

Situation

- Telco Global Communications Ltd. (“Telco”) was a rapidly growing provider of telephony services in the UK that was 70% owned by Econophone, Inc. in the US
- Goldvalley Limited was a 30% shareholder of Telco and had exercised an option to sell its shares in Telco to Econophone at the time it appointed ARC Associates in February 1998 to act as its adviser

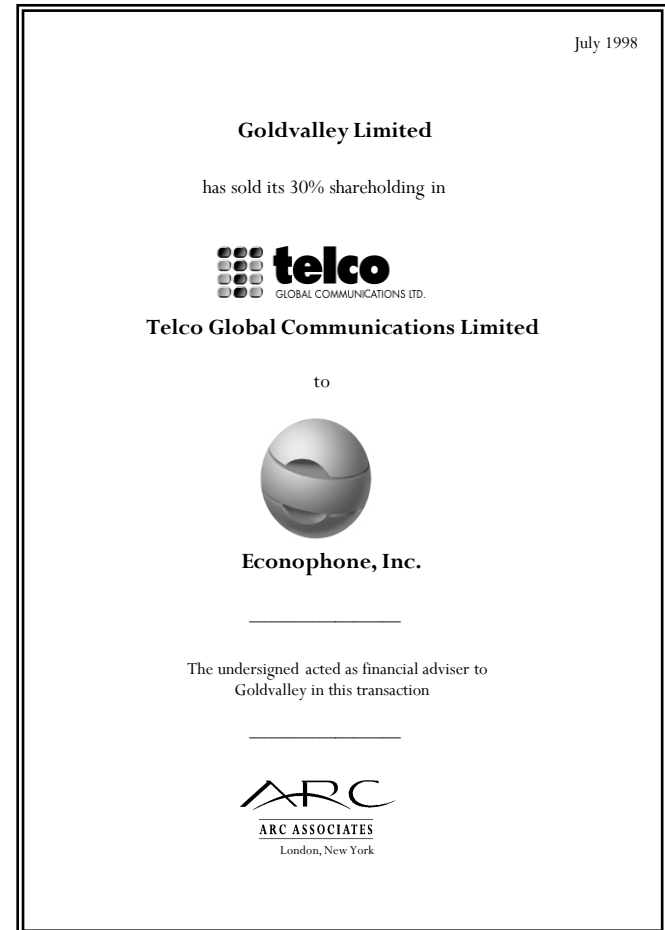
Approach

- ARC Associates reviewed all legal documentation communicated between the parties, conducted due diligence on Telco and prepared a valuation of Telco
- ARC Associates, Goldvalley and Goldvalley's legal advisers then conducted a series of discussions and exchanged documents with Econophone and its advisers over a period of five months in deliberation of valuation, price and terms

The Transaction

- In July 1998, Goldvalley agreed to sell its shareholding to Econophone for an undisclosed sum

¹ Total company value



Transaction Value: \$48m