11**	**FYE 12/31/12**	**CAGR***	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Normalized**	**Terminal**
Revenue	$100,000	$250,000	$405,000	*101.2%*	$450,000	$500,000	$550,000	$600,000	$640,000	$640,000	
Revenue growth		*150.0%*	*62.0%*		*11.1%*	*11.1%*	*10.0%*	*9.1%*	*6.7%*		
Operating expenses	200,000	240,000	350,000		400,000	440,000	475,000	500,000	525,000	525,000	
Operating income (EBITDA)	(100,000)	10,000	55,000	*NM*	50,000	60,000	75,000	100,000	115,000	115,000	
Operating income growth		*90.0%*	*450.0%*		*-9.1%*	*20.0%*	*25.0%*	*33.3%*	*15.0%*		
Operating margin	*-100.0%*	*4.0%*	*13.6%*		*11.1%*	*12.0%*	*13.6%*	*16.7%*	*18.0%*	*18.0%*	
Less: depreciation and amortization	1,000	2,500	4,050		4,500	5,000	5,500	6,000	6,400	6,400	
Earnings before interest and taxes (EBIT)	(101,000)	7,500	50,950	*NM*	45,500	55,000	69,500	94,000	108,600	108,600	
Provision for income taxes	-	3,000	20,380		18,200	22,000	27,800	37,600	43,440	43,440	
Debt-free net income	(101,000)	4,500	30,570		27,300	33,000	41,700	56,400	65,160	65,160	
Debt-free net income growth		*-104.5%*	*579.3%*		*-10.7%*	*20.9%*	*26.4%*	*35.3%*	*15.5%*		
Debt-free net margin		*1.8%*	*7.5%*		*6.1%*	*6.6%*	*7.6%*	*9.4%*	*10.2%*	*10.2%*	
Cash flow adjustments: add/(deduct)											
Plus: depreciation and amortization	1,000	2,500	4,050		4,500	5,000	5,500	6,000	6,400	6,400	
Less: capital expenditures	(5,000)	(7,500)	(5,000)		(5,000)	(5,000)	(5,000)	(7,500)	(6,400)	(6,400)	
Less: incremental working capital	(400)	(15,000)	(15,500)		(4,500)	(5,000)	(5,000)	(5,000)	(4,000)	(4,000)	
Free cash flow to the firm	($105,400)	($15,500)	$14,120	*NM*	$22,300	$28,000	$37,200	$49,900	$61,160	$61,160	$63,606
Present value factor (mid-year convention)					*0.9407*	*0.8325*	*0.7367*	*0.6520*	*0.5770*		
Present value of discrete cash flows					$20,978	$23,310	$27,405	$32,535	$35,289		

Total present value of discrete cash flows	$139,517
Present value of terminal value	407,787
Business enterprise value	$547,304
Less: interest-bearing debt	50,000 p.4
Equity value	$497,304
Equity value (rounded)	**$500,000** p.1

Capitalization multiple	*11.1111x*
Terminal value	$706,737

Assumptions:	
Discount rate	13.0%
Depreciation and amortization rate	1.0%
Incremental working capital rate	10.0%
Long-term growth rate	4.0%
Corporate income tax rate	40.0%

* Two-year CAGR: Compound annual growth rate of key financial metrics

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