MULTIBAND CORP
Form S-1
September 07, 2010

As filed with the Securities and Exchange Commission on September 7, 2010

Registration Statement File No. 333-________

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MULTIBAND CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota	4813	41-1255001
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

9449 Science Center Drive
New Hope, MN 55428
(763) 504-3000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

James L. Mandel
Chief Executive Officer
Multiband Corporation
9449 Science Center Drive
New Hope, MN 55428
(763) 504-3000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Steven M. Bell Esq.
Multiband Corporation
9449 Science Center Drive
New Hope, MN 55428

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this registration statement, as determined by the selling stockholder.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x	Smaller reporting company	¨

CALCULATION OF REGISTRATION FEE (not in thousands)

Title of Each Class of Securities to be Registered	Amounts to be Registered (shares) (1)	Proposed Maximum Offering Price Per Security (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Shares of Common Stock, par value $0.001 per share	4,911,122	$ 1.79	$ 8,790,908	$ 627
Shares of Common Stock, par value $0.001 per share, issuable upon exercise of warrants (3)	312,574	$ 1.79	$ 559,507	$ 40
Total	5,223,696	$ 1.79	$ 9,350,416	$ 667

(1) This registration statement covers shares of 5,223,696 shares of our common stock. Pursuant to and in accordance with Rule 416 under the Securities Act, there are also registered hereunder such indeterminate number of securities as may be issued to prevent dilution resulting from stock splits, stock dividends, or similar transactions.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) of the Securities Act. The proposed maximum offering price per share and proposed maximum aggregate offering price are based upon the average of the high, or $1.80, and low, or $1.78, sales prices of our common stock on September 3, 2010, as reported by NASDAQ. It is not known how many shares of our common stock will be sold under this registration statement or at what price or prices such shares will be sold.

(3) Issuable upon exercise of warrants issued to Convergent Capital Partnerships (see prospectus section).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A

FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), SHALL DETERMINE.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale of these securities is not permitted.

Subject to Completion, Dated September 7, 2010

PROSPECTUS

MULTIBAND CORPORATION

5,223,696 SHARES OF COMMON STOCK

This prospectus is registering an aggregate of 5,223,696 shares of common stock, par value $0.001, of Multiband Corporation., a Minnesota corporation, and relates to the sale of such shares by Lincoln Park Capital Fund, LLC (LPC), DirecTECH Holding Co, Inc., Convergent Capital Partner I, L.P. and Convergent Capital Partners II, L.P. Lincoln Park Capital Fund, LLC is sometimes referred to in this prospectus as the selling stockholder or LPC. The LPC shares are being registered pursuant to a Purchase Agreement entered into between Multiband and LPC. The DirecTECH Holding Co, Inc. and the Convergent Capital Partnerships shares are being registered pursuant to piggyback registration rights those entities have which are being exercised herewith. The prices at which LPC may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. See “Plan of Distribution” on page 31 for a description of how the selling stockholder, LPC, may dispose of the shares covered by this prospectus. We will not receive proceeds from the sale of our shares by LPC. However we will receive proceeds from any exercise of the warrants. We have agreed to pay certain expenses related to the registration of the shares of common stock pursuant to the registration statement of which this prospectus forms a part.

Our common stock is registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, and listed on the NASDAQ Capital Market under the symbol “MBND.” On September 3, 2010, the last reported sale price for our common stock as reported on the NASDAQ Capital Market was $1.80 per share.

The selling stockholder, LPC, is an “underwriter” within the meaning of the Securities Act of 1933, as amended.

INVESTING IN OUR COMMON STOCK INVOLVES SUBSTANTIAL RISKS. SEE THE SECTION TITLED “RISK FACTORS” BEGINNING ON PAGE 2 OF THIS PROSPECTUS TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF OUR COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is September 7, 2010

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision with respect to our securities. You should read this entire prospectus, including all documents incorporated by reference, carefully, especially the "Risk Factors" section beginning on page 2 of this prospectus and our financial statements and related notes contained in this prospectus before making an investment decision with respect to our securities. Please see the section titled, "Where You Can Find More Information," beginning on page 35 of this prospectus. Unless the context indicates otherwise, reference to "MULTIBAND," "the Company," "we," "us," or "our" refers to MULTIBAND CORPORATION.

You should rely only on the information contained in this prospectus or any related prospectus supplement, including the content of all documents incorporated by reference into the registration statement of which this prospectus forms a part. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this prospectus or incorporated by reference herein is accurate only on the date of this prospectus. Our business, financial condition, results of operations and prospectus may have changed since such date. Other than as required under the federal securities laws, we undertake no obligation to publicly update or revise such information, whether as a result of new information, future events or any other reason.

Some of the industry data contained in this prospectus is derived from data from various third-party sources. We have not independently verified any of this information and cannot assure you or its accuracy or completeness. While we are not aware of any misstatements regarding any industry data presented herein, such data is subject to change based on various factors, including those discussed under the "Risk Factors" section beginning on page 2 of this prospectus.

OUR COMPANY

Multiband Corporation (the Company), is a Minnesota corporation formed in September 1975. The Company has two operating segments: 1) Home Service Provider (HSP), which primarily installs video services for residents of single family homes and 2) Multi-Dwelling Unit (MDU), which sells voice, data and video services to residents of multiple dwelling units. Both segments encompass a variety of different corporate entities.

The Company completed an initial public offering in June 1984. In November 1992, the Company became a non-reporting company under the Securities Exchange Act of 1934. In July 2000, the Company regained its reporting company status. In December 2000, the Company stock began trading on the NASDAQ stock exchange under the symbol VICM. In July 2004, the symbol was changed to MBND concurrent with the Company's name change from Vicom, Incorporated to Multiband Corporation.

The Company's website is located at: www.multibandusa.com.

From its inception until December 31, 1998, the Company operated as a telephone interconnect company only. Effective December 31, 1998, the Company acquired the assets of the Midwest region of Enstar Networking Corporation (ENC), a data cabling and networking company. In late 1999, in the context of a forward triangular merger, the Company, to expand its range of computer products and related services, purchased the stock of Ekman, Inc. d/b/a Corporate Technologies, and merged Ekman, Inc. into the newly formed surviving corporation, Corporate Technologies USA, Inc. (MBS). MBS provided voice, data and video systems and services to business and government. The MBS business segment was sold effective April 1, 2005. The Company's MDU segment (formally known as MCS) began in February 2000. MDU provides voice, data and video services to multiple dwelling units, including apartment buildings, condominiums and time share resorts. During 2004, the Company purchased video subscribers in a number of separate transactions, the largest one being Rainbow Satellite Group, LLC. During 2004,

the Company also purchased the stock of Minnesota Digital Universe, Inc. (MNMDU), which made the Company the largest master service operator in MDU's for DirecTV satellite television in the United States. During 2006 and 2007, the Company strategically sold certain assets at multiple dwelling properties where only video services were primarily deployed. The Company continues to operate properties where multiple services were deployed. To remain competitive, the Company continues to own and operate properties at locations where multiple services can be deployed and manage properties where one or more services are deployed. Consistent with that strategy, beginning in 2006 and continuing to the present, the Company expanded its servicing of third party clients (other system operators) through its call center. At August 3, 2010, the Company had approximately 129,000 owned and managed subscriptions, with an additional 45,000 subscriptions supported by the call center.

During 2008, the Company became involved in the business of installing video services in single family homes by acquiring 51% of the outstanding stock of Multiband NC Incorporated (NC) (formerly Michigan Microtech, Incorporated (MMT a former subsidiary of Directech Holding Company Inc. (DTHC))), a fulfillment agent for a national satellite television company, DirecTV, which specializes in the providing of satellite TV to single family homes. This acquisition was followed by the acquisition of an 80% interest in a group of companies which were the former operating subsidiaries of DTHC, (Multiband NE Incorporated (NE), Multiband SC Incorporated (SC), Multiband EC Incorporated (EC), Multiband DV Incorporated (DV), Multiband MDU (MBMDU) and Multiband Security Incorporated (Security)). The Company also purchased an additional 29% ownership interest in Multiband NC Incorporated, of which it previously owned 51%, effective on January 2, 2009. The remaining 20% of those operating entities were purchased in December 2009.

The Company has operations in 16 states with 32 field offices. The Company employs approximately 2,800 people. Multiband is the second largest independent DirecTV field services provider in the United States.

THE OFFERING (in thousands, except for share and per share amounts)

Common stock offered	5,223,696
Common Stock to be outstanding after the offering	13,569,594
Use of proceeds	This prospectus relates to shares of our common stock that may be offered and sold from time to time by the selling stockholder. We will receive no proceeds from the sale of shares of common stock sold by the selling stockholder. However, we may receive proceeds of up to $10 million under the Purchase Agreement with LPC. We may receive proceeds of up to $1,138 for warrants exercised related to underlying stock registered as part of this registration. We intend to use the proceeds from the sale of stock for working capital and other general corporate purposes. See “Use of Proceeds”.

On August 3, 2010, we executed a purchase agreement, or the Purchase Agreement, and a registration rights agreement, or the Registration Rights Agreement, with LPC. Under the Purchase Agreement, we have the right to sell, at our discretion, and LPC is obligated to purchase from us up to $10 million of our common stock, from time to time over a twenty-five (25) month period.

Pursuant to the Registration Rights Agreement, we have filed a registration statement that includes this prospectus with the U.S. Securities and Exchange Commission (SEC) covering the shares that have been issued or may be issued to LPC under the Purchase Agreement. Except for the initial 103,164 shares issued as a commitment fee, we do not have the right to commence any sales of our shares to LPC until the SEC has declared effective the registration statement of which this prospectus is a part. Thereafter, over approximately 25 months, generally we have the right to direct LPC to purchase up to $10 million of our common stock in amounts up to $100 as often as every two business days under certain conditions. We can also accelerate the amount of our common stock to be purchased under certain circumstances. No sales of shares may occur at a purchase price below $1.40 per share. The purchase price of the shares will be based on the market prices of our shares at the time of sale as computed under the Purchase Agreement without any fixed discount. Additionally, in order to be in compliance with NASDAQ Capital Market rules, we cannot be required to sell, and LPC shall not have the right or the obligation to purchase, shares of our common stock at a price below $1.62, which represents the greater of the book value per share of our common stock as of March 31, 2010 or the closing sale price of our common stock on August 2, 2010, the business day before entering into the Purchase Agreement, plus $0.06. If we elect to sell our shares of common stock at a price below $1.62, we may be required to obtain shareholder approval in order to be in compliance with the NASDAQ Capital Market rules.

We may at any time in our sole discretion terminate the Purchase Agreement without fee, penalty or cost upon one business days notice. We issued 103,164 shares of our common stock to LPC as a commitment fee for entering into the agreement, and we are obligated to issue up to 103,164 shares pro rata as LPC purchases up the first $5 million of the $10 million aggregate commitment of our common stock as directed by us.

As of June 30, 2010, there were 9,944,638 shares of our common stock outstanding, excluding the 3,206,328 shares offered by LPC pursuant to this prospectus which we had not issued as of June 30, 2010. If all of the 3,206,328 shares offered by LPC were hereby issued and outstanding as of June 30, 2010, such shares would represent 24.4% of the total common stock outstanding.

Under the Purchase Agreement and the Registration Rights Agreement, we are required to register and this prospectus covers (1) 103,164 shares which have already been issued to LPC, (2) an additional 103,164 shares which we are obligated to issue to LPC in the future as a commitment fee pro rata as we receive the first $5 million of the $10 million of future funding from LPC and (3) up to 3,000,000 shares which we may sell to LPC after the registration statement of which this prospectus forms a part is declared effective. As of the date hereof, we do not currently have any plans or intent to issue to LPC any shares beyond the 3,206,328 shares offered hereby. However, if we elect to issue more than the 3,206,328 shares (which we have the right but not the obligation to do), we must first register under the Securities Act of 1933, as amended, or the Securities Act, any additional shares we may elect to sell to LPC before we can sell such additional shares, which could cause substantial dilution to our stockholders.

RISK FACTORS (in thousands)

Our operations and our securities are subject to a number of risks, including but not limited to those described below. If any of the following risks actually occur, the business, financial condition or operating results of the Company and the trading price or value of our common stock could be materially adversely affected.

General
The Company, as noted earlier herein, since 1998, has taken several significant steps to reinvent and reposition itself to take advantage of opportunities presented by a shifting economy and industry environment.

Recognizing that voice, data and video technologies in the late twentieth century were beginning to systematically integrate as industry manufacturers were evolving technological standards from "closed" proprietary networking architectures to a more "open" flexible and integrated approach, the Company, between 1998 and 2001, purchased three competitors which, in the aggregate, possessed expertise in data networking, voice and data cabling and video distribution technologies.

In early 2000, the Company created its MDU division, employing the aforementioned expertise, to provide communications and entertainment services (local dial tone, long distance, high-speed internet and expanded satellite television services) to residents in MDUs on one billing platform, which the Company developed internally. In 2004, the Company added its master system operator agreement and in 2008, its HSP segment.

The specific risk factors, as detailed below, should be analyzed in the context of the Company's evolving business model.

Net Income (Losses)
The Company had a net income of $1,431 for the six months ended June 30, 2010, a net loss of $11,377 for the year ended December 31, 2009 and net income of $1,597 for the year ended December 31, 2008. The Company may never be consistently profitable.

The prolonged effects of generating losses without additional funding may restrict our ability to pursue our business strategy. Unless our business plan is successful, an investment in our common stock may result in a complete loss of an investor's capital.

If we cannot achieve profitability from operating activities, we may not be able to meet:
o our capital expenditure objectives;
o our debt service obligations; or
o our working capital needs.

Working Capital
The Company had a working capital deficit of $25,391 and $28,596 at June 30, 2010 and December 31, 2009, respectively, due to the acquisition of DirecTECH.

Long-lived Assets
The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There was no impairment at June 30, 2010 or December 31, 2009.

Goodwill and Intangible Assets
Annually, the Company tests for impairment its goodwill and intangible assets without a defined life. We tested impairment for the HSP and MDU segments which had goodwill at December 31, 2009 using standard fair value measurement techniques. The Company concluded there was no goodwill impairment as of December 31, 2009. However, should the Company in future periods experience a significant decline in profitability and/or should the business climate for satellite providers deteriorate some impairment to its goodwill could occur. If impairment occurs it could be materially adverse to the Company’s results of operations in those future periods. As of June 30, 2010, the Company had goodwill of $38,067 and net intangibles of $19,962 primarily related to the purchase of DirecTECH. At

June 30, 2010, the Company did not note any indications of impairment related to goodwill or its intangible assets.

Group Health and Workers' Compensation Insurance Coverage
The Company uses a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. The Company's share of its workers compensation plan are recorded for the aggregate liabilities for claims reported, based on historical experience. The Company also estimates the cost of health care claims that have been incurred but not reported, based on historical experience.

Insurance and claims accruals reflect the estimated cost for group health and workers' compensation claims not covered by insurance. The insurance and claims accruals are recorded at the estimated ultimate payment amounts. Such insurance and claims accruals are based upon individual case estimates and estimates of incurred-but-not-reported losses using loss development factors based upon past experience.

During 2009, in certain states, the Company is self-insured for workers' compensation liability claims up to $100, plus administrative expenses, for each occurrence involving workers' compensation claims since February 1, 2009. Effective January 1, 2010, the Company is self-insured for workers compensation claims up to $250 plus administrative expenses, for each occurrence involving workers compensation claims since that date.

The Company is self-insured for health insurance covering the range of liability under which management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate.

Debt
The Company has related party debt of approximately $30,000 which will be due in January 2013. We will need to seek additional financing to pay this debt if there is not adequate cash flow from operations. Sources of additional financing, if needed in future, may include further debt financing or the sale of equity (including the issuance of preferred stock) or other securities. We cannot assure you that any additional sources of financing or new capital will be available to us, available on acceptable terms, or permitted by the terms of our current debt. In addition, if we sell additional equity to raise funds, all outstanding shares of common stock will be diluted. In addition the Company's inability to pay this debt when due may result in the secured creditor exercising its remedies under its security agreement.

Deregulation
Several regulatory and judicial proceedings have recently concluded, are underway or may soon be commenced that address issues affecting our operations and those of our competitors, which may cause significant changes to our industry. We cannot predict the outcome of these developments, nor can we assure you that these changes will not have a material adverse effect on us. Historically, we have been a reseller of products and services, not a manufacturer or carrier requiring regulation of its activities. Pursuant to Minnesota statutes, our activity is specifically exempt from the need to tariff our services in MDU's. However, the Telecommunications Act of 1996 provides for significant deregulation of the telecommunications industry, including the local telecommunications and long-distance industries. This federal statute and the related regulations remain subject to judicial review and additional rule-makings of the Federal Communications Commission, making it difficult to predict what effect the legislation will have on us, our operations, and our competitors.

Dependence on Strategic Alliances
Several suppliers or potential suppliers of the Company, such as McLeod, WorldCom, WS Net, XO Communications and others have filed for bankruptcy in recent years. While the financial distress of its suppliers or potential suppliers could have a material adverse effect on the Company's business, The Company believes that enough alternate suppliers exist to allow the Company to execute its business plans. The Company is also highly dependent on its Master System Operator agreement with DirecTV. The initial term of the agreement expired in August 2008, and provided for two additional two-year renewals if the Company had a minimum number of paying video subscribers in its system operator network. The Company did meet the requirements and has entered into the first two year automatic renewal period. The Company also has a home service provider agreement with DirecTV ending May 1, 2013. The term of this agreement with DirecTV will automatically renew for additional one year periods unless either the Company or DirecTV gives written notice of termination at least 90 days in advance of expiration of the then current term. Although an alternate provider of satellite television services, Echostar, exists, the termination of any or all of its HSP dealer agreements with DirecTV would have a material adverse effect on the Company's business.

Changes in Technology
A portion of our projected future revenue is dependent on public acceptance of broadband and expanded satellite television services. Acceptance of these services is partially dependent on the infrastructure of the internet and satellite television which is beyond the Company's control. In addition, newer technologies, such as video-on-demand, are being developed which could have a material adverse effect on the Company's competitiveness in the marketplace if the Company is unable to adopt or deploy such technologies.

Attraction and Retention of Employees

The Company's success depends on the continued employment of certain key personnel, including executive officers. If the Company were unable to continue to attract and retain a sufficient number of qualified key personnel, its business, operating results and financial condition could be materially and adversely affected. In addition, the Company's success depends on its ability to attract, develop, motivate and retain highly skilled and educated professionals with a wide variety of management, marketing, selling and technical capabilities. Competition for such personnel is intense and is expected to increase in the future.

Intellectual Property Rights

The Company relies on a combination of trade secret, copyright and trademark laws, license agreements, and contractual arrangements with certain key employees to protect its proprietary rights and the proprietary rights of third parties from which the Company licenses intellectual property. The Company also relies on agreements with owners of multi-dwelling units which grant the Company rights of access for a specific period to the premises whereby the Company is allowed to offer its voice, data, and video services to individual residents of the property. If it was determined that the Company infringed the intellectual property rights of others, it could be required to pay substantial damages or stop selling products and services that contain the infringing intellectual property, which could have a material adverse effect on the Company's business, financial condition and results of operations. Also, there can be no assurance that the company would be able to develop non-infringing technology or that it could obtain a license on commercially reasonable terms, or at all. The Company's success depends in part on its ability to protect the proprietary and confidential aspects of its technology and the products and services it sells. There can be no assurance that the legal protections afforded to the company or the steps taken by the Company will be adequate to prevent misappropriation of the Company's intellectual property.

Variability of Quarterly Operating Results
Variations in the Company's revenues and operating results occur from quarter to quarter as a result of a number of factors, including customer engagements commenced and completed during a quarter, the number of business days in a quarter, employee hiring and utilization rates, the ability of customers to terminate engagements without penalty, the size and scope of assignments and general economic conditions. Because a significant portion of the Company's expenses are relatively fixed, a variation in the number of customer projects or the timing of the initiation or completion of projects could cause significant fluctuations in operating results from quarter to quarter.

Certain Anti-Takeover Effects
The Company is subject to Minnesota statutes regulating business combinations and restricting voting rights of certain persons acquiring shares of Multiband. These anti-takeover statutes may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of the Company's securities, or the removal of incumbent management.

Volatility of Multiband's Common Stock
The trading price of our common stock has been and is likely to continue to be volatile. The stock market has experienced extreme volatility, and this volatility has often been unrelated to the operating performance of particular companies. Prices for our common stock are determined in the marketplace and may be influenced by many factors, including variations in our financial results, changes in earnings estimates by industry research analysts, investors' perceptions of us and general economic, industry and market conditions.

Future Sales of Our Common Stock May Lower Our Stock Price
If our existing shareholders sell a large number of shares of our common stock, the market price of the common stock could decline significantly. The perception in the public market that our existing shareholders might sell shares of common stock could depress our market price.

National Market for Stock
There is no assurance that the Company’s common stock will continue to trade on the NASDAQ Stock Market or other national stock exchange due to ongoing listing criteria for such exchanges.

Competition
We face competition from others who are competing for a share of the HSP and MDU markets, including other satellite companies, cable companies and telephone companies. Some of these companies have significantly greater assets and resources than we do.

Uncertain Effects of the Acquisition
During 2009, the Company completed its acquisition of the former operating subsidiaries of DTHC. The DTHC operating entity business as merged into the Multiband business may not achieve the operating results and growth anticipated by management in structuring the transaction.

General Economic Conditions
As of this writing, the United States is experiencing overall adverse economic conditions. While we believe this environment may actually assist the Company in that consumers may stay home more for entertainment, there is no guarantee that consumers will continue to purchase the Company’s services at a constant level if the country’s recession continues.

Legal matters
The Company is subject to claims, regulatory processes and lawsuits that arise in the ordinary course of business. The Company accrues for such matters when a loss is considered probable and the amount of such loss or range of loss can

be reasonably estimated. Some of these claims may be material to the Company's results of operations and have an adverse effect on the Company's cash position. See legal proceedings herein.

Use of Operating Loss Carryforwards Is Limited

As of June 30, 2010, the Company has federal and state net operating losses of approximately $67,000 and $50,000, respectively, which, if not used, will begin to expire in 2018. Changes in the stock ownership of the Company may place limitations on the use of these net operating loss carryforwards (NOLs). During 2009, the Company performed an IRC 382 study and determined that an ownership change had occurred. As a result of the ownership change, the amount of federal NOL available for future use is $41,613, consisting of annual federal limitations of $6,294 for the next five years and $634 for each year thereafter. The Company has determined there are also limitations on the state net operating loss carryforwards, but has not completed the analysis to determine the limitation.

Use of proceeds – purchase agreement with LPC
We will have broad discretion on the use of proceeds on the sale of stock. We currently anticipate that we will use the net proceeds to enhance working capital for general corporate use. Our management may allocate the net proceeds as it deems necessary. In addition, market or other factors may require our management to allocate portions of the net proceeds for other purposes. Accordingly you will be relying on the judgment of our management with regard to the use of the net proceeds from the sale of stock to LPC, and you will not have an opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield favorable , or any, return for the Company.

Dilution of Common Stock
In connection with entering into the Purchase Agreement with LPC, we authorized the sale to LPC of up to 3,000,000 shares of our common stock and the issuance of an additional 103,164 shares of our common stock as a commitment fee. The number of shares ultimately offered for sale by LPC hereunder is dependent upon the number of shares purchased by LPC under the Purchase Agreement. The purchase price for the common stock to be sold to LPC pursuant to the Purchase Agreement will fluctuate based on the price of our common stock. All shares registered in this offering which may be sold by us to LPC under the Purchase Agreement are expected to be freely tradable. It is anticipated that shares registered in this offering will be sold over a period of up to 25 months from the date of this prospectus. Depending upon market liquidity at the time, a sale of shares under this offering at any given time could cause the trading price of our common stock to decline. We can elect to direct purchases by LPC in our sole discretion but no sales to LPC may occur if the purchase price for our common stock under the Purchase Agreement is below $1.40 per share, additionally, in order to be in compliance with NASDAQ Capital Market rules, we cannot be required to sell, and LPC shall not have the right or the obligation to purchase, shares of our common stock at a price below $1.62 and if we elect to sell our shares of common stock at a price below $1.62, we may be required to obtain shareholder approval in order to be in compliance with the NASDAQ Capital Market rules. Therefore, LPC may ultimately purchase all, some or none of the shares of common stock not yet issued but registered in this offering. After LPC has acquired such shares, it may sell all, some or none of such shares. Therefore, sales to LPC by us under the Purchase Agreement may result in substantial dilution to the interests of other holders of our common stock. The sale of a substantial number of shares of our common stock under this offering, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

Forward-Looking Statements
This document contains forward-looking statements within the meaning of federal securities law. Terminology such as "may," "will," "expect," "anticipate," "believe," "estimate," "continue," "predict," or other similar words, identify forward-looking statements. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other forward-looking information. Forward-looking statements appear in a number of places in this document and include statements regarding our intent, belief or current expectation about, among other things, trends affecting the industries in which we operate, as well as the industries we service, and our business and growth strategies. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those predicted in the forward-looking statements as a result of various factors, including those set forth in "Risk Factors".

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by the selling stockholder. We will receive no proceeds from the sale of shares of common stock sold by the selling stockholder. However, we may receive proceeds of up to $10 million under the Purchase Agreement with LPC. We may receive proceeds of up to $1,138 for warrants exercised related to underlying stock registered as part of this registration. Any

proceeds from LPC that we receive under the Purchase Agreement will be used for working capital for other general corporate purposes.

MARKET PRICE AND DIVIDEND INFORMATION

Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities
Through May 17, 2000, Multiband's common stock was traded and quoted on the OTC Bulletin Board(R) ("OTCBB") under the symbol "VICM." From May 18, 2000 until August 21, 2000, the common stock was quoted under the VICM symbol on the Pink Sheets(R) operated by Pink Sheets LLC. From August 21, 2000, to December 12, 2000, Multiband's common stock was traded and quoted on the OTCBB under the VICM symbol. Since then, the stock has been traded and quoted on the NASDAQ Capital Market system. In July 2004, the symbol was changed to MBND to coincide with the Company's name change to Multiband Corporation. The table below sets forth the high and low bid prices for the common stock for the quarters ended March 31 and June 30, 2010 and during each quarter in the two years ended December 31, 2009 and December 31, 2008, and, as provided by NASDAQ.

Quarter Ended	High Bid	Low Bid
June 30, 2010	2.35	1.36
March 31, 2010	2.39	1.85
December 31, 2009	2.66	1.67
September 30, 2009	2.50	1.81
June 30, 2009	3.70	1.85
March 31, 2009	2.24	1.15
December 31, 2008	1.80	1.00
September 30, 2008	1.87	.70
June 30, 2008	1.99	.69
March 31, 2008	3.33	1.63

Dividends
We have never declared or paid cash dividends on our common stock and do not anticipate paying any cash dividends on our shares of common stock in the foreseeable future. We expect to retain future earnings, if any, for use in our development activities and the operation of our business. The payment of any future cash dividends will be subject to the discretion of our board of directors and will depend, among other things, upon our results of operations, financial condition, cash requirements, prospects and other factors that our board of directors may deem relevant. Additionally, our ability to pay future cash dividends may be restricted by the terms of any future financing.

As of June 30, 2010, Multiband had 936 shareholders of record of its common stock and 9,944,638 shares of common stock outstanding. As of that date, five shareholders held a total of 14,171 of Class A Preferred, one shareholder held 770 shares of Class B Preferred, four shareholders held a total of 112,280 shares of Class C Preferred, three shareholders held a total of 220,000 shares of Class E Preferred, one shareholder held a total of 150,000 shares of Class F Preferred, three shareholders held a total of 11,595 shares of Class G Preferred, five shareholders held a total of 1.25 shares of Class H Preferred and one shareholder held a total of 100 shares of Class J Preferred.

CAPITALIZATION (in thousands, except share and liquidation preference amounts)

The following table sets forth our consolidated capitalization as of June 30, 2010 and our capitalization as adjusted to reflect the issuance of 3,206,328 shares and sale of 312,574 shares of common stock upon exercise of the warrants and the historical financial statements and notes thereto included elsewhere in this prospectus.

	As of June 30, 2010	
	Actual (unaudited)	As Adjusted (unaudited)
Cumulative convertible preferred stock, no par value:		
8% Class A (14,171 shares issued and outstanding, $148,796 liquidation preference)	213	213
10% Class B (770 shares issued and outstanding, $8,085 liquidation preference)	8	8
10% Class C (112,280 shares issued and outstanding, $1,122,800 liquidation preference)	1,457	1,457
10% Class F (150,000 shares issued and outstanding, $1,500,000 liquidation preference)	1,500	1,500
10% Class G (11,595 shares issued and outstanding, $115,950 liquidation preference)	48	48
6% Class H (1.25 shares issued and outstanding, $125,000 liquidation preference)	-	-
8% Class J (100 shares issued and outstanding, $10,000,000 liquidation preference)	10,000	10,000
15% Class E cumulative preferred stock, no par value (220,000 shares issued and outstanding, $2,200,000 liquidation preference)	2,200	2,200
Common stock, no par value (9,944,638 and 13,569,594 shares issued and outstanding) (1)	38,547	45,629
Stock subscription receivable	(1)	(1)
Stock-based compensation and warrants	46,996	46,996
Accumulated other comprehensive income-unrealized gain on securities available for sale	1	1
Accumulated deficit	(94,245)	(94,245)

(1) Estimated share price only for the purpose of illustration. Actual share price will be based on market value when issued. See “the transaction” section of this document. Estimated offering price of $1.79 for purposes of this presentation was based upon the average of the high, or $1.80, and low, or $1.78, sales prices of our common stock on September 3, 2010, as reported by NASDAQ and assuming all 3 million shares are issued. It is not known how many shares of our common stock will be sold under this registration statement or at what price or prices such shares will be sold.

BUSINESS

Multiband Corporation (the Company), is a Minnesota corporation formed in September 1975. The Company has two operating segments: 1) Home Service Provider (HSP), which primarily installs and maintains video services for residents of single family homes and 2) Multi-Dwelling Unit (MDU), which sells voice, data and video services to residents of multiple dwelling units. Both segments encompass a variety of different corporate entities.

The Company completed an initial public offering in June 1984. In November 1992, the Company became a non-reporting company under the Securities Exchange Act of 1934. In July 2000, the Company regained its reporting company status. In December 2000, the Company stock began trading on the NASDAQ stock exchange under the symbol VICM. In July 2004, the symbol was changed to MBND concurrent with the Company’s name change from Vicom, Incorporated to Multiband Corporation.

The Company’s website is located at: www.multibandusa.com.

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From its inception until December 31, 1998, the Company operated as a telephone interconnect company only. Effective December 31, 1998, the Company acquired the assets of the Midwest region of Enstar Networking Corporation (ENC), a data cabling and networking company. In late 1999, in the context of a forward triangular merger, the Company, to expand its range of computer products and related services, purchased the stock of Ekman, Inc. d/b/a Corporate Technologies, and merged Ekman, Inc. into the newly formed surviving corporation, Corporate Technologies USA, Inc. (MBS). MBS provided voice, data and video systems and services to business and government. The MBS business segment was sold effective April 1, 2005. The Company's MDU segment (formally known as MCS) began in February 2000. MDU provides voice, data and video services to multiple dwelling units, including apartment buildings, condominiums and time share resorts. During 2004, the Company purchased video subscribers in a number of separate transactions, the largest one being Rainbow Satellite Group, LLC. During 2004, the Company also purchased the stock of Minnesota Digital Universe, Inc. (MNMDU), which made the Company the largest master service operator in MDU's for DirecTV satellite television in the United States. During 2006 and 2007, the Company strategically sold certain assets at multiple dwelling properties where only video services were primarily deployed. The Company continues to operate properties where multiple services were deployed. To remain competitive, the Company in future periods intends to continue to own and operate properties at locations where multiple services can be deployed and manage properties where one or more services are deployed. Consistent with that strategy the Company during 2006, 2007, and 2008, expanded its servicing of third party clients (other system operators) through its call center. At August 3, 2010, the Company had approximately 129,000 owned and managed subscriptions, with an additional 45,000 subscriptions supported by the call center.

During 2008, the Company became involved in the business of installing video services in single family homes by acquiring 51% of the outstanding stock of Multiband NC Incorporated (NC) (formerly Michigan Microtech, Incorporated (MMT a former subsidiary of Directech Holding Company Inc. (DTHC))), a fulfillment agent for a national satellite television company, DirecTV, which specializes in the providing of satellite TV to single family homes. This acquisition was followed up by the acquisition of an 80% interest in a group of companies which were the former operating subsidiaries of DTHC, (Multiband NE Incorporated (NE), Multiband SC Incorporated (SC), Multiband EC Incorporated (EC), Multiband DV Incorporated (DV) and Multiband Security Incorporated (Security)). The Company also purchased an additional 29% ownership interest in Multiband NC Incorporated, of which it previously owned 51%, effective on January 2, 2009. The remaining 20% of those operating entities were purchased in December 2009.

Home Service Provider (HSP Segment)

The Company, through its HSP segment, receives net cash payments for the installation and service of DirecTV video programming for residents of single family homes. These video subscribers are billed by DirecTV. The HSP segment functions as a fulfillment arm for DirecTV. As a result, Multiband generally does not directly compete with other providers for DirecTV's business. Although DirecTV competes with DISH, the other leading satellite television provider and incumbent providers of phone and telephone services for pay television customers, DirecTV has its own marketing and competitive programs of which the Company is merely an indirect and passive recipient.

Multi-Dwelling Unit (MDU Segment)

The Company, through its MDU segment, serves as a master service operator for DirecTV, a provider of satellite television service. The master service operator arrangement allows the Company to offer satellite television services to residents of multi-dwelling-units directly and through a network of affiliated operators.

The MDU segment also offers voice, data and video services directly to residents of the multi-dwelling unit (MDU) market. The primary customer for this application are the property owners/managers who are focused on delivering their residents (our end user) reliability, quality service, short response times, minimized disruptions on the property, minimized alterations to the property and value added services. Each of these concerns is addressed in our contracts with the property owner which typically run 3-15 years pursuant to right of entry agreements between the company

and the property owners.

The MDU segment also offers its internal support center and billing platform to service third party clients.

Accounts Receivable (in thousands)

The Company reviews customers' credit history before extending unsecured credit and establishes an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers and other information. For the MDU and HSP segments, the Company does have concentrations of credit risk of 90.4% and 88.5% of accounts receivable at June 30, 2010 and December 31, 2009 is with one customer. Invoices are due 30 days after presentation. Accounts receivable over 30 days are considered past due. The Company does not accrue interest on past due accounts receivable. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and specific circumstances of the customer. Accounts receivable are shown net of an allowance for uncollectible accounts of approximately $389 and $810 at June 30, 2010 and December 31, 2009, respectively.

Multiband Consumer Industry Analysis and Strategy

MDU offers video and, in some cases, data and voice to residents of multiple-dwelling units primarily throughout the Midwest and the Southeast. Our primary competition in this market comes from the local incumbent providers of telephone and cable television services. The leading competitors in these services are the former Bell System Companies such as Verizon Communications (Verizon) and Qwest Communications International, Inc. (Qwest) and national cable companies such as Comcast Corporation (Comcast) and Time Warner. These regional and national rivals have significant resources and are strong competitors. Nonetheless, we believe as a largely unregulated entity, we can be competitive on both price and service.

Regarding video services, we believe we have a significant consumer benefit in that we are establishing private rather than public television systems, which allows us to deliver a package not laden with local "public access" stations that clog the basic service package. In essence, we will be able to deliver a customized service offering to each property based upon pre-installation market research that we perform. The pricing of our service is also untariffed which allows for flexible and competitive "bundling" of services.

Regarding data services, the general concern among consumers is the quality of the connection and the speed of the download. We believe our design provides the highest broadband connection speeds currently available. The approach we market is "blocks of service". Essentially, we deliver the same high bit rate service in small, medium and large packages, with an appropriate per unit cost reduction for those customers that will commit to a higher monthly expenditure.

Market Description
We are currently marketing Multiband services to MDU properties primarily throughout the Midwest and Southeast. We will target properties that range from 50 to 150 units on a contiguous MDU property for television and internet access only. We will survey properties that exceed 150 units for the feasibility of local and long distance telephone services.

We are initially concentrating on middle to high-end rental complexes. We are also pursuing resort area condominiums. A recent U.S. Census Bureau table indicates there are more than 65,000 properties in the United States which fit this profile. Assuming an average of 100 units per complex, our focus is on a potential subscriber base of 6,500,000.

A recent Property Owners and Manager Survey, published by the U.S. Census Bureau, shows rental properties are focusing on improving services and amenities available to their tenants. These improvements are being undertaken to reduce tenant turnover, relieve pricing pressures on rents and attract tenants from competing properties. We believe most of these owners or managers are not interested in being "in the technology business" and will use the services that we are offering. Various iterations of this package will allow the owners to share in the residual income stream from the subscriber base.

Number of Units/Customers
At August 3, 2010, the Company had approximately 129,000 owned and managed subscriptions, with an additional 45,000 subscriptions supported by the call center.

Employees
As of June 30, 2010, Multiband employed 75 full-time employees, including 18 management employees, 32 finance personnel, 19 information technology employees, 5 human resource employees and 1 employee in an administrative position. HSP employed 2,513 full-time employees consisting of 74 management employees, 5 human resource employees, 95 administrative personnel, 222 customer service employees, 2,030 technicians and 87 warehouse employees. As of that same date, MDU had 182 full-time employees, consisting of 6 in sales and marketing, 2 in technical positions, 25 technicians, 144 in customer service and related support, 3 in management positions, and 2 administrative personnel.

Disclosures about Contractual Obligations and Commercial Commitments (in thousands)
The following summarizes our contractual obligations at December 31, 2009, and the effect these contractual obligations including interest payments are expected to have on our liquidity and cash flows in future periods:

	Total	1 Year or Less	2-3 Years	4-5 Years	Over 5 Years

Operating leases - buildings	$	4,631	$	1,775	$	2,257	$	480	$	119
Related party debt – short term		1,414		1,414		-		-		-
Long-term debt		7,524		1,046		6,421		7		50
Long-term debt, related party		37,433		2,582		4,995		29,856		-
Capital leases		1,092		563		524		5		-
Totals	$	52,094	$	7,380	$	14,197	$	30,348	$	169

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data should be read in conjunction with our consolidated financial statements including the accompanying notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations". The data has been derived from our audited historical consolidated financial statements and accompanying notes included elsewhere in this report for the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008, as well as our unaudited consolidated financial statements and accompanying notes included elsewhere in this report for the six months ended June 30, 2010 and 2009 and as of June 30, 2010 and 2009.

Statement of Operations Data (4)	Years ended December 31,			Six months ended June 30,	
	2009	2008	2007	2010	2009
(in thousands except share and per share amounts)	(audited)(3)	(audited)(3)	(audited)	(unaudited)	(unaudited)
Revenues	$ 268,994	$ 42,986	$ 15,086	$ 125,136	$ 129,554
Cost of products and services (exclusive of depreciation and amortization listed separately below)	$ 207,533	$ 28,426	$ 8,340	$ 87,767	$ 104,210
Cost of products and services as % of revenue	77.21%	66.13%	55.3%	70.14%	80.44%
Selling, general and administrative expenses	$ 57,778	$ 10,500	$ 8,888	$ 27,017	$ 29,249
Selling, general and administrative as % of revenues	21.55%	24.43%	58.9%	21.59%	22.58%
Depreciation and amortization	$ 10,906	$ 3,025	$ 3,624	$ 4,582	$ 5,988
Impairment of assets	$ -	$ 132	$ -	$ -	$ -
Income (loss) from operations	$ (7,223)	$ 903	$ (5,766)	$ 5,770	$ (9,893)
Other income (expense), net	$ (3,748)	$ 1,826	$ (322)	$ (2,156)	$ (1,387)
Income (loss) before income taxes and noncontrolling interest in subsidiaries	$ (10,971)	$ 2,729	$ (6,088)	$ 3,614	$ (11,280)
Provision for income taxes	$ 406	$ 1,132	$ -	$ 2,183	$ 202
Net income (loss)	$ (11,377)	$ 1,597	$ (6,088)	$ 1,431	$ (11,482)
Less: Net income (loss) attributable to the noncontrolling interest in subsidiairies	$ (1,727)	$ 652	$ -	$ -	$ (1,778)
Net income (loss) attributable to Multiband Corporation and subsidiaries	$ (9,650)	$ 945	$ (6,088)	$ 1,431	$ (9,704)
Income (loss) attributable to common stockholders	$ (10,020)	$ (3,143)	$ (8,389)	$ 699	$ (9,848)
Income (loss) per share attributable to common stockholders – basic	$ (1.04)	$ (.34)	$ (1.16)	$ 0.07	$ (1.02)
Income (loss) per share attributable to common stockholders – diluted	$ (1.04)	$ (.34)	$ (1.16)	$ 0.07	$ (1.02)
Weighted average shares outstanding – basic	9,665,316	9,302,570	7,237,473	9,851,409	9,650,708
Weighted average shares outstanding – diluted	9,665,316	9,302,570	7,237,473	9,965,277	9,650,708

Balance Sheet Data (4)	December 31,			June 30,	
	2009	2008	2007	2010	2009
(in thousands)	(audited) (3)	(audited) (3)	(audited)	(unaudited)	(unaudited)
Working Capital (deficiency)	$ (28,596)	$ 2,457	$ (5,018)	$ (25,391)	$ (31,247)
Total Assets	$ 99,531	$ 26,043	$ 8,893	$ 106,314	$ 115,165
Mandatory Redeemable Preferred Stock (1)	$ -	$ 150	$ 220	$ -	$ -
Long-Term Debt, net (2)	$ 34,709	$ 338	$ 119	$ 34,577	$ 39,865

Capital Lease Obligations, net (2)	$	491	$	317	$	249	$	409	$	610
Stockholders' Equity	$	5,103	$	5,642	$	674	$	6,724	$	(3,194)

(1) – mandatory redeemable preferred stock is included in working capital (deficiency)
(2) – current portion of long-term debt and capital lease obligations is included in working capital (deficiency)
(3) – The Company's acquisition of the former DirecTECH operating entities beginning with Multiband NC Incorporated on March 1, 2008 followed by the acquisition of an 80% interest in former operating subsidiaries of DTHC, (Multiband NE Incorporated (NE), Multiband SC Incorporated (SC), Multiband EC Incorporated (EC), Multiband DV Incorporated (DV), Multiband MDU (MBMDU) and Multiband Security Incorporated (Security)). The Company also purchased an additional 29% ownership interest in Multiband NC Incorporated, of which it previously owned 51%, effective on January 2, 2009. The remaining 20% of those operating entities were purchased in December 2009. These acquisitions produced material changes to the Company's statement of operations and balance sheet data for 2008 and 2009.
(4) – The above financial information may not account for all uncertainties facing the Company. The Company is subject to claims, regulatory processes and lawsuits that arise in the ordinary course of business. The Company only accrues for such matters when a loss is consider probable the amount of such loss or range of loss can be reasonably estimated.

Management's Discussion and Analysis of Financial Condition and Results of Operation
The following discussion of the financial condition and results of operations of Multiband should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere in this report.

Quarter and Six months ended June 30, 2010 and June 30, 2009

Results of Operations (in thousands)

Revenues
Total revenues decreased 3.7% to $64,888 for the quarter ended June 30, 2010 as compared to $67,396 for the quarter ended June 30, 2009. Revenues for the six month period ended June 30, 2010 decreased 3.4% to $125,136 from $129,554 for the same period in 2009.

HSP segment revenues for the three months ended June 30, 2010, were $59,371 in comparison to $60,691 for the same period in 2009, a decrease of 2.2%. Revenues for the six months ended June 30, 2010, for the HSP segment, were $114,098 as compared to $117,524 for the same period in 2009, a decrease of 2.9%. This decrease is due to a reduction in DirecTV work order volume of approximately 11% partially offset by an increase in earned incentive revenue of approximately $6,000. Revenues in the HSP segment improved in the second quarter over the first quarter. The Company expects third quarter revenues in the HSP segment to be consistent with second quarter's revenue followed by a normal seasonal decrease in the fourth quarter.

Revenues in the second quarter of 2010 for the MDU segment decreased 17.7% to $5,517 as compared to $6,705 in the second quarter of 2009. Revenues for the six month period ended June 30, 2010, for the MDU segment, decreased 8.2% to $11,038 from $12,030 for the same period in 2009. This decrease is primarily due to reduced DTV subsidies of approximately $700 and more stringent DTV credit standards. The Company believes it can ultimately increase revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network. However, due to the aforementioned stringent DirecTV credit standards and anticipated weakness in the economy, the Company does not expect significant growth in the MDU segment in 2010.

Cost of Products and Services (exclusive of depreciation and amortization)
The Company's cost of products and services decreased by 23.0% to $43,814 for the quarter ended June 30, 2010, as compared to $56,894 for the same quarter last year. For the six months ended June 30, 2010, cost of products and services were $87,767 compared to $104,210 in the prior year, a 15.8% decrease. This reduction is attributable to the improved inventory controls and a better mix of jobs (i.e. more installation work orders versus service calls which yield a higher margin as well as reduced training expense.

Cost of products and services decreased by 23.0% for the HSP segment for the three months ended June 30, 2010 and were $40,221 for the HSP segment, compared to the $52,259 in the prior year quarter. For the six months ended June 30, 2010, cost of products and services were $80,591 for the HSP segment compared to $95,990 in the prior year. a 16.0% decrease. This decrease is the result of reduced costs due to the decrease in volume and improvements in inventory controls. In addition, in the first half of 2009, the Company incurred significant upfront costs due to the substantial increase in the number of technicians employed by the Company. Since these new technicians go through a six to eight week training period prior to working on revenue producing jobs, this created additional expense without any offsetting revenue. In the quarter ended June 30, 2010, the Company's technician's levels were being ramped up to meet increasing job volume. However, this ramp up was not as substantial as the previous year's quarter. During the remainder of 2010, the Company expects HSP cost of products and services to increase relative to revenue as the Company continues to hire and train new technicians to service expected job volumes.

Cost of products and services for the MDU segment for the current quarter were $3,593 compared to $4,635 in the same quarter last year, a 22.5% decrease. For the six months ended June 30, 2010, cost of products and services were $7,176 for the MDU segment, compared to $8,220 in the prior year, a 12.7% decrease. In 2010, the Company expects MDU cost of products and services to be relatively constant in relation to revenue.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 13.0% to $13,500 in the quarter ended June 30, 2010, compared to $15,509 in the prior year's quarter. Selling, general and administrative expenses were, as a percentage of revenues, 20.8% for the quarter ended June 30, 2010 and 23.0% for the same period a year ago. For the six months ended June 30, 2010, selling, general and administrative expenses decreased 7.6% to $27,017 compared to $29,249 for the six months ended June 30, 2009. As a percentage of revenue, selling general and administrative expenses were 21.6% for the six months ended June 30, 2010, compared to 22.6% for the same period in 2009. The decrease in selling, general and administrative expenses as a percentage of revenue is primarily due to decreased insurance and telephone expense. The Company anticipates that for the remainder of 2010, selling, general and administrative expenses will remain consistent with second quarter levels.

Depreciation and Amortization

Depreciation and amortization expense decreased 20.6% to $2,146 for the quarter ended June 30, 2010 compared to $2,703 in the prior year's quarter. For the six months ended June 30, 2010, depreciation and amortization decreased 23.5% to $4,582 compared to $5,988 for the six months ended June 30, 2009. In May 2009, the Company signed a new contract with DirecTV (see Note 3). Due to the new contract, the amortization period of the intangibles was increased from 40 months to 60 months. For the remainder of 2010, depreciation and amortization expense is expected to decrease slightly due to certain assets becoming fully amortized.

Income (Loss) from Operations

The Company, in the second quarter of 2010, earned income from operations of $5,428 versus incurring a loss from operations of $7,710 during the prior year's comparable period. Income from operations was $5,770 during the first six months of 2010 compared to a loss from operations of $9,893 during the first half of 2009. For the second quarter of 2010, the HSP segment earned income from operations of $6,804, compared to a loss of $6,541 in the same period last year. For the six months ended June 30, 2010, income from operations was $9,328 for the HSP segment, compared to a loss from operations of $7,490 in the prior year. This improvement is primarily due to increased incentive revenue, improved inventory control and reduced technician training expense. The MDU segment showed a loss from operations of $719 for the three months ended June 30, 2010 compared to a loss of $125 for the three months ended June 30, 2009. For the six months ended June 30, 2010, loss from operations was $1,398 for the MDU segment, compared to a loss from operations of $382 in the same period last year. The MBCorp segment, which has no revenues, incurred a loss from operations of $657 for the three months ended June 30, 2010 and $2,160 for the six months ended June 30, 2010 compared to losses of $1,044 and $2,021 for the same periods last year primarily due to reduced DTV subsidies and more stringent DTV credit standards. The MBCorp segment loss is expected to continue in future periods as corporate overhead is expected to remain consistent with current levels. The HSP segment is expected to maintain its profitability throughout the balance of 2010. The Company plans to mitigate its loss in the MDU segment in future periods by growing its subscriber base at existing properties since the on-going selling, general and administrative expenses to service those subscribers is more fixed than variable.

Interest Expense

Interest expense was $1,066 for the quarter ended June 30, 2010, versus $890 for the same period a year ago. Interest expense was $2,189 for the six months ended June 30, 2010 and $1,745 for the same period last year, primarily reflecting an increase due to interest expense incurred on the Convergent debt and interest expense related to a legal settlement (see Note 9).

Noncontrolling Interest

The noncontrolling interest in subsidiaries was $0 on June 30, 2010 and December 31, 2009, after the Company purchased the remaining 20% of the issued and outstanding shares of common stock of all of the DTHC operating subsidiaries (DirecTECH) and reclassified $5,996 of noncontrolling interest to Multiband's controlling interest on December 17, 2009. The net loss attributable to the noncontrolling interest in subsidiaries for the three months ended June 30, 2010 and 2009 was $0 and $1,482, respectively. The net loss attributable to the noncontrolling interest in subsidiaries for the six months ended June 30, 2010 and 2009 was $0 and $1,778, respectively.

Income taxes

The Company has federal and state net operating losses of approximately $67,000 and $50,000, respectively, which, if not used, will begin to expire in 2018. Changes in the stock ownership of the Company may place limitations on the use of these net operating loss carryforwards (NOLs). During 2009, the Company performed an IRC 382 study and determined that an ownership change had occurred. As a result of the ownership change, the amount of federal NOL available for future use is $41,613, consisting of annual federal limitations of $6,294 for the next five years and $634 for each year thereafter. The Company has determined there are also limitations on the state net operating loss carryforwards, but has not completed the analysis to determine the limitation. For the three months ended June 30,

2010 and 2009, the Company has recorded income tax expense of $1,983 and $102, respectively, related to federal and state taxes. For the six months ended June 30, 2010 and 2009, the Company recorded income tax expense related to federal and state taxes of $2,183 and $202, respectively.

The state tax expense reported is due to some of the subsidiaries having taxable income in states where the state requires filing separate company income tax returns instead of filing on a consolidated basis with members of the consolidated group. Other state tax expense is associated with the tax liability being calculated on gross receipts, capital, or some other non-income method of calculation.

Net Income (Loss)
In the second quarter of fiscal 2010, the Company reported a net income of $2,395 compared to a net loss of $8,601 for the second fiscal quarter of 2009. For the six months ended June 30, 2010, the Company recorded a net income of $1,431 compared to a net loss of $11,482 for the six months ended June 30, 2009.

Liquidity and Capital Resources
During the six months ended June 30, 2010, the Company earned net income of $1,431 compared with a net loss of $11,482 during the six months ended June 30, 2009. Net cash provided by operations during the six months ended June 30, 2010 was $10,471 as compared to the net cash used by operations during the six months ended June 30, 2009 of $1,339. Principal payments on current long-term debt, short-term debt, short-term debt to a related party and capital lease obligations over the next 12 months are expected to total $5,221.

In May 2009, the Company paid off its then existing loan with Convergent Capital Partners I, L.P., and entered into a new $5,000 loan facility with a different lender due in December 2012. That new facility has a rolling quarterly positive EBITDA covenant which the Company was in compliance with as of June 30, 2010.

The Company, in lieu of a one-time payment for its business insurance, has entered into a short-term financing agreement with First Insurance Funding Corporation in the amount of $8,806 for workers compensation, business and auto insurance. This financing agreement carries an interest rate of 6.12% and requires monthly payments of principal and interest of $1,004 through October 2010. As of June 30, 2010, the amount outstanding under the agreement was $3,963.

Cash and cash equivalents totaled $5,279 at June 30, 2010 versus $2,240 at December 31, 2009. Working capital deficit at June 30, 2010 was $25,391, compared to $28,596 at December 31, 2009. Net cash used by investing activities totaled $1,112 for the period ended June 30, 2010, compared to $1,862 for the period ended June 30, 2009.

For the balance of 2010, the Company intends to focus on maintaining profitability in its HSP business segment. With regards to its MDU business segment, the Company, for the balance of 2010, believes it can modestly grow both owned and managed subscriber revenues through increased marketing and customer penetrations of previously built out properties. The Company believes it can increase managed subscriber revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network.

The Company used $1,078 for capital expenditures during the six months ended June 30, 2010, compared to $1,426 in the same period last year. Capital expenditures consisted of property build-outs and equipment acquired for internal use. This decrease was related to a reduced company funded video and internet service build outs to MDU properties made during 2010. Throughout the remainder of 2010, the Company estimates that it will have approximately $1,000 of additional capital expenditures which the Company intends to fund through leasing and/or cash on hand.

Management anticipates that the impact of the actions listed below will generate sufficient cash flows to pay current liabilities, long-term debt and capital and operating lease obligations and fund the Company's operations for the next twelve months:

1. Maintain continued profitability in the Company’s HSP segment.
2. Evaluate factors such as anticipated usage and inventory turnover to maintain optimal inventory levels.
3. Obtain senior debt financing with extended terms to refinance the Company’s note payable to DirecTECH Holding Company, Inc., which matures on January 1, 2013.
4. Expand call center support with sales of call center services to both existing and future system operators and to buyers of the Company’s video subscribers.
5. Solicit additional equity investment in the Company by issuing either preferred or common stock.

On August 3, 2010, the Company signed a $10,000 purchase agreement to sell shares of the Company’s common stock to Lincoln Park Capital Fund, LLC (LPC), an Illinois limited liability company. The Company plans to use any proceeds from this agreement for working capital to support current operations and for other general corporate purposes; which may involve expansion of those operations and/or reduction of existing debt. We also entered into a registration rights agreement with LPC whereby we agreed to file a registration statement related to the transaction with the U.S. Securities & Exchange Commission (SEC) covering the shares that have been issued or may be issued to LPC under the purchase agreement. After the SEC has declared effective the registration statement related to the transaction, we have the right, in our sole discretion, over a 25-month period to sell our shares of common stock to LPC in amounts up to $500 per sale, depending on certain conditions as set forth in the purchase agreement, up to the aggregate commitment of $10,000 (see Note 12).

The Company, as of June 30, 2010, needs to continue to improve its working capital ratio over the next few quarters to adequately manage the size of its expanded operations. Since the Company acquired significant assets in its purchase of 100% of the outstanding stock of the former DTHC operating entities, Multiband believes it has the capacity to leverage certain of those assets. Management believes that through a combination of leveraging assets, its cash on hand, greater expense control, recent positive operating income, and potential sales of common and/or preferred stock, it can meet its anticipated liquidity and capital resource requirements for the next twelve months.

Years Ended December 31, 2009 and December 31, 2008

Results of Operations (in thousands)

The following table sets forth certain items.

	2009	2008
Revenues		
HSP	90.64%	55.12%
MDU	9.36%	44.88%
MBCorp	-%	-%
Total Revenues	100.00%	100.00%
Cost of Products and Services (exclusive of depreciation and amortization)		
HSP	70.94%	37.83%
MDU	6.21%	28.30%
MBCorp	-%	-%
Total Cost of Products and Services (exclusive of depreciation and amortization)	77.15%	66.13%
Selling, General and Administrative Expenses	21.48%	24.43%
Depreciation and Amortization	4.06%	7.04%
Income (Loss) from Operations	(2.69)%	2.10%
Net Income (Loss)	(4.23)%	3.72%

Revenues

Total revenues from continuing operations increased 525.8% from $42,986 in 2008 to $268,994 in 2009. HSP segment had revenues of $243,807 in 2009 and $23,696 in 2008, an increase of 928.9%. This overall and HSP segment increase in revenues is due to the purchase of the former DirecTECH operating entities. Multiband initially acquired 51% of NC on March 1, 2008, achieved 80% ownership of all the operating entities on January 2, 2009 and purchased the remaining 20% of those entities in December 2009 (see Note 2). The Company expects HSP segment revenues will slightly decline in 2010, due in part, to the reduction in conversion to digital services which was mandated in 2009 by the Federal Government. The MDU segment had revenues of $25,187 in 2009 and $19,290 in 2008, at an increase of 30.6%. This overall increase of approximately $5,897 in the MDU segment is primarily due to a larger subscriber base, and increased activity from the call center. The Company believes it can ultimately increase revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network. Due to demand for high definition television services and a larger subscriber base, MDU revenues are not expected to decline in 2010. However due to other factors such as more stringent DTV credit standards and anticipated weakness in the general economy, the Company does not expect significant growth in the MDU segment in 2010. In summary, the Company expects MDU revenues to be relatively constant in 2010.

Costs of Products and Services (exclusive of depreciation and amortization)

Total costs of products and services were $207,533 in 2009 compared to $28,426 in 2008. Overall cost of products and services increased due to the purchase of 80% of the former DirecTECH operating entities in January 2009. The remaining 20% of these entities were purchased in December 2009 (see Note 2). Cost of products and services for the year ended December 31, 2009, were $190,818 for the HSP segment (initially acquired March 1, 2008 and significantly increased in January 2, 2009 with the purchase of DTHC operating entities), compared to the $16,261 for the ten months ended December 31, 2008, a 1073.5% increase. This increase is due to the purchase of the former DirecTECH operating entities (see Note 2). During 2010, the Company expects HSP cost of products and services to drop in relation to revenues due to tighter inventory controls and a better mix of jobs (i.e. more installation work orders versus service calls which yield a higher margin). Cost of products and services for the year ended December

31, 2009 were $16,715 for the MDU segment, compared to $12,165 in the prior year, a 37.4% increase. The increase in cost of products and services in the MDU segment is primarily related to the purchase of MBMDU, one of the former DirecTECH operating entities. The increase in costs is also related to the increase in revenue generated by the system operators due to a change in revenue mix and certain commission payments. In 2010, the Company expects MDU cost of products and services to increase slightly as compared to 2009 due to certain commission payments.

Selling, General and Administrative Expense

Selling, general and administrative expenses from continuing operations increased 450.3% to $57,778 in 2009, compared to $10,500 in 2008 due primarily to the acquisition of the former DirecTECH operating entities in 2009. Selling, general and administrative expenses were, as a percentage of revenues, 21.5% for 2009 and 24.4% for 2008. This percentage decrease is primarily due to a significant increase in revenues with proportionately less increases in payroll and administrative expenses. Without the Multiband Corp segment which recorded in 2008, $1,285 of reimbursed payroll expenses for management consulting to DTHC, the decline in selling, general and administrative expenses would have been greater. The Company's management consulting agreement with DTHC ended on January 2, 2009 as a result of the acquisition of the majority ownership of former operating subsidiaries of DTHC (see Note 2). The Company anticipates for 2010, selling, general and administrative expenses will remain consistent as a percentage of overall revenues.

Depreciation and Amortization

Depreciation and amortization expense increased 260.5% to $10,906 for the year ended December 31, 2009, as compared to $3,025 for the year ended December 31, 2008. This increase in depreciation and amortization is largely due to the amortization of intangibles related to the DirecTECH purchase (see Note 2). During 2010, depreciation and amortization expense is expected to remain at the same level as in 2009.

Income (Loss) from Operations

The Company, in 2009, incurred a loss from operations for its combined operating business segments of $7,223 compared to an income of $903 during 2008. The HSP segment for the year ended December 31, 2009 had a loss from operations of $2,397, compared income from operations of $2,335 for the ten months ended December 31, 2008. The HSP segment is expected to maintain its profitability by reaching incentive goals and continued improvement in job mix (i.e. more installation work orders versus service calls which yield a higher margin). The MDU segment incurred a loss from operations of $1,038 in 2009 compared to profits of $1,511 in 2008. The Company expects to mitigate its future losses in the MDU segment due to an expected increased in future subscriber activity at maturing properties and better control of administrative costs. The Multiband Corporation segment, which has no revenues, showed a loss from operations of $3,788 in 2009 compared to a loss of $2,943 for the same period last year. In 2008, the Multiband Corporation segment loss was reduced as a result of its management agreement with DTHC. This agreement resulted in $1,285 of management consulting income as well as a management performance bonus of $2,366. This agreement ended on January 2, 2009 as a result of the acquisition of the majority ownership of former operating subsidiaries of DTHC (see Note 2). The Multiband Corporation loss is expected to increase in future periods as corporate overhead is expected to increase as a result of the acquisition of 100% ownership of DTHC's operating subsidiaries (see Note 2).

Interest Expense

Interest expense was $4,104 for 2009 versus $657 for 2008, primarily due to an increase in interest expense incurred on the debt issued for the purchase of DirecTECH (see Note 3). Imputed interest discount was $35 and $282 for the years ended December 31, 2009 and 2008, respectively.

Management consulting income

During the year ended December 31, 2008, Multiband recorded a performance bonus as part of the management consulting agreement with DTHC of $2,366 which was paid via reduction of the debt incurred in the acquisition of NC (see Note 2 and Note 17). The Company recorded this consulting income as part of other income and expense on the statement of operations because the income does not constitute the entity's ongoing major or central operations. The consulting income was not a reimbursement of direct expenses. In 2009, due to the acquisition of majority ownership of former subsidiaries of DTHC, the Company's consulting agreement with DTHC was terminated and no income was earned during that comparable year. This income is part of the Multiband Corp. business segment.

Noncontrolling Interest

Effective January 1, 2009, the Company adopted new accounting guidance related to accounting for noncontrolling interests in subsidiaries (see Note 2). This resulted in the reclassification of minority interest of $3,471 at December 31, 2008 related to the 51% ownership of NC from the mezzanine section of the balance sheet to the noncontrolling interest in the equity section of the balance sheet. As of January 2, 2009, Multiband purchased an additional 29% of the outstanding stock of NC. $2,054 of noncontrolling interest was transferred to Multiband's controlling interest related to this acquisition, leaving $1,417 as the remaining value of the noncontrolling interest. In addition, Multiband purchased 80% of the outstanding stock of EC, NE, SC, DV, Security and MBMDU (see Note 2). The Company recorded $6,306 of noncontrolling interest related to this acquisition. The net loss attributable to the noncontrolling interest in subsidiaries for the year ended December 31, 2009 was $1,727. On December 17, 2009, the Company purchased the remaining 20% of the issued and outstanding shares of common stock of all of the DTHC operating subsidiaries (DirecTECH) and reclassified $5,996 of noncontrolling interest to Multiband's controlling interest.

Income taxes

In 2009, the Federal income tax return of Multiband Corporation will include the former subsidiaries of DirecTech Holding Company which were acquired by the Company. The state tax expense reported is due to some of the subsidiaries having taxable income in states where the state requires filing separate company income tax returns instead of filing on a consolidated basis with members of the consolidated group. Other state tax expense is associated with the tax liability being calculated off of gross receipts, capital, or some other non-income method of computation. In 2008, for federal income tax purposes, NC was not included in the consolidated tax return of the Company due to less than 80% of ownership. Components of income tax expense for the year ended December 31, 2008 relates to taxable income from the HSP segment and $45 of alternative minimum tax (AMT) in the Multiband Corp. segment: Due to the Company's purchase of 51% of NC's stock, effective March 1, 2008, NC did not file consolidated tax returns in 2008 with its former parent DTHC but filed as a single entity as it no longer met the 80% ownership required for tax consolidation. Effective with the additional stock purchased in 2009, NC expects to be able to utilize the tax loss carryforwards of Multiband Corporation. For the years ended December 31, 2009 and 2008, the Company has recorded a provision for income tax of $406 and $1,132, respectively, which consisted primarily of provisions for state income taxes.

The Company has federal and state net operating losses of approximately $68,596 and $50,800, respectively, which, if not used, will begin to expire in 2018. Changes in the stock ownership of the Company may place limitations on the use of these net operating loss carryforwards. During 2009 the company performed an IRC 382 study and determined that an ownership change had occurred. As a result of the ownership change, an annual limitation is in place on the use of the net operating loss carry forwards, the Company expects to utilize $41,613 of the net operating loss carryforwards before they expire.

Net Income (Loss)

The Company incurred a net loss of $11,377 in 2009. The Company incurred a net income of $1,597 in 2008

Total Assets

The following table sets forth certain items.

Total Assets	2009	2008
HSP	$ 84,474	$ 13,005
MDU	12,547	7,471
MBCorp	2,510	5,567
Total Assets	$ 99,531	$ 26,043

Years Ended December 31, 2008 and December 31, 2007

Results of Operations (in thousands)

The following table sets forth certain items.

	2008	2007
Revenues		
HSP	55.12%	-%
MDU	44.88%	100.00%
MBCorp	-%	-%
Total Revenues	100.00%	100.00%
Cost of Products and Services (exclusive of depreciation and amortization)		
HSP	37.83%	-%
MDU	28.30%	55.28%
MBCorp	-%	-%
Total Cost of Products and Services (exclusive of depreciation and amortization)	66.13%	55.28%
Selling, General and Administrative Expenses	24.43%	58.92%
Depreciation and Amortization	7.04%	24.02%
Income (Loss) from Operations	2.10%	(38.22)%
Net Income (Loss)	3.72%	(40.36)%

Revenues

Total revenues from continuing operations increased 184.9% from $15,086 in 2007 to $42,986 in 2008. This overall increase in revenues is primarily due to the purchase of NC in March 2008, with revenues for the ten month period ended December 31, 2008 of $23,696, offset by sales of approximately 23,000 owned subscriptions which occurred throughout 2007 in efforts to strategically sell unprofitable owned assets, utilizing the proceeds from those assets into facilitating growth in the Company's managed subscriber services including our support center and our master system operator program. The HSP segment had revenues of $23,696 made up entirely of NC (see Note 2). The Company expects revenues in the HSP segment will continue to increase into 2009, as a result of the acquisition of the majority

ownership of former operating subsidiaries of DTHC (see Note 2). The MDU segment had revenues of $19,290 in 2008 and $15,086 in 2007, at an increase of 27.9%. This overall increase of approximately $4,204 in the MDU segment is primarily due to the revenue earned for coordinating improvements of systems used to deliver enhanced programming services, and increased activity from a large system operator along with an increase in call center revenue offset by the aforementioned sales of owned subscriptions. The Company believes it can ultimately increase revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network. Due to demand for high definition television services and the aforementioned revenue generated from coordinating system improvements to provide enhanced programming services, MDU revenues are expected to remain above 2008 levels in 2009.

Costs of Products and Services (exclusive of depreciation and amortization)
Total costs of products and services were $28,426 in 2008 compared to $8,340 in 2007. Overall costs of products and services as a percentage of revenue did increase between 2007 and 2008 due, in part, to the purchase of NC, which makes up 100% of the HSP segment, with costs for the ten months ended December 31, 2008 of $16,261, along with specific vendor price increases without a corresponding increase in price to customers, certain commission payments, and allocation of certain support center costs to cost of products and services. MDU segment costs of products and services were $12,165 in 2008 and $8,340 in 2007. The increase in costs of products and services in the MDU segment is primarily related to an increase in revenue generated by a system upgrade subsidized by DirecTV, and performed by system operators along with a change in revenue mix, certain commission payments, and a decrease in programming and circuit charges between the comparable periods due to a decreased subscriber number. The Company expects costs of products and services as a percentage of revenue to increase slightly in future periods due to the continued change in revenue mix.

Selling, General and Administrative Expense
Selling, general and administrative expenses from continuing operations increased 18.1% to $10,500 in 2008, compared to $8,888 in 2007 due primarily to the addition of the HSP segment resulting from the acquisition of NC in 2008 with costs for the ten months ended of $5,068, offset by a reduction in payroll and employee expenses, property maintenance expenses, and outside service expenses. Selling, general and administrative expenses were, as a percentage of revenues, 24.43% for 2008 and 58.9% for 2007. This percentage decrease is primarily due to a significant increase in revenues with only modest increases in payroll and administrative expenses. Multiband Corp segment also recorded $1,285 of reimbursed payroll expenses for management consulting to DTHC per its management consulting agreement which ended at December 31, 2008 (see Note 18). The Company anticipates that for 2009, selling, general and administrative expenses will remain consistent as a percentage of overall revenues.

Impairment of Assets
For the year ended December 31, 2008, the Company recorded impairment costs totaling $132, consisting of $50 of the goodwill related to the US Install purchase and the remaining goodwill balance of $17 from a previous acquisition. Also, pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65 for the year ended December 31, 2008.

Depreciation and Amortization
Depreciation and amortization expense decreased 16.5% to $3,025 for the year ended December 31, 2008, as compared to $3,624 for the year ended December 31, 2007. This decrease in depreciation and amortization is due to the sale of tangible and intangible assets in various states most of which occurred in 2007 (see Note 2), offset by the increase in amortization of intangible asset related to the NC purchase (see Note 2). Depreciation and amortization expense is expected to increase in 2009 as a result of the acquisition of the former operating subsidiaries of DTHC.

Income (Loss) from Operations
The Company, in 2008, earned income from operations for its combined operating business segments of $903 compared to a loss of $5,766 during 2007. The HSP segment for the ten months ended December 31, 2008, had a profit of $2,335, compared to the $0 in the prior year. The HSP segment did not exist in 2007 so there are no comparable results to report (see Note 2). The MDU segment showed a profit from operations of $1,511 in 2008 compared to a loss of $1,445 in 2007. The Company expects the MDU segment profitability in future periods to decline slightly due to reduced activity related to system enhancements which were robust throughout 2008. At the same time, the Company will look to add subscribers in its MDU division since the on-going selling, general and administrative expenses to service those subscribers is more variable than fixed. The Multiband Corporation segment, which has no revenues, showed a loss from operations of $2,943 in 2008 compared to a loss of $4,321 for the same period last year. In 2008, the Multiband Corporation segment loss was reduced as a result of its management agreement with DTHC. This agreement resulted in $1,285 of management consulting income as well as a

management performance bonus of $2,366. This agreement ends in 2009 as a result of the acquisition of the majority ownership of former operating subsidiaries of DTHC (Note 2). The Multiband Corporation loss is expected to increase in future periods as corporate overhead is expected to increase as a result of the acquisition of the majority ownership of DTHC's operating subsidiaries (see Note 2).

Interest Expense

Interest expense was $657 for 2008 versus $504 for 2007, reflecting primarily an increase in the Company's debt issued for the purchase of 51% of NC (see Note 2) and related imputed interest discount expense. Amortization of imputed interest discount was $282 and $0 for the years ended December 31, 2008 and 2007, respectively.

Management consulting income

During the year ended December 31, 2008, Multiband recorded a performance bonus as part of the management consulting agreement with DTHC of $2,366 which was paid via reduction of the debt incurred in the acquisition of NC (see Note 2 and Note 18). The Company recorded this consulting income as part of other income and expense on the statement of operations because the income does not constitute the entity's ongoing major or central operations. The consulting income was not a reimbursement of direct expenses. No income was earned during the comparable year ended December 31, 2007. This income is part of the Multiband Corp. business segment. In 2009, due to the acquisition of majority ownership of former subsidiaries of DTHC, the Company's consulting agreement with DTHC was terminated.

Noncontrolling interest

Effective March 1, 2008, the Company purchased 51% of the stock of NC. The noncontrolling interest on the statement of operations for the year ended December 31, 2008 was $652. The minority interest represents DTHC's 49% ownership of NC. In 2008, NC made up 100% of the HSP segment.

Income taxes

Due to the Company's purchase of 51% of NC's stock, effective March 1, 2008, NC will no longer file consolidated federal tax returns with its former parent DTHC but will file as a single entity as it no longer meets the 80% ownership required for federal tax consolidation. Therefore, NC will not be able to utilize the tax loss carryforwards of Multiband Corporation since Multiband owns less than 80% of NC. For the year ended December 31, 2008, the Company has recorded a provision for income tax of $1,132. NC currently makes up 100% of the HSP segment.

Net Income (Loss)

The Company incurred a net income of $1,597 in 2008. The Company's net loss in 2007 totaled $6,088.

Total Assets

The following table sets forth certain items.

Total Assets	2008	2007
HSP	$ 13,005	$ -
MDU	7,471	7,621
MBCorp	5,567	1,272
Total Assets	$ 26,043	$ 8,893

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Unaudited Quarterly Results

The following table sets forth certain unaudited quarterly operating information for each of the eight quarters in the two-year period ending December 31, 2009. This data includes, in the opinion of management, all normal recurring adjustments necessary for the fair presentation of the information for the periods presented when read in conjunction with the Company's consolidated financial statements and related notes thereto. Results for any previous fiscal quarter are not necessarily indicative of results for the full year or for any future quarter (in thousands, except per share amounts).

	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
Revenues:								
Multiband	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MDU	6,562	6,595	6,705	5,325	6,407	4,948	4,201	3,734
HSP	61,457	64,826	60,691	56,833	7,718	7,393	6,605	1,980
Total Revenues	68,019	$ 71,421	67,396	62,158	14,125	12,341	10,806	5,714
Cost of Products & services (exclusive of depreciation and amortization shown separately below)	48,678	54,645	56,894	47,316	9,656	8,556	6,394	3,820
SG&A Expense	14,755	13,774	15,509	13,740	3,326	2,758	2,561	1,855
Depreciation & Amortization	2,504	2,414	2,703	3,285	562	846	879	738
Impairment of assets	-	-	-	-	67	-	7	58
Operating Income (Loss)	2,082	588	(7,710)	(2,183)	514	181	965	(757)
Interest Expense	(1,333)	(1,026)	(890)	(855)	(143)	(301)	(113)	(100)
Management Income	-	-	-	-	919	1,447	-	-
Other Income (Expenses)	(87)	85	101	257	37	8	32	40
Net Income (Loss) Before Income Taxes and Noncontrolling Interest In Subsidiaries	662	(353)	(8,499)	(2,781)	1,327	1,335	884	(817)
Provision(benefit) for Income Tax	(168)	372	102	100	383	286	434	29
Net Income (Loss)	830	(725)	(8,601)	(2,881)	944	1,049	450	(846)
Less: Net Income (Loss) Attributable to the Noncontrolling Interest in Subsidiaries	317	(266)	(1,482)	(296)	102	138	394	18
Net Income (Loss) attributable to Multiband Corporation and Subsidiaries	$ 513	$ (459)	$ (7,119)	$ (2,585)	$ 842	$ 911	$ 56	$ (864)
Income (Loss) attributable to common stockholders	$ 357	$ (529)	$ (7,190)	$ (2,658)	$ 802	$ 847	$ (47)	$ (4,745)
Income (Loss) per common share attributable to common stockholders –	$ 0.04	$ (0.05)	$ (0.75)	$ (0.28)	$ 0.08	$ 0.09	$ 0.00	$ (0.56)

basic																
Income (Loss) per common share attributable to common stockholders – diluted	$	0.03	$	(0.05)	$	(0.75)	$	(0.28)	$	0.08	$	0.09	$	0.00	$	(0.56)
Weighted average shares outstanding – basic		9,701		9,659		9,651		9,650		9,634		9,562		9,499		8,498
Weighted average shares outstanding – diluted		10,763		9,659		9,651		9,650		9,865		9,797		9,499		8,498

Legal proceedings (in thousands)
The Company is subject to claims, regulatory processes and lawsuits that arise in the ordinary course of business. The Company accrues for such matters when a loss is considered probable and the amount of such loss, or a range of loss, can be reasonably estimated. The Company's defense costs are expensed as incurred. The Company has recorded $8,262 and $9,299 of accrued liabilities as of June 30, 2010 and December 31, 2009, for claims and known and potential settlements and legal fees associated with existing litigation. The majority of the accrual relates to claims for back overtime wages alleged in a number of cases filed between 2006 to 2008 entitled Lachiev v. JBM (S.D. Ohio); Davis v. JBM (S.D. Ohio); Gruchy v. DirecTech Northeast (D. Mass); Stephen v. Michigan Microtech (E.D. Mich); and In re DirecTECH Southwest, Inc. (E.D. La). Effective December 31, 2009, the Company settled in principal the majority of these claims. While the Company and its predecessors denied the allegations underlying the lawsuits, it agreed to a settlement to avoid significant legal fees, the uncertainty of a jury trial, and other expenses and management time that would have to be devoted to protracted litigation. The Company recorded the settlement of $6,729, net of imputed interest of $575 and including administration fees and estimated payroll taxes. The aforementioned settlement is being paid in equal installments of $291 over a 24 month period beginning January 15, 2010. The balance of the settlement as of June 30, 2010 is $4,966.

In connection with the purchase of the operating subsidiaries of DTHC, the Company has the right to offset a portion of certain claims against the note to DTHC. In relation to the settlement noted above, the Company offset $178 during the six months ended June 30, 2010. The Company has recorded a receivable of $987 as of June 30, 2010 which represents an estimate of the amount that will be recovered from DTHC including legal fees for the remaining litigation.

In December 2009, the US Department of Labor (DOL) sued various individuals that are either shareholders, directors, trustees and/or advisors to DirecTECH Holding Company (DTHC) and its Employee Stock Ownership Plan (ESOP). Multiband Corporation was not named in this complaint. Various defendants in this matter have made requests to Multiband for advancement or reimbursement of legal fees to defend the case. Two of those Defendants, Robert Eddy and Woody Bilyeu, have filed suit against DTHC, Multiband and certain Multiband operating subsidiaries for reimbursement of said fees. In an ancillary count, Bilyeu has also filed suit seeking acceleration of his promissory note with DTHC which totals approximately $9,600 as of this writing. The basis for these reimbursement requests are certain corporate indemnification agreements that were entered into by the former DTHC operating subsidiaries and Multiband itself. To date, Multiband has denied all requests for indemnification of legal fees in this matter for, in part, the following reasons: 1) Similar indemnification agreements as the ones in question here were declared illegal under Federal law by a California federal appeals court; 2) The Company believes the primary remedy the DOL is seeking from the defendants is one of "disgorgement" from the individual DTHC shareholders; 3) Multiband has no obligation to indemnify DTHC individual shareholder conduct. Notwithstanding the above, the outcome of the matter is uncertain at present and Multiband cannot definitively predict based on the current facts known to it, whether it ultimately will have any material expense in the matter.

Additionally, the Company is subject to pending claims, regulatory processes and lawsuits for which losses are not probable and amounts cannot be reasonably estimated. Those losses could ultimately be material to the Company's financial position, results of operations and cash flows.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (in thousands)

Inventories
The Company's inventories are segregated into three major categories. Serialized DirecTV inventories consist primarily of satellite receivers and similar devices. Non-serialized DirecTV inventories consist primarily of satellite dishes, poles and similar devices which are supplied by DirecTV. Other inventory consists primarily of cable, switches and various small parts used in the installation of DirecTV satellite dishes. Inventory is costed using a

standard cost, which approximates actual costs, determined on a first-in first-out basis.

Impairment of Long-Lived Assets

The Company's long-lived assets include property, equipment, leasehold improvements and intangibles, subject to amortization. At June 30, 2010, the Company had net property and equipment of $8,231 which represents approximately 7.7% of the Company's total assets. At June 30, 2010, the Company had net intangibles of $19,692 which represented approximately 18.5% of the Company’s total assets (see Note 1). The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Impairment of Goodwill

In accordance with ASC Topic No. 350, Intangibles-Goodwill and Other, goodwill and intangible assets without a defined life shall not be amortized over a defined period, but instead must be tested for impairment at least annually. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. The goodwill impairment test is a two-step impairment test. In the first step, the Company compares the fair value of each reporting unit to its carrying value. The Company's estimates may differ from actual results due to, among other things, economic conditions, changes to its business models, or changes in operating performance. Significant differences between these estimates and actual results could result in future impairment charges and could materially affect the Company's future financial results. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step in order to determine the implied fair value of the reporting unit's goodwill and compare it to the carrying value of the reporting unit's goodwill. The activities in the second step include valuing the tangible and intangible assets and liabilities of the impaired reporting unit based on their fair value and determining the fair value of the impaired reporting unit's goodwill based upon the residual of the summed identified tangible and intangible assets and liabilities. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses, which amounts to $38,067 as of June 30, 2010, may be impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations. During the three and six months ended June 30, 2010 and 2009, the Company did not record any impairment related to goodwill.

Group Health and Workers' Compensation Insurance Coverage

The Company uses a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. The Company's share of its workers compensation plan are recorded for the aggregate liabilities for claims reported, based on historical experience. The Company also estimates the cost of health care claims that have been incurred but not reported, based on historical experience.

Insurance and claims accruals reflect the estimated cost for group health and workers' compensation claims not covered by insurance. The insurance and claims accruals are recorded at the estimated ultimate payment amounts. Such insurance and claims accruals are based upon individual case estimates and estimates of incurred-but-not-reported losses using loss development factors based upon past experience.

During 2009, in certain states, the Company is self-insured for workers' compensation liability claims up to $100, plus administrative expenses, for each occurrence involving workers' compensation claims since February 1, 2009. Effective January 1, 2010, the Company is self-insured for workers compensation claims up to $250 plus administrative expenses, for each occurrence involving workers compensation claims since that date.

The Company is self-insured for health insurance covering the range of liability under which management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate. However, if the Company experiences claims that in the aggregate become catastrophic, those claims may not be covered entirely by its premium based policies and as such the Company could experience expenses that would be materially adverse to its results of operations in future periods.

Stock-Based Compensation

The Company accounts for its stock options using fair value for the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's

stock price as well as assumptions regarding a number of variables. These variables include, but are not limited to the Company's expected stock price volatility, and actual and projected stock option exercise behaviors and forfeitures.

Income Taxes

The Company accounts for deferred tax assets and liabilities under the liability method. Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for deductible temporary differences and tax operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and record a valuation allowance to reduce our deferred tax assets to the amounts we believe to be realizable. We concluded that a full valuation allowance against our U.S. deferred tax assets was appropriate as of June 30, 2010 and December 31, 2009.

Revenue Recognition
The Company recognizes revenue in accordance with the Securities Exchange Commission's Staff Accounting Bulletin No. 104 "Revenue Recognition" ("SAB 104"), which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of a customer arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. The Company recognizes revenue as services are performed and completed.

The Company has two operating segments. The HSP segment (HSP) (companies include NE, SC, EC, NC, DV and Security) provides the installation and service of DirecTV video programming, internet and home security systems for residents of single family homes. The MDU segment (MDU) (companies include MNMDU, MBSS, and MBMDU) represents results as the master service operator for DirecTV and provides voice, data and video services to residential multi-dwelling units as the principal to subscribers.

The Company earns HSP segment revenue as follows:

1. installation and service of DirecTV video programming for residents of single family homes
2. installation of home security systems and internet services

The Company has a home services provider agreement with DirecTV which allows the Company to install and activate DirecTV video programming services for residents of single family homes. As a DirecTV HSP, the Company earns revenue for installing and servicing DirecTV video customers pursuant to predetermined rates set by DirecTV which may vary from time to time. Revenue is recognized upon completion of the delivery and installation of equipment. DirecTV reimburses the Company for substantially all DirecTV equipment used for customer installation related to the HSP segment.

The Company earns MDU segment revenue as follows:

1. from voice, video and data communications products which are sold and installed
2. direct billing of user charges to multiple dwelling units, through the activation of, enhancement of, and residual fees on video programming services provided to residents of multiple dwelling units

MDU segment user charges are recognized as revenues in the period the related services are provided. Any amounts billed prior to services being provided are reported as deferred service obligations and revenues.

Revenue generated from activation of video programming services is earned in the month of activation. According to Multiband's Master System Operator agreement with DirecTV, in the event that a customer cancels within the first 12 months of service, DirecTV has the right to chargeback the Company for a portion of the activation fees received. The Company has estimated the potential charge back of commissions received on activation fees during the past 12 months based on historical percentages of customer cancellations and has included that amount as a reduction of revenue. Residual income is earned as services are provided by DirecTV through its system operators. As a master system operator for DirecTV, the Company earns a fixed percentage based on net cash received by DirecTV for recurring monthly services, a variable amount depending on the number of activations in a given month, and a variable amount for coordinating improvements of systems used to deliver enhanced programming services. The Company's master system operator contract with DirecTV also permits the Company to earn revenues through its control of other system operators who are unable to provide DirecTV video programming services without the Company's performance.

The Company reports the aforementioned MDU voice, data, and video revenues on a gross basis based on the following factors: the Company has the primary obligation in the arrangement with its customers; the Company

controls the pricing of its services; the Company performs customer service for the agreements; the Company approves customers; and the Company assumes the risk of payment for services provided. We offer some products and services that are provided by third party vendors. We review the relationship between us, the vendor and the end customer on an individual basis to assess whether revenue should be reported on a gross or net basis. As an example, our resold satellite digital television revenue is reported on a net basis.

MDU segment revenue generated by the support center to service third party subscribers by providing billing and call center support services is recognized in the period the related services are provided.

Customers contract for both the purchase and installation of voice and data networking technology products and certain video technologies products. Revenue is recognized when the products are delivered and installed and the customer has accepted and has the ability to fulfill the terms of the contract.

The Company's policy is to present taxes imposed on revenue-producing transactions on a net basis.

Deferred Revenue
The Company invoices for certain installation upgrade projects upon order of project equipment. Revenue is deferred on these projects until the equipment is installed.

RELATED PARTY TRANSACTIONS (in thousands)

On September 1, 2009, the Company entered into an unsecured short term promissory note in the amount of $800 with J. Basil Mattingly, Vice President of Business Development of the Company. The balance at June 30, 2010 and December 31, 2009 is $115 and $745, respectively. The note carries an interest rate of 4% per annum and was extended to December 31, 2010.

On January 2, 2009, the Company entered into a promissory note in the amount of $40,200 with DTHC, due January 1, 2013, bearing interest at an annual rate of 8.25% (subject to adjustment in the event of a default). The note was subsequently adjusted by $6,344 for an offsetting receivable which was on Multiband's books as of December 31, 2008. This reduced the amount of this promissory note to $33,856. The Company has the right to offset a portion of certain claims against the note to DTHC once those claims are resolved. As of December 31, 2009, the Company offset $4,000 of its claims against the outstanding balance. The balance as of June 30, 2010 and December 31, 2009 was $29,678 and $29,856, respectively (see Note 3 and 9). The note is secured by the stock and assets of all of the DTHC operating entities. On January 2, 2009, the Company also entered into a short-term non-interest bearing note of $500 which has not been paid (see Note 3).

Proceeds for the acquisition of US Install Inc. by the Company completed in February, 2008 were obtained via an unsecured promissory note in the amount of $100 between Multiband and Bas Mattingly Master, LLC, a trust controlled by J. Basil Mattingly, Vice President of Business Development of the Company. The note carries an interest rate of 7% per annum and was extended to December 31, 2010.

James Mandel, CEO of Multiband, loaned DTHC $100 in a short-term unsecured subordinated note, paying simple interest monthly at 10% and is due October 2008. The loan was repaid in full in March 2010.

The Company had a note receivable due from a non-affiliated entity that was 50% owned by a shareholder. The carrying value of this note receivable was $0 and $34 at June 30, 2010 and December 31, 2009, respectively.

The Company has a receivable due from a DTHC. The carrying value of this note receivable was $518 at June 30, 2010 and December 31, 2009, respectively.

DESCRIPTION OF PROPERTY (in thousands)

Multiband and its subsidiaries lease principal offices located at 2000 44th Street SW, Fargo, ND 58103 and 9449 Science Center Drive, New Hope, Minnesota 55428. We have no foreign operations. The Fargo office lease is made up of three separate leases expiring in 2010, 2013 and 2017 and covers approximately 17 square feet. The Fargo total base rent is $15 per month. The New Hope office lease expires in 2013 and covers approximately 47 square feet. The New Hope base rent ranges from $22 to $25 per month. Our HSP principal office is located in at 2185 East Remus Road, Mount Pleasant, MI. This lease expires in 2010 and covers approximately 6 square feet with base rent of $5 per month. All leases have provisions that call for the tenants to pay net operating expenses, including property taxes, related to the facilities. All offices have office, warehouse and training facilities. In addition, the Company leases warehouses in its various markets of operation to facilitate storage of inventory and technician interface. These warehouses have lease terms ranging from month to month to five years in duration with lease terms expiring through 2015. The base rents at these facilities range from $1 to $8 per month. The Company considers its current facilities adequate for its current needs and believes that suitable additional space would be available as needed.

Quantitative and Quantitative Disclosure About Market Risk

None.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following tables set forth information with respect to the beneficial ownership of our outstanding common stock as of August 3, 2010 by (1) each of our directors, (2) each named executive officer, (3) all of our directors and executive officers as a group, and (4) each stockholder known to us as beneficially owning greater than 5% of our outstanding shares of common stock. Beneficial ownership means sole or shared voting power or investment power with respect to a security. We have been informed that all shares shown are held of record with sole voting and investment power, except as otherwise indicated. To our knowledge, none of the shares reported below are pledged as security.

Name and Address of Beneficial Owners	Number of Shares Beneficially Owned[1]	Percent of Common Shares Outstanding
Steven Bell 9449 Science Center Drive New Hope, MN 55428	244,063[2]	2.40%
Frank Bennett 301 Carlson Parkway – Suite 120 Minnetonka, Minnesota 55305	326,980[3]	3.22%
Jonathan Dodge 715 Florida Avenue South – Suite 402 Golden Valley, MN 55426	81,100[4]	*
David Ekman 200 44 th Street SW Fargo, ND 58103	403,917[5]	3.98%
Eugene Harris 7773 Forsyth Blvd Clayton, MO 63105	159,451[6]	1.57%
James L. Mandel 9449 Science Center Drive New Hope, MN 55428	341,203[7]	3.36%
Donald Miller 1924 Cocoplum Way Naples, FL 34105	362,021[8]	3.57%
Henry Block 2185 E. Remus Road, Mount Pleasant, MI 48622	-	*
Kent Whitney 9449 Science Center Drive New Hope, MN 55428	95,500	*
Special Situations Fund II QP, LP	547,336	5.39%

527 Madison Avenue New York, NY 10022		
DirecTECH Holding Company, Inc. 33 West Second Street, Suite 504 Maysville, KY 41056-1166	1,704,794	16.79%
All Directors and executive officers as a group (nine persons)	2,014,235	19.84%

*Less than one percent

25

1 Each person has sole voting and sole dispositive power with respect to all outstanding shares, except as noted. Based on 10,153,856 of common shares outstanding at August 3, 2010, shares of common stock not outstanding but deemed beneficially owned by virtue of the individual's right to acquire them as of August 3, 2010 or within 60 days of such date are treated as outstanding when determining the number of shares beneficially owned by each person and the group and the percent of the class owned by each individual and the group. Unless otherwise indicated, each person named or included in the group has sole vesting and investment power with respect to the shares of common stock set forth opposite his or her name. Unless otherwise indicated, the information in the table does not include any stock options and/or warrants outstanding that cannot be exercised within 60 days of August 3, 2010.

2 Includes vested options to acquire 125,850 shares of common stock. Mr. Bell's beneficial ownership does include 6,250 shares of common stock owned by his spouse as to which Mr. Bell disclaims his beneficial ownership.

3 Includes warrants and vested options to purchase 100,349 shares of common stock. Mr. Bennett also owns 155,000 shares of the Company's Class E preferred stock, however, these shares are not convertible into Multiband common stock.

4 Includes vested options to acquire 63,500 shares of common stock.

5 Includes vested options to purchase 40,100 shares of common stock and preferred shares convertible into 43,600 shares of common stock.

6 Includes warrants and vested options to purchase 73,801 shares of common stock. Mr. Harris also owns 55,000 shares of the Company's Class E preferred stock, however, these shares are not convertible into Multiband common stock.