MULTIBAND CORP
Form 10-K
April 02, 2009

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

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ____________ TO ____________

COMMISSION FILE NUMBER 0 - 1325

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

MINNESOTA
(State or other jurisdiction of incorporation or organization)

41-1255001
(IRS Employer Identification No.)

9449 Science Center Drive, New Hope, Minnesota 55428
(Address of principal executive offices)

Telephone (763) 504-3000 Fax (763) 504-3060

The Company's Internet Address: www.multibandusa.com

(Registrant's telephone number, facsimile number, and Internet address)

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock (no par value)

Indicated by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ¨ No x

Indicate by a check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K § 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by references in Part III of this Form 10-K or any amendment to this Form 10-K ¨

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 the 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 ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

As of June 30, 2008, (the most recently completed fiscal second quarter), the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrants’ most recently completed second fiscal quarter was approximately $9,664,859.

As of March 20, 2009, there were 9,641,821 outstanding shares of the registrant's common stock, no par value stock.

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Item 1

Business

Multiband Corporation (the Company), is a Minnesota corporation formed in September 1975. The Company has three operating segments: 1) Multiband Consumer Services (MCS, legally known as Multiband Subscriber Services, Inc.), 2) Multi-Dwelling Unit (MDU, legally known as Minnesota Digital Universe, Inc.); and 3) Home Service Provider (HSP, legally known as Michigan Microtech, Inc (MMT)).

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 MCS segment began in February 2000. MCS 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., (MDU segment) 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 MCS 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 March 25, 2009, the Company had approximately 126,000 owned and managed subscriptions, with an additional 48,000 subscriptions supported by the call center.

To continue to expand services and offerings, the Company entered into the market of installing video services in single family homes. Effective March 1, 2008, the Company purchased 51% of the outstanding stock of MMT. MMT installs DirecTV video services in single family homes. In January 2009, the HSP operating segment expanded significantly through an acquisition of the operating entities of DirecTECH Holding Co. (DTHC).

Minnesota Digital Universe, Inc. (MDU Segment)

The Company, through its MDU segment, also serves as a master service operator for DirecTV, a provider of satellite television service. DirecTV is the largest provider of satellite television services in the United States with approximately 17 million subscribers. DirecTV competes with the leading cable companies and with Echostar, America's second largest provider of satellite television. The Company, through its direct operations, markets DirecTV services. The MDU segment allows the Company to offer satellite television services to residents of multi-dwelling-units through a network of affiliated operators.

Multiband Consumer Services (MCS Segment)

Since 2000, Multiband has offered voice, data and video services to residents of the multi dwelling unit (MDU) market. Our experience in this market suggests that property owners and managers are currently looking for a solution that will satisfy two market demands from customers. The first market demand from customers is how to satisfy the residents who desire to bring satellite television service to the unit without being visually unattractive or a structural/maintenance problem. The second is how to provide competitive access for local and long distance telephone, cable television and internet services. Our MCS offering addresses these demands and provides the consumer several benefits, including:

o Lower Cost Per Service
o Blended Satellite and Cable Television Package
o Multiple Feature Local Phone Services (features such as call waiting, call forwarding and three-way calling)
o Better than Industry Average Response Times
o One Number for Billing and Service Needs
o One Bill for Local, Long Distance Cable Television and Internet
o "Instant On" Service Availability

In late 2005, the Company began to use its internal support center and billing platform to service third party clients.

In late 2006, DirecTV provided the Company with the right to bill DirecTV services directly to end users. The Company is providing such billing services to a certain number of customers.

As we develop and market this package, we keep a marketing focus on two levels of customers for this product. The primary decision-makers are the property owners/managers. Their concerns are focused on delivering their residents 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 include annual reviews and 10 year terms as service providers on the property. The secondary customer is the end-user. We provide the property with on-going marketing support for their leasing agents to deliver clear, concise and timely information on our services. This will include simple sign up options that should maximize our penetration of the property.

When taken as a whole, and based on Multiband's interpretations of U.S. Census Bureau statistics, cable television, telephone and internet services currently generate over $170 billion of revenues annually in the U.S, with an estimated 26 million households living in MDUs. We believe these statistics indicate stable growing markets with demand that is likely to deliver significant value to businesses that can obtain a subscriber base of any meaningful size.

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 is a fulfillment arm of DirecTV. As a result, Multiband does not directly compete with other providers in this market arena. Although DirecTV itself competes with Echostar, 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.

Multiband Consumer Industry Analysis and Strategy

MCS 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 that 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 that is 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 that are currently available. The approach that 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 that there are more than 65,000 properties in the United States that 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 that the rental properties are focusing on improving services and amenities that are 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 that 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 March 25, 2009, the Company had approximately 126,000 owned and managed subscriptions, with an additional 48,000 subscribers supported by the support center.

Employees

As of March 20, 2009, Multiband employed 5 full-time management employees, 14 accounting personnel, 15 information technology employees, 2 human resource employees and 2 in administrative positions. As of that same date, MCS had 89 full-time employees, consisting of 3 in sales and marketing, 7 in technical positions, 77 in customer service and related support, and 1 in both management and administrative positions. MDU had 1 management employee, 1 administrative personnel and 9 customer service employees. HSP employed 1 management employee, 3 human resource employees, 4 administrative personnel, 33 customer service employees, 384 technicians and 16 warehouse employees. The Company added an additional 3,383 employees on January 2, 2009, as a result of the acquisition of the majority ownership of former subsidiaries of DTHC.

Item 1A

Risk Factors

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 Multiband and the trading price or value of our common stock could be materially adversely affected.

General

Multiband, 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, Multiband, 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, Multiband created its MCS 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 MDU segment 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 (Loss)

The Company had net income of $944,931 for the year ended December 31, 2008 and a net loss of $6,088,353 for the year ended December 31, 2007 and a net loss of $10,183,723 for the year ended December 31, 2006. In addition, included in our 2008 net income are amounts earned under certain contractual arrangements with DTHC prior to the date we acquired majority ownership of DTHC's operating subsidiaries (see Note 17).

The effects of accumulated 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 continued 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 working capital of $2,465,209 as of December 31, 2008 due to the acquisition of MMT. As of December 31, 2007 the Company had a working capital deficiency of $5,018,177, respectively, primarily due to operating losses.

Goodwill and Intangible Assets

The Company applies the Financial Accounting Standards Board Statement (FASB) of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," which sets forth financial and reporting standards for the acquisition of intangible assets, other than those acquired in a business combination, and for goodwill and other intangible assets subsequent to their acquisition. For the year ended December 31, 2008, the Company recorded an impairment of $50,000 on the goodwill related to the US Install purchase and impaired the remaining goodwill balance of $16,757 from a previous acquisition. Also, pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65,452 for the year ended December 31, 2008.

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 Multiband 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 Multiband, 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 Multiband's business, Multiband 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, via MMT, also has a separate home service provider agreement with DirecTV ending April 30, 2011. The term of the MMT contract with DirecTV will automatically renew as of May 1, 2011 for additional one year periods unless either MMT or DirecTV gives written notice of termination at least 90 days in advance of expiration of the then current term. In early 2009, the Company acquired other HSP providers formerly owned by DTHC. These other providers have dealer agreements which are substantially similar to the MMT agreement. 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 Multiband'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 Multiband'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 Multiband is unable to adopt or deploy such technologies.

Attraction and Retention of Employees

Multiband's success depends on the continued employment of certain key personnel, including executive officers. If Multiband 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, Multiband'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

Multiband 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 Multiband licenses intellectual property. Multiband 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 Multiband is allowed to offer its voice, data, and video services to individual residents of the property. If it was determined that Multiband 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 Multiband's business, financial condition and results of operations. Also, there can be no assurance that Multiband would be able to develop non-infringing technology or that it could obtain a license on commercially reasonable terms, or at all. Multiband'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 Multiband or the steps taken by Multiband will be adequate to prevent misappropriation of Multiband's intellectual property.

Variability of Quarterly Operating Results

Variations in Multiband'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 Multiband'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

Multiband 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 Multiband'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 MDU market, 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 Stock Purchase Agreement with DTHC

During the fourth quarter of 2008, the Company entered into a Stock Purchase Agreement (SPA) with DTHC, the closing of which occurred in January 2009 (see Note 17). The results of this agreement may produce an uncertain effect on Multiband's and DTHC's business relationships, including their ability to retain key employees, suppliers and customers. The DTHC operating entities combined into the Multiband entities may not achieve the operating results and growth anticipated by management.

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 becomes prolonged.

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 Form 10K 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."

Item 1B

Unresolved Staff Comments

None.

Item 2

Properties

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 main Fargo office lease expires in 2017 and covers approximately 16,500 square feet. The Fargo base rent is $15,236 per month. The New Hope office lease expires in 2013 and covers approximately 47,000 square feet. The New Hope base rent ranges from $21,512 to $25,167 per month. Our HSP principal office is located in at 2185 East Remus Road, Mount Pleasant, MI. This lease expires in 2009 and covers approximately 6,100 square feet with base rent of $3,300 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. Multiband considers its current facilities adequate for its current needs and believes that suitable additional space would be available as needed.

Item 3

Legal proceedings

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 has accrued liabilities of $960,000, which net of indemnifications of $480,000, equal net expense of $480,000 for claims and potential settlements associated with litigation. Defense costs are expensed as incurred. 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. The Company had no accrued legal contingencies at December 31, 2007.

Item 4

Submission of Matters to a Vote of Security Holders

The Company did not submit matters to a vote of security holders during the last quarter of the year covered by this report.

PART II

Item 5

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 during each quarter in the two years ended December 31, 2008 and December 31, 2007 as provided by NASDAQ (as adjusted for the 1 for 5 reverse stock split issued August 2007).

Quarter Ended	High Bid	Low Bid
March 31, 2008	3.33	1.63
June 30, 2008	1.99	.69
September 30, 2008	1.87	.70
December 31, 2008	1.80	1.00
March 31, 2007	4.10	2.00
June 30, 2007	3.90	1.10
September 30, 2007	5.05	2.39
December 31, 2007	4.20	2.26

As of March 20, 2009, Multiband had 962 shareholders of record of its common stock and 9,641,821 shares of common stock outstanding. As of that date, five shareholders held a total of 14,171 of Class A Preferred, one shareholders held 2,270 shares of Class B Preferred, four shareholders held a total of 113,780 shares of Class C 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, and six shareholders held a total of 2 shares of Class H Preferred.

Recent Sales of Unregistered Securities

In October 2008, the Company issued 37,880 shares of common stock worth $101,516 in connection with the acquisition of US Install.

In August 2008, the Company issued 75,000 shares of common stock worth $128,250 in lieu of payment for consulting services.

In June 2008, the Company issued 22,500 shares of common stock worth $23,625 in connection with the issuance of restricted stock to Company executives.

In June 2008, the Company issued 6,250 shares of common stock worth $50,000 in connection with the conversion of Class G preferred stock from various investors.

In March 2008, the Company issued 526,667 shares of common stock worth $3,744,600 in connection with the conversion of Class I preferred stock.

In February 2008, the Company issued 1,490,000 shares of common stock worth $3,854,000 in connection with the acquisition of Michigan Microtech, Inc.

In January 2008, the Company issued 12,500 shares of common stock worth $100,000 in connection with the conversion of Class G preferred stock from various investors.

In December 2007, the Company issued 14,500 shares of common stock worth $116,000 in connection with the conversion of Class G preferred stock from various investors.

In November 2007, the Company issued 30,000 shares of common stock worth $84,000 in connection with the acquisition of equipment.

In August 2007, the Company issued 27,000 shares of common stock worth $51,837 in lieu of payment for consulting services.

In July 2007, the Company issued 240,000 shares of common stock worth $1,706,400 in connection with a conversion of Class I preferred stock.

In June 2007, the Company issued 15,000 shares of common stock worth $112,500 in lieu of payment for investor relations services.

In July 2006, the Company issued 32,500 shares of common stock worth $162,500 in connection with an acquisition of video subscribers located in Ohio.

In connection with these sales, we relied on the exemption from registration provided by Sections 4(2) and 4(6) of the Securities Act of 1933, as well as Rule 506 of Regulation D based on (i) our belief that the issuances did not involve a public offering, (ii) the transactions involved fewer than 35 purchasers, and (iii) because we had a reasonable basis to believe that each of the shareholders were either accredited or otherwise had sufficient knowledge and sophistication, either alone or with a purchaser representative, to appreciate and evaluate the risks and merits associated with their investment decision.

Common Stock

Holders of common stock are entitled to one vote per share in all matters to be voted upon by shareholders. There is no cumulative voting for the election of directors, which means that the holders of shares entitled to exercise more than 50% of the voting rights in the election of directors are able to elect all of the directors. Multiband's Articles of Incorporation provide that holders of the Company's common stock do not have preemptive rights to subscribe for and to purchase additional shares of common stock or other obligations convertible into shares of common stock which may be issued by the Company.

Holders of common stock are entitled to receive such dividends as are declared by Multiband's Board of Directors out of funds legally available for the payment of dividends. Multiband presently intends not to pay any dividends on the common stock for the foreseeable future. Any future determination as to the declaration and payment of dividends will be made at the discretion of the Board of Directors. In the event of any liquidation, dissolution or winding up of Multiband, and subject to the preferential rights of the holders of the various classes of Multiband’s preferred stocks, the holders of common stock will be entitled to receive a pro rata share of the net assets of Multiband remaining after payment or provision for payment of the debts and other liabilities of Multiband.

All of the outstanding shares of common stock are fully paid and non-assessable. Holders of common stock of Multiband are not liable for further calls or assessments.

The Company's Board of Directors has not declared any dividends on our common stock since our inception, and does not intend to pay out any cash dividends on our common stock in the foreseeable future. We presently intend to retain all earnings, if any, to provide for our growth. The payment of cash dividends in the future, if any, will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, our financial condition and other factors deemed relevant by our Board of Directors.

Preferred Stock

In June 2008, $50,000 worth of Class G preferred stock from various stockholders was converted into common stock at a price of $10.00 per share.

In March 2008, $3,950,000 worth of Class I preferred stock was converted into common stock at a price of $100.00 per share.

In January 2008, $100,000 worth of Class G preferred stock from various stockholders was converted into common stock at a price of $10.00 per share.

During the fourth quarter of 2007, $116,000 worth of Class G preferred stock from various stockholders was converted into common stock at a price of $10.00 per share.

During the third quarter of 2007, $1,800,000 worth of Class I preferred stock was converted into common stock at a price of $100.00 per share.

During the fourth quarter of 2006, one of the Class I Preferred stockholders sold all of their shares to another accredited investor.

The holders of the Class A Preferred, Class B Preferred, Class C Preferred, Class D Preferred, Class E Preferred, Class F Preferred, Class G Preferred, Class H Preferred and Class I Preferred (collectively, "Preferred Stock") are entitled to receive out of the assets of the Company legally available for payment thereof, cumulative cash dividends calculated based on the per share stated value of the Preferred Stock. The per annum dividend rate is eight percent (8%) for the Class A Preferred and ten percent (10%) for the Class B Preferred, Class C Preferred and Class F Preferred, fourteen percent (14%) for the Class D Preferred, fifteen percent (15%) for the Class E Preferred, to be paid in kind, eight percent (8%) for the Class G Preferred, six percent (6%) for the Class H Preferred and variable rate tied to prime for the Class I Preferred dividends on the Class A Preferred, Class C Preferred, Class D Preferred, Class F Preferred and Class G Preferred are payable quarterly on March 31, June 30, September 30, and December 31 of each year. Dividends on the Class B and Class I Preferred are payable monthly on the first day of each calendar month. Dividends on the Class H Preferred are payable semiannually on June 30 and December 31 of each year. Dividends on the Preferred Stock accrue cumulatively on a daily basis until the Preferred Stock is redeemed or converted.

In the event of any liquidation, dissolution or winding up of Multiband, the holders of the Class A Preferred and Class B Preferred will be entitled to receive a liquidation preference of $10.50 per share, and the holders of the Class C Preferred, Class D Preferred, Class E Preferred, Class F Preferred and Class G Preferred will be entitled to receive a liquidation preference of $10.00 per share, each subject to adjustment. Holders of the Class H Preferred will be entitled to receive a liquidation preference of $100,000 per share. Holders of the Class I Preferred will be entitled to receive a liquidation preference of $100.00 per share. Any liquidation preference shall be payable out of any net assets of Multiband remaining after payment or provision for payment of the debts and other liabilities of Multiband.

No holder of Preferred Stock can require Multiband to redeem his or her shares, except for a single Class F and Class H shareholders. The single Class F shareholder who, at its sole discretion pursuant to a put option, can force the Company to redeem up to 15,000 Class F Preferred Shares (the equivalent of $150,000 worth as of December 31, 2008). Class H shareholders have the right to convert all or a portion of preferred shares upon the occurrence of a major transaction or triggering event as defined in the agreement and Multiband has the sole option to pay the redemption price in cash or shares of the Company's common stock. Multiband, upon notice, may voluntarily redeem the Preferred Stock, in whole or in part, at a redemption price per class equal to the liquidation prices stated above provided the closing bid price of the common stock exceeds a certain share price, ($4.00 per share for Classes A, B and C; $2.75 per share for Class F; $2.00 per share for Class H; Classes G and I have no redemption "call" price). Upon Multiband's call for redemption, the holders of the Preferred Stock called for redemption will have the option to convert each share of Preferred Stock into shares of common stock until the close of business on the date fixed for redemption, unless extended by Multiband in its sole discretion. Preferred Stock not converted would be redeemed.

Item 6

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 consolidated financial statements and accompanying notes included elsewhere in this report. The Statement of Operations Data for the years ended December 31, 2005 and 2004 and the Balance Sheet data at December 31, 2006, 2005 and 2004 have been derived from our audited consolidated financial statements which are not contained in this filing. In the financial data below, the Company reclassed the operations related to the MBS segment to discontinued operations. The Company sold this segment in the first quarter of 2005.

Statement of Operations Data	2008	2007	2006	2005	2004
Revenues	$ 42,986,513	$ 15,085,604	$ 18,051,601	$ 16,515,426	$ 11,067,834
Cost of products and services (exclusive of depreciation and amortization listed separately below)	$ 28,425,926	$ 8,339,933	$ 8,280,666	$ 7,849,597	$ 5,943,395
Cost of products and services as % of revenue	66.13%	55.3%	45.9%	47.5%	53.7%
Selling, general and administrative expenses	$ 10,499,863	$ 8,887,883	$ 11,480,677	$ 9,723,132	$ 5,986,267
Selling, general and administrative as % of revenues	24.43%	58.9%	63.6%	58.9%	54.1%
Depreciation and amortization	$ 3,025,478	$ 3,623,903	$ 5,168,209	$ 4,780,436	$ 3,432,779
Impairment of assets	$ 132,209	$ -	$ 2,261,500	$ -	$ -
Income (loss) from operations	$ 903,037	$ (5,766,115)	$ (9,139,451)	$ (5,837,739)	$ (4,294,607)
Other income (expense), net	$ 1,826,061	$ (322,238)	$ (1,046,472)	$ (1,655,088)	$ (1,032,035)
Income (loss) before income taxes and minority interest in subsidiary	$ 2,729,098	$ (6,088,353)	$ (10,185,923)	$ (7,492,827)	$ (5,326,642)
Provision for income taxes	$ 1,132,000	$ -	$ -	$ -	$ -
Minority interest in net income of subsidiary	$ 652,167	$ -			
Income (loss) from continuing operations	$ 944,931	$ (6,088,353)	$ (10,185,923)	$ (7,492,827)	$ (5,326,642)
Discontinued operations	$ -	$ -	$ 2,200	$ 17,827	$ (4,457,320)
Net income (loss)	$ 944,931	$ (6,088,353)	$ (10,183,723)	$ (7,475,000)	$ (9,783,962)
Loss attributable to common stockholders	$ (3,143,344)	$ (8,388,855)	$ (14,250,446)	$ (10,827,229)	$ (10,374,417)
Income (loss) from continuing operations	$ (.34)	$ (1.16)	$ (2.11)	$ (1.86)	$ (1.27)
Income (loss) from discontinued operations	$ (.00)	$ (.00)	$ (.00)	$ (.00)	$ (.96)
Loss attributable to common stockholders	$ (.34)	$ (1.16)	$ (2.11)	$ (1.86)	$ (2.23)
Weighted average shares outstanding	9,302,570	7,237,473	6,757,643	5,819,585	4,661,519

Balance Sheet Data	2008	2007	2006	2005	2004
Working Capital (deficiency)	$ 2,465,209	$ (5,018,177)	$ (5,294,245)	$ (971,418)	$ (8,931,414)
Total Assets	$ 26,043,228	$ 8,893,429	$ 17,986,056	$ 26,271,405	$ 26,633,712
Mandatory Redeemable Preferred Stock (1)	$ 150,000	$ 220,256	$ 280,000	$ 333,334	$ 500,000
Long-Term Debt, net (2)	$ 345,874	$ 118,924	$ 2,969,764	$ 3,816,536	$ 3,498,657
Capital Lease Obligations, net (2)	$ 317,628	$ 249,469	$ 491,672	$ 452,649	$ 481,249
Stockholders' Equity	$ 5,642,247	$ 673,838	$ 5,659,309	$ 14,968,295	$ 8,549,431

(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)

Item 7

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.

Years Ended December 31, 2008 and December 31, 2007

Results of Operations
The following table sets forth certain items.

	2008	2007
Revenues		
Multiband	0.00%	0.00%
MCS	8.68%	34.06%
MDU	36.20%	65.94%
HSP	55.12%	-%
Total Revenues	100.00%	100.00%
Cost of Products and Services (exclusive of depreciation and amortization)		
Multiband	0.00%	0.00%
MCS	6.19%	23.09%
MDU	22.11%	32.19%
HSP	37.83%	-%
Total Cost of Products and Services (exclusive of depreciation and amortization)	66.13%	55.28%
Selling, General and Administrative Expenses	24.43%	58.92%
Impairment of Assets	0.31%	0.00%
Income (Loss) from Continuing Operations	2.20%	(40.36)%
Net Income (Loss)	2.20%	(40.36)%

Revenues
Total revenues from continuing operations increased 184.95% from $15,085,604 in 2007 to $42,986,513 in 2008. This overall increase in revenues is primarily due to the purchase of MMT in March 2008, with revenues for the ten month period ended December 31, 2008 of $23,696,045, 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. Revenue from the MCS segment decreased to $3,731,139 in 2008 from $5,137,756 in 2007 due to the aforementioned sales of owned subscriptions offset by an increase in call center revenue. In 2009, MCS revenues will remain relatively consistent. The MDU segment had revenues of $15,559,329 in 2008 and $9,947,848 in 2007, at an increase of 56.41%. This overall increase of approximately $5,611,481 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. 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. The HSP segment had revenues of $23,696,045. This increase is due to the purchase of MMT (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 17).

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

Total costs of products and services were $28,425,926 in 2008 compared to $8,339,933 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 MMT with costs for the ten months ended December 31, 2008 of $16,260,954, 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. MCS segment cost of products and services were $2,658,809 in 2008 and $3,483,153 in 2007. The decrease in cost of products and services in the MCS segment is directly related to a decrease in programming and circuit charges between the comparable periods due to a decreased subscriber number. MDU segment costs of products and services were $9,506,163 in 2008 and $4,856,780 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 and certain commission payments. 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 18.14% to $10,499,863 in 2008, compared to $8,887,883 in 2007 due primarily to the addition of the HSP segment resulting from the acquisition of MMT in 2008 with costs for the ten months ended of $5,067,987, 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 $1,285,000 of reimbursed payroll expenses for management consulting to DTHC per its management consulting agreement which ended at December 31, 2008 (see Note 16). 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 $132,209, consisting of $50,000 of the goodwill related to the US Install purchase and the remaining goodwill balance of $16,757 from a previous acquisition. Also, pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65,452 for the year ended December 31, 2008.

Depreciation and Amortization

Depreciation and amortization expense decreased 16.51% to $3,025,478 for the year ended December 31, 2008, as compared to $3,623,903 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 MMT 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 $903,037 compared to a loss of $5,766,115 during 2007. The MDU segment showed a profit from operations of $3,782,927 in 2008 compared to profits of $2,953,736 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 HSP segment for the ten months ended December 31, 2008, had a profit of $2,334,572, 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). In 2008, the MCS segment showed a loss from operations of $2,271,821 compared to a loss of $4,399,150 for the prior year. In addition to the sale of subscribers, the Company hopes that it can continue to mitigate its loss in the MCS segment by increasing the subscribers managed by the support center and reducing related payroll expenses. The Multiband Corporation segment, which has no revenues, showed a loss from operations of $2,942,641 in 2008 compared to a loss of $4,320,701 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 $1,285,000 of management consulting income as well as a management performance bonus of $2,366,466. This agreement ends in 2009 as a result of the acquisition of the majority ownership of former operating subsidiaries of DTHC (Note 17). 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 17).

Interest Expense

Interest expense was $657,289 for 2008 versus $503,887 for 2007, reflecting primarily an increase in the Company's debt issued for the purchase of 51% of MMT (see Note 2) and related imputed interest discount expense. Amortization of imputed interest discount was $282,100 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 $2,366,466 which was paid via reduction of the debt incurred in the acquisition of MMT (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. 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.

Minority Interest

Effective March 1, 2008, the Company purchased 51% of the stock of MMT. The minority interest on the statement of operations for the year ended December 31, 2008 was $652,167. The minority interest represents DTHC's 49% ownership of MMT. MMT currently makes up 100% of the HSP segment.

Income taxes

Due to the Company's purchase of 51% of MMT's stock, effective March 1, 2008, MMT 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, MMT will not be able to utilize the tax loss carryforwards of Multiband Corporation since Multiband owns less than 80% of MMT. For the year ended December 31, 2008, the Company has recorded a provision for income tax of $1,132,000. MMT currently makes up 100% of the HSP segment.

Net Income (Loss)

The Company incurred a net income of $944,931 in 2008. The Company's net loss in 2007 totaled $6,088,353.

Total Assets

The following table sets forth certain items.

Total Assets		2008		2007
Multiband	$	5,567,052	$	1,272,271
MCS		3,373,305		2,968,249
MDU		4,098,137		4,652,909
HSP		13,004,734		-
Total Assets	$	26,043,228	$	8,893,429

Related Party Transactions

During 2008, the Company did have certain transactions with DTHC as described above. In January 2009, the Company purchased 80% of the operating subsidiaries of DTHC (see Note 17). The following table is a condensed balance sheet as of December 31, 2008 and a condensed statement of operations for the year ended December 31, 2008, which presents the proforma financial results for the Company excluding all 2008 transactions with DTHC (unaudited):

		As reported		Less: DTHC Related(1)		(unaudited) Proforma
Accounts receivable, net	$	3,436,424	$	(771,427)	$	2,664,997
Other receivable – related party		7,666,295		(7,666,295)		-
Prepaid expenses and other		1,273,083		(518,024)		755,059
Accounts payable		8,274,003		(1,127,005)		7,146,998

Revenues	42,986,513	(3,333,119)	39,653,394
Cost of products and services (exclusive of depreciation and amortization shown separately below)	28,425,926	(2,895,176)	25,530,750
Selling, general and administrative	10,499,863	750,000	11,249,863
Management consulting income	2,366,466	(2,366,466)	-

(1) All adjustments described in the paragraphs of Note 16

Years Ended December 31, 2007 and December 31, 2006

This discussion does not include the results of discontinued operations.

Results of Operations

The following table sets forth certain items.

	2007	2006
Revenues		
Multiband	0.00%	0.00%
MCS	34.06%	41.96%
MDU	65.94%	58.04%
Total Revenues	100.00%	100.00%
Cost of Products and Services (exclusive of depreciation and amortization)		
Multiband	0.00%	0.00%
MCS	23.09%	22.56%
MDU	32.19%	23.31%
Total Cost of Products and Services (exclusive of depreciation and amortization)	55.28%	45.87%
Selling, General and Administrative Expenses	58.92%	63.60%
Impairment of Assets	0.00%	12.53%
Loss from Continuing Operations	(40.36)%	(56.42)%
Gain(Loss) from Discontinued Operations	0.00%	0.01%
Net Loss	(40.36)%	(56.41)%

Revenues

Total revenues from continuing operations decreased 16.4% from $18,051,601 in 2006 to $15,085,604 in 2007. This overall decrease in revenues is primarily due to sales of approximately 23,000 owned subscriptions which occurred throughout 2007 in efforts to strategically sell unprofitable owned assets as prudent and redeploy 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. Revenue from the MCS segment decreased to $5,137,756 in 2007 from $7,573,799 in 2006 due to the aforementioned sales of owned subscriptions offset by an increase in call center revenue. In 2008, MCS revenues will continue to decrease due to the 2007 sales of subscribers in the MCS portfolio. The MDU segment had revenues of $9,947,848 in 2007 and $10,477,802 in 2006, at a decrease of 5.1%. This overall decrease of approximately $530,000 in the MDU segment is primarily due to the aforementioned decrease in the number of owned subscribers which reduced revenue approximately $1,100,000. The aforementioned revenue decrease was partially offset by an approximate increase of $570,000 generated by the system operators including a related decrease in DirecTV prepaid commissions rates. 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.

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

Total costs of products and services were $8,339,933 in 2007 compared to $8,280,666 in 2006. Overall costs of products and services as a percentage of revenue did increase between 2006 and 2007 due to 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. In 2006, those support center costs were immaterial due to the small number of subscribers supported by the call center. MCS segment cost of products and services were $3,483,153 in 2007 and $4,073,165 in 2006. The decrease in cost of products and services in the MCS segment is directly related to a decrease in programming and circuit charges between the comparable periods due to a decreased subscriber number. MDU segment costs of products and services were $4,856,780 in 2007 and $4,207,501 in 2006. The increase in costs of products and services in the MDU segment is primarily related to an increase in revenue generated by the system operators. The Company expects costs of products and services as a percentage of revenue to increase slightly in future periods due to the change in revenue mix.

Selling, General and Administrative Expense

Selling, general and administrative expenses from continuing operations decreased 22.7% to $8,887,883 in 2007, compared to $11,480,677 in 2006. Selling, general and administrative expenses were, as a percentage of revenues, 58.9% for 2007 and 63.6% for 2006. This decrease is primarily due to decreases in payroll and employee expenses, property maintenance expenses, and stock option expense between the comparable periods. The Company anticipates that selling, general and administrative expenses, exclusive of stock option expenses, will continue to decrease in 2008 due to reduced payroll expenses from the sale of subscribers throughout 2007, subject, however, to potential acquisition activity in 2008.

Impairment of Assets

Pursuant to the sale of video assets to Consolidated Smart Broadband Systems, LLC., (CSBS) (see Note 2), the Company recorded an impairment charge of $2,261,500 for the year ended December 31, 2006. This charge was determined based upon the excess net book value of assets sold over the known proceeds from the sale as of March 1, 2007. The impairment charge was allocated in the amount of $417,465 to goodwill, $1,539,633 to intangible assets and $304,402 to fixed assets.

Loss from Operations

The Company, in 2007, incurred a loss from operations for its combined operating business segments of $5,766,115 compared to a loss of $9,139,451 during 2006. The MDU segment showed a profit from operations of $2,953,736 in 2007 compared to profits of $4,066,850 in 2006. In 2007, the MCS segment showed a loss from operations of $4,399,150 compared to a loss of $8,492,405, including an impairment charge of $2,261,500 for the prior year. The Multiband Corporation segment, which has no revenues, showed a loss from operations of $4,320,701 in 2007 compared to a loss of $4,713,896 for the same period last year. The Multiband Corporation loss is expected to continue in future periods as corporate overhead is expected to remain consistent with current levels. The Company expects the MDU segment profitability in future periods to stabilize as the year to date reduction in profits for this segment has been significantly impacted by agent fees paid for owned subscriber sales. These sales have now been completed. In addition to the sale of subscribers, the Company hopes that it can continue to mitigate its loss in the MCS segment by reducing related payroll expenses. 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 can be more variable than fixed.

Interest Expense

Interest expense was $503,887 for 2007 versus $1,206,196 for 2006, reflecting primarily a decrease in the Company's debt and original issue discount expense. Amortization of original issue discount was $30,413 and $436,106 for the years ended December 31, 2007 and 2006, respectively.

Net Loss

The Company incurred a net loss of $6,088,353 in 2007. The Company's net loss in 2006 totaled $10,183,723, which included an impairment charge of $2,261,500 incurred due to the sale of video assets located in California (see Note 2).

Total Assets

The following table sets forth certain items.

Total Assets	2007	2006
Multiband	$ 1,272,271	$ 2,478,638
MCS	2,968,249	9,063,793
MDU	4,652,909	6,443,625
Total Assets	$ 8,893,429	$ 17,986,056

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, 2008. 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.

	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	March 31, 2007
Revenues:								
Multiband	-	-	-	-	-	-	-	-
MCS	$ 1,242,666	$ 799,445	$ 840,466	$ 848,562	$ 797,164	$ 1,084,114	$ 1,404,398	$ 1,852,080
MDU	$ 5,164,136	$ 4,148,786	$ 3,360,696	$ 2,885,711	$ 2,328,159	$ 2,569,486	$ 2,517,328	$ 2,532,875
HSP	$ 7,719,116	$ 7,392,428	$ 6,604,545	$ 1,979,956	$ -	$ -	$ -	$ -
Total Revenues	$ 14,125,918	$ 12,340,659	$ 10,805,707	$ 5,714,229	$ 3,125,323	$ 3,653,600	$ 3,921,726	$ 4,384,955
Cost of Products & services (exclusive of depreciation and amortization shown separately below)	$ 9,655,989	$ 8,556,168	$ 6,393,571	$ 3,820,198	$ 1,944,754	$ 2,345,895	$ 1,871,238	$ 2,178,046
SG&A Expense	$ 3,326,506	$ 2,757,319	$ 2,560,755	$ 1,855,283	$ 1,829,947	$ 2,360,254	$ 2,308,426	$ 2,389,256
Depreciation & Amortization	$ 562,399	$ 846,317	$ 879,055	$ 737,707	$ 808,922	$ 770,215	$ 995,068	$ 1,049,698
Impairment of assets	$ 66,757	-	$ 7,406	$ 58,046	-	-	-	-
Operating Income (Loss)	$ 514,267	$ 180,855	$ 964,920	$ (757,005)	$ (1,458,300)	$ (1,822,764)	$ (1,253,006)	$ (1,232,045)
Interest Expense	$ (142,804)	$ (300,826)	$ (113,000)	$ (100,659)	$ (73,623)	$ (108,847)	$ (168,010)	$ (153,407)
Management Income	919,528	1,446,938	-	-	-	-	-	-
Other Income (Expenses)	$ 36,185	$ 8,109	$ 32,407	$ 40,183	$ 4,288	$ 13,267	$ 141,037	$ 23,057
Net Income (Loss) Before Taxes and Minority Interest	$ 1,327,176	$ 1,335,076	$ 884,327	$ (817,481)	$ (1,527,635)	$ (1,918,344)	$ (1,279,979)	$ (1,362,395)
	$ 382,542	$ 286,658	$ 434,300	$ 28,500	-	-	-	-

Income Tax Provision								
Minority Interest	$ 102,409	$ 137,755	$ 393,586	$ 18,417	-	-	-	-
Net Income (Loss)	$ 842,225	$ 910,663	$ 56,441	$ (864,398)	$ (1,527,635)	$ (1,918,344)	$ (1,279,979)	$ (1,362,395)
Income (Loss) attributable to commons stockholders	$ 802,646	$ 846,649	$ (47,221)	$ (4,745,418)	$ (1,674,439)	$ (3,711,641)	$ (1,400,453)	$ (1,602,322)
Income (Loss) per common share attributable to common stockholders – basic	$ 0.08	$ 0.09	$ 0.00	$ (0.56)	$ (0.23)	$ (.50)	$ (.20)	$ (.23)
Income (Loss) per common share attributable to common stockholders – diluted	$ 0.08	$ 0.09	$ 0.00	$ (0.56)	$ (0.23)	$ (.50)	$ (.20)	$ (.23)
Weighted average shares outstanding – basic	9,634,174	9,561,718	9,499,469	8,497,734	7,415,629	7,356,413	7,093,071	7,079,781
Weighted average shares outstanding – diluted	9,865,287	9,796,685	9,499,469	8,497,734	7,415,629	7,356,413	7,093,071	7,079,781

Liquidity and Capital Resources

Year Ended December 31, 2008

During the years ended December 31, 2008 and 2007, the Company recorded a net income of $944,931 and a net loss of $6,088,353 respectively. Net cash provided by operations in 2008 was $3,688,819 as compared to net cash used by operations in 2007 of $1,390,996. Principal payments on current long-term debt over the next 12 months are expected to total $1,608,778. During the first three quarters of 2008, and as of December 31, 2007, the Company failed to meet the compliance covenants of its lender, Convergent Capital, with respect to having minimum net worth of five million dollars and positive EBITDA of $150,000. Convergent Capital provided the Company with a waiver of both covenants for the year ended December 31, 2007 and for the first three quarters of 2008. The Company paid $100,000 on the note during 2008. At December 31, 2008, the Company was in compliance with the debt covenants.

Cash and cash equivalents totaled $4,346,377 at December 31, 2008 versus $944,456 at December 31, 2007. Working capital for the year ended December 31, 2008 was $2,465,209 as compared to a working capital deficit of $5,018,177 at December 31, 2007, primarily due to the acquisition of MMT. Total debt and capital lease obligations increased by $330,910 in the year ended December 31, 2008, due mainly to the addition of notes payable in order to purchase MMT and US Install. The Company had a material increase in accounts receivable, accounts payable and accrued liabilities for the ten month period ended December 31, 2008 verses the year ended December 31, 2007 due to the acquisition of MMT. Net cash flows from investing activities totaled $404,032 compared to $2,277,400 for the comparable period due to the acquisition of MMT.

The Company experienced a material increase in revenues between the year ended December 31, 2008 and the year ended December 31, 2007. The revenue increase, as stated previously, is primarily a result of the additional revenue obtained from the purchase of MMT, offset by the reduction of revenue resulting from the sale of unprofitable assets. In 2009, the Company intends to focus on facilitating growth of its HSP business segment and its managed subscriber services including its support center and its master system operator program. The Company believes it can 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.

The Company used $171,133 for capital expenditures during 2008, as compared to $383,834 in 2007. Capital expenditures consisted of project build-outs and equipment acquired for internal use. This decrease was related to a reduction of video and internet service build outs to MDU properties made during 2008. Capital expenditures in 2009 are expected to increase due to the need to invest in networking infrastructure to integrate systems related to legacy and recently purchased operations and an expected increase in MDU property build outs.

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 through 2009:

1. Reduction of operating expenses by controlling payroll, professional fees and other general and administrative expenses.
2. Delivery of video services to residents of single family homes. Effective March 1, 2008 the Company purchased 51% of the outstanding stock of Michigan Microtech, Inc. (MMT), formerly a wholly owned subsidiary of DTHC. MMT installs DirecTV video services in single family homes. Historically, MMT has been profitable. In 2008, by combining MMT operations with Multiband operations, Multiband achieved a beneficial impact to its consolidated cash flows and operating results. In January 2009, Multiband significantly expanded its single family home video installation business by purchasing the former operations of DTHC. However, there is no guarantee that the results of the HSP business segment will be favorable to the Company in future periods.

3. Solicit additional equity investment in the Company by either issuing preferred or common stock.
4. Continue to market Multiband services and acquire additional multi-dwelling unit customers.
5. Control capital expenditures by contracting Multiband services and equipment through a landlord-owned equipment program.
6. Expansion of call center support via sales of call center services to both existing and future system operators and to buyers of the Company's video subscribers.
7. Sale of video assets on a strategic basis. The Company, based on recent transactions, believes there is an active market for its video subscriber assets. The Company believes it can sell these assets, under certain circumstances, at prices at or above their current carrying value. However, there is no guarantee these sales will ultimately be favorable to the Company.

As of this writing, general economic conditions in the United States continue to be adverse. Even though no business is immune from general economic conditions, demand for the company's video services remained constant throughout the fourth quarter of 2008. In early 2009, the Company has greatly expanded its capabilities to deliver video and other services through the acquisition of the majority ownership of DTHC's operating subsidiaries. The Company believes that even in a recession, the demand for video services throughout 2009 should remain relatively constant and may even be enhanced as consumers stay home more for entertainment. Expanding video services in 2008 produced improved income results and working capital ratios for the Company. Provided sales volumes stay constant in 2009, the Company believes it can generate sufficient cash flows to meet its needs. While the profitability of all the former operating subsidiaries of DTHC (excluding MMT) has been inconsistent in prior periods and while the DTHC operating subsidiaries as a whole (excluding MMT) were unprofitable in 2008, Multiband management, through management services agreements conducted throughout 2008 helped, in conjunction with legacy DTHC management, enact significant changes to those subsidiaries' expense structure, management and operating practices. These aforementioned changes had a material improvement in the operating results of the DTHC operating subsidiaries (excluding MMT) during the second half of 2008 as selling, general and administrative expenses (as adjusted for certain one time expenses such as legal accruals and transaction expenses related to the Multiband acquisition) dropped significantly. The Company believes the changes made to the former DTHC operating subsidiaries throughout 2008, combined with stay at home consumers robust entertainment demands, will continue to lead to materially improved operating results for those subsidiaries during 2009.

In conclusion, based on the aforementioned, Management of Multiband believes that the cash on hand, positive operating income, combined with capital resources and the potential ability to monetize intangible subscriber assets, will be adequate to meet the anticipated liquidity and capital resource requirements for the next twelve months.

Year Ended December 31, 2007

During the twelve months ended December 31, 2007 and 2006, the Company recorded a net loss of $6,088,353 and $10,183,723 respectively. Net cash used by operations in 2007 was $1,390,996 as compared to net cash used by operations in 2006 of $649,986. Principal payments on current long-term debt over the next 12 months are expected to total $158,342. As of December 31, 2007, the Company failed to meet the compliance covenants of its lender, Convergent Capital, with respect to having minimum net worth of three million dollars and positive EBITDA for the quarter ended December 31, 2007 of $150,000. Convergent Capital provided the Company with a waiver for both covenants for the quarter ended December 31, 2007. The Company's management believes it is probable that the violation will not be cured at measurement dates that are within the next twelve months. In accordance with EITF 86-30 "Classification of obligations when a violation is waived by the creditor", the Company has classified the debt as current as of December 31, 2007.

Cash and cash equivalents totaled $944,456 at December 31, 2007 versus $1,020,975 at December 31, 2006. Working capital deficit for the twelve months ended December 31, 2007 decreased to $5,018,177 as compared to $5,294,245, at December 31, 2006, primarily due to net proceeds received from the sale of video assets to CSBS, Dtech and MDUC (see Note 2), during 2007. Total debt and capital lease obligations were reduced by $2,910,325 in the twelve months ended December 31, 2007 as the Company continued to retire financing debt as certain notes were paid off in conjunction with asset sales. The Company had a material decrease in accounts receivable for the period ended December 31, 2007 verses the period ended December 31, 2006 due to sales of assets. Accounts payable and accrued liabilities combined remained relatively constant in total from December 31, 2006 to December 31, 2007. Net cash flows from investing activities totaled $2,277,400 compared to ($335,372) for the comparable period reflecting the sale of video assets to CSBS, Dtech and MDUC, previously mentioned herein.

The Company experienced a material decrease in revenues between the year ended December 31, 2007 and the year ended December 31, 2006. The revenue decrease, as stated previously, resulted from the sale of unprofitable assets. In 2008, the Company intends to focus on facilitating growth of its managed subscriber services including its support center and its master system operator program. The Company believes it can 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.

The Company used $383,834 for capital expenditures during 2007, as compared to $993,108 in 2006. Capital expenditures consisted of project build-outs and equipment acquired for internal use. This decrease was related to a reduction of video and internet service build outs to MDU properties made during 2007.

Year Ended December 31, 2006

Working capital deficit for 2006 increased to $5,294,245 primarily due to increase in current portion of long term debt and operating losses. Accounts receivable, net, decreased by $347,812 in 2006 primarily due to improved collections procedures and related bad debt write-offs. Current liabilities increased in 2006 by $1,956,386 due primarily to the increases in accounts payables and accrued liabilities. Current maturities of long-term debt increased by $639,734 as of December 31, 2006 versus December 31, 2005 due to scheduled pay down of debt. Inventories increased slightly from year to year due to inventory on hand at year end being staged for impending installations.

Total long term debt and capital lease obligations increased by $96,974 during the year ended December 31, 2006. Multiband paid out $235,517 related to capital lease obligations and $871,076 related to long term debt during the year ended December 31, 2006 versus $2,907,349 paid out in 2005.

The Company used $993,108 for capital expenditures during 2006, as compared to $976,477 in 2005. This increase was related to additional purchases required and additional build out of video and internet services to MDU properties as a result of the business acquisitions made during 2005.

Net cash used by operations in 2006 was $649,986 as compared to cash used by operations in 2005 of $3,817,058. This differential in the use of cash between years largely reflects the payoff of a wholesale line of credit in 2005, related to the sale of the Company's MBS division and related reductions in accounts payables. During the years ended December 31, 2006 and December 31, 2005, the Company incurred significant net losses. Although the majority of the 2006 loss was due to non-cash expenses, in 2006, the Company continued to incur cash losses primarily due to general corporate expense. However, those cash operating losses decreased significantly in 2006 versus 2005 due to increases in agent fees and the on-going additions of MDU properties in the Company's portfolio which provided improved cash flows.

The Company continues to experience overall growth, primarily due to increased agent fees and due to increased subscriber related recurring revenues acquired from the various transactions previously mentioned herein. However, the Company is growing in its MDU segment while the MCS segment is shrinking due, in part, to sales of subscribers in that division during 2006. The Company is continuing to analyze the values that the equity capital marketplace is providing to its MCS directly owned subscribers in future periods, both to establish values for those subscribers and to provide additional liquidity. Between August 1, 2006 and March 1, 2007, the Company has raised approximately $1.8 million dollars in gross proceeds related to sales of subscriber related assets.

Critical Accounting Policies

Impairment of Long-Lived Assets

The Company's long-lived assets include property, equipment and leasehold improvements. At December 31, 2008, the Company had net property and equipment of $2,033,067 which represents approximately 7.81% of the Company's total assets. The estimated fair value of these assets is dependent on the Company's future performance. We evaluate our property, equipment, and leasehold improvements for impairment wherever indicators of impairment exist. In assessing for potential impairment for these assets, the Company considers future performance. If these forecasts are not met, the Company may have to record an impairment charge not previously recognized, which may be material. In 2008 and 2007, the Company did not record any impairment of long-lived assets. In 2006, an impairment charge of $304,402 was recorded related to the sale of video assets located in California (see Note 2).

Impairment of Goodwill

We annually test recorded goodwill for impairment. Our judgments regarding the existence of impairment is based on the estimated fair value of the reporting unit to which goodwill has been assigned. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses, which amounts to $1,095,166, as of December 31, 2008, may be impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations. In 2008, the Company recorded an impairment of $50,000 on the goodwill related to the US Install purchase and the remaining goodwill balance of $16,757 from a previous acquisition. During the year ended December 31, 2007, the Company did not record any impairment losses related to goodwill. In 2006, the Company recorded an impairment charge to goodwill of $417,465 (see Note 1), due to the sale of video assets located in California (see Note 2).

Impairment of Intangible Assets

The intangible assets consist of rights of entry contracts, customer cable lists, domain name and access contracts. These intangibles are being amortized over their estimated useful lives ranging from 12 to 108 months. If significant changes would occur to the estimated future cash flow associated with these intangibles, the Company would determine if there is impairment and reduce the value of the intangibles based on the reduction of such cash flows. At December 31, 2008, the Company had net intangibles of $3,667,866 which represented approximately 14% of the Company's total assets (see Note 1). Pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65,452 for the year ended December 31, 2008. In 2007, the Company did not record an impairment related to the intangible assets. In 2006, the Company recorded an impairment charge to intangible assets of $1,539,633.

Stock-Based Compensation

The Company applies Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options based on fair values. The Company's determination of fair value of share-based payment awards is based on the date of grant using an option-pricing model which incorporates a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility and estimates regarding projected employee stock option exercise behaviors and forfeitures. The Company recognizes the expense related to the fair value of the award straight-line over the vesting period.

Income Taxes

We account for income taxes under the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). 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 December 31, 2008.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). This statement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007; however, during February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2 which deferred the effective date of certain provisions of SFAS 157 until fiscal years beginning after November 15, 2008. We adopted the provisions of SFAS 157 that were not deferred under FSP No. 157-2 effective January 1, 2008.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 on January 1, 2008 had no impact on our consolidated financial statements.

During December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51" ("SFAS 160"). This statement establishes accounting and reporting standards for noncontrolling interests in subsidiaries and for the deconsolidation of subsidiaries and clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement also requires expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does believe that the adoption of SFAS 160 will have a material effect on its consolidated results of operations or financial position due to our acquisition of majority ownership of the operating entities of DTHC.

During December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141 (Revised 2007)"). While this statement retains the fundamental requirement of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations, SFAS 141 (Revised 2007) now establishes the principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information should be disclosed in the financial statements to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141 (Revised 2007) is effective for fiscal years beginning on or after December 15, 2008. The Company has adopted SFAS 141 (Revised 2007) and used this to account for the acquisition described in Note 18.

During March 2008, the FASB issued the SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133," ("SFAS 161") which required enhanced disclosures about an entity's derivative and hedging activates. The Standard requires entities to disclose the fair values of derivative instruments and their gains and losses in a tabular format to provide financials statement users with a more complete picture of the location in the entities financial statements of both the derivative positions existing at years-end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and it related interpretations, and (c) how derivative instrument and related hedged items affect an entity's statements issued for fiscal years beginning after November 15, 2008. The Company does not believe the adoption of SFAS 161 will have a material effect on its consolidated statement of operations, financial positions or cash flows.

Disclosures about Contractual Obligations and Commercial Commitments

The following summarizes our contractual obligations at December 31, 2008, 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	Over 3 Years
Operating leases - buildings	$ 2,335,000	$ 625,000	$ 944,000	$ 766,000
Operating leases - vehicles	3,412,000	1,060,000	1,814,000	538,000
Capital leases	722,370	368,639	349,948	3,783
Long-term debt	2,255,589	1,721,198	40,597	493,794
Totals	$ 8,724,959	$ 3,774,837	$ 3,148,545	$ 1,801,577

Off-Balance Sheet Arrangements

The Company has one off-balance sheet arrangements involving non-cancellable fleet vehicle operating leases. The Company has entered into an agreement with Donlen Trust jointly and severally with various subsidiaries of DTHC. The following is a schedule of DTHC consolidated future minimum lease payments for non-cancellable fleet vehicle operating leases as of December 31, 2008 for which the Company is obligated jointly and severally with DTHC and its subsidiaries:

Year	Amount
2009	6,397,000
2010	5,640,000
2011	4,501,000
2012	1,667,000
2013	451,000
Thereafter	901,000
	$ 19,557,000

Effective January 2, 2009, Multiband Corporation will become the successor in interest to DTHC pursuant to the aforementioned lease agreement

Forward Looking Statements

From time to time, the Company may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, and similar matters. The

Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements including those made in this document. In order to comply with the terms of the Private Securities Litigation Reform Act, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties that may affect the operations, performance, developments and results of the Company's business include the following: national and regional economic conditions; pending and future legislation affecting the IT and telecommunications industry; market acceptance of the Company's products and services; the Company's continued ability to provide integrated communication solutions for customers in a dynamic industry; the Company’s ability to raise additional financing and other competitive factors. Because these and other factors could affect the Company's operating results, past financial performance should not necessarily be considered as a reliable indicator of future performance, and investors should not use historical trends to anticipate future period results.

Item 7A

Quantitative and Qualitative Disclosure About Market Risk

The Company is not subject to any material interest rate risk as any current lending agreements are at a fixed rate of interest except for the Convergent Capital note of $1,400,000, which varies from 11% to 14%, dependent on the Company's common stock price. Each 1% change in interest impacts the statement of operations $14,000 annually.

Item 8

Consolidated Financial Statements and Supplementary Data

The consolidated financial statements of Multiband and the reports of the independent registered public accounting firm, listed under Item 15, are submitted as a separate section of this Annual Report on Form 10-K beginning on page F-1 and are incorporated herein.

Item 9

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report (the "Evaluation Date"). Because of its inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issued and instances of fraud, if any, have been detected.

Based on this evaluation, our chief executive officer and chief financial officer concluded that as of December 31, 2008, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the three months ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting except as specifically noted below.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of an issuer’s financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of an issuer’s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that an issuer’s receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of an issuer’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the application of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that compliance with the policies or procedures may deteriorate.

As required by Rule 13a-15(c) promulgated under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2008. Management's assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework ("COSO"). Our assessment did identify material weaknesses as of December 31, 2008.

Under SEC rules, management may assess its internal control over financial reporting as effective if there are no identified material weaknesses at the reporting date. A "material weakness" is a deficiency (within the meaning of PCAOB Auditing Standard No. 5), or combination of deficiencies in internal control over financial reporting such, that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis by employees in the normal course of their assigned functions. A material weakness in internal control over financial reporting does not imply that a material misstatement of the financial statements has occurred, but rather, that there is a reasonable possibility that a material misstatement could occur.

Management has identified the following material weaknesses and has reported them to the audit committee:
Lack of properly designed and implemented controls and controls not operating effectively related to the information technologies (IT) of the HSP segment. The Company purchased 51% of this operating subsidiary from DTHC in March 2008. The HSP segment did not have a stand alone IT system separate from DTHC, which retained a 49% ownership.
Lack of properly designed and implemented controls and controls not operating effectively related to the financial close and reporting process for the HSP segment, whose basic accounting functions were performed at a remote site via an outsourced management agreement.

Both material weaknesses arose in the context of a "step" acquisition of the DTHC operating entities, which began in March, 2008 and which was completed in January 2009. This step acquisition made the proper design and implementation of internal controls over financial reporting as of December 31, 2008 inherently complex. Because of the material weaknesses described above, management believes that, as of December 31, 2008, our internal controls over financial reporting with regards to our HSP segment were not effective. Notwithstanding the above, management further believes, to the best of its knowledge, that no material misstatements of the Company's financial statements has occurred as of December 31, 2008.

Subsequent to January 1, 2009, the Company has made two significant improvements with regards to its HSP segment financial reporting processes: 1) HSP IT processes and practices are being standardized with and integrated into the IT practices with accompanying controls that exist with regards to the other Multiband business segments; and 2) the HSP segment accounting department has been primarily re-located from Kentucky to Minnesota where overall corporate accounting and headquarters reside. The Company anticipates that the combination of more direct oversight of the HSP segment accounting functions combined with imposition of effective and uniform IT controls will act to remediate the material weaknesses.

The certifications of the Company's Chief Executive Officer and Chief Financial Officer attached as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K include, in paragraph 4 of such certifications, information concerning the Company's disclosure controls and procedures and internal controls over financial reporting. Such certifications should be read in conjunction with the information contained in this Item 9A for a more complete understanding of the matters covered by such certifications.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Item 9B Other Information

None.

PART III

Item 10 Directors, Executive Officers, and Corporate Governance

Listed below is certain information concerning the Company's board of directors and executive officers as of December 31, 2008. Each director is elected for a term of one year. Yearly elections are held at the annual meeting.

Name of Director and/or Executive Officer	Age	Position	Director Since
Steven Bell	49	President & Chief Financial Officer, Multiband Corporation	1994
Frank Bennett	52	President, Artesian Management, Inc.	2002
Jonathan Dodge	57	Partner, Dodge & Fox C.P.A. Firm	1997
Eugene Harris	44	Managing Director, Flagstone Securities	2004
James L. Mandel	51	Chief Executive Officer, Multiband Corporation	1998
Donald Miller	68	Chairman, Multiband Corporation	2001
Bernard Schafer	49	Director, DirecTECH Holding Company, Inc.	2008

Steven Bell was general counsel and Vice President of the Company from June 1985 through October 1994, at which time he became Chief Financial Officer. He was also named President in July 1997. He is a graduate of the William Mitchell College of Law.

Frank Bennett has been a Director of Multiband Corporation since 2002 and is currently the Chairman of Multiband's audit and nominating/governance committees. Mr. Bennett is President of Artesian Management, Inc., a private equity investment firm based in Minneapolis. Prior to founding Artesian Management, Inc. in 1989, he was a Vice President of Mayfield Corporation, and a Vice President of Corporate Finance of Piper Jaffray & Hopwood and a Vice President of Piper Jaffray Ventures, Inc.

Jonathan Dodge has been the Senior Partner of the C.P.A. firm of Dodge & Fox since its inception in March 1997. Prior to that, he was a partner in the CPA firm of Misukanis and Dodge from 1992 to March 1997. Mr. Dodge is a member of both the AICPA and the Minnesota Society of CPA's. He is currently also on the Board of Directors at First Tee of St Paul, Austin Mutual Insurance Co., Epien Medical, and Citizens Observer, LLC. Mr. Dodge is a member of the audit and compensation committee.

Eugene Harris is currently managing director for Fulcrum Securities. From 2004 to 2007 he was Senior Managing Director of Flagstone Securities. Mr. Harris, joined Flagstone Securities in 2004 after 10 years as the majority shareholder of Eidelman, Finger, Harris & Co., a registered investment advisor. Prior to joining Eidelman, Finger, Harris & Co., Mr. Harris held positions in general management and new business development for the Monsanto Company from 1990 to 1994. He also was an Associate Consultant with Bain and Co. from 1986 to 1988. Mr. Harris received a B.S. in Industrial Engineering from Stanford University in 1986 and an M.S. in Management from the Sloan School of Management at the Massachusetts Institute of Technology in 1990. He is a Chartered Financial Analyst and a member of the Financial Analysts Federation. He is currently also on the Board of Directors at Business Bank of St. Louis. Mr. Harris was appointed to the Company's Board of Directors in April 2004. Mr. Harris is also Chairman of the Company's compensation committee.

James Mandel has been the Chief Executive Officer and a Director of the Company since October 1, 1998. From October 1991 to October 1996, he was Vice President of Systems for Grand Casinos, Inc., where his duties included managing the design, development, installation and on-going maintenance for the 2,000 room, $507 million Stratosphere Hotel, Casino and Tower in Las Vegas. Mr. Mandel also managed the systems development of Grand Casino Mille Lacs, in Onamia, Minnesota, Grand Casino Hinckley in Hinckley, Minnesota and six other casinos nationwide. Mr. Mandel is currently on the Board of Directors at New Market Technologies, GeoSpan Corporation, Independent Multi-Family Council and Western Capital Resources, Inc.

Donald Miller worked for Schwan's enterprises between 1962 and 2001, primarily as Chief Financial Officer. He was appointed to the Company's Board of Directors in September 2001 and was elected Chairman of the Board in April 2002. He is currently also on the Board of Directors at FoodShacks, Inc., and Schwan's enterprises where he is a Chairman of the Finance Committee and a member of the Audit Committee. Mr. Miller is a member of Multiband's audit and compensation committee.

Bernard Schafer has been a director of the Company since February 2008. He is also currently a director of DirecTECH Holding Company, Inc. (DTHC). Multiband owns fifty-one percent of Michigan Microtech, Inc. (MMT), of which DTHC owns the other forty-nine percent. He graduated from Central Michigan University with a business degree. He worked in the retail field as a salesman then site manager. In 1982 he purchased a percentage of MMT, currently a DirecTV fulfillment provider. Mr. Schafer helped oversee MMT's merger with DTHC in 2005 and the growth of DTHC to new regions. Mr. Schafer has been involved in all aspects of the satellite television business, with most of his 26 years in operations. Mr. Schafer is a member of Multiband's nominating committee.

The Company knows of no arrangements or understandings between a Director or nominee and any other person pursuant to which any person has been selected as a Director or nominee. There is no family relationship between any of the nominees, Directors or executive officers of the Company.

Board of Directors and its Committees

The Board has determined that a majority of its members are "independent" as defined by the listing standards of the NASDAQ Stock Market. The independent Directors are Messrs. Frank Bennett, Jonathan Dodge, Eugene Harris and Donald Miller.

The Board of Directors met four times in 2008. As permitted by Minnesota Law, the Board of Directors also acted from time to time during 2008 by unanimous written consent in lieu of conducting formal meetings. Last year, there were four such actions and accompanying Board Resolutions passed. The Board has designated an audit committee consisting of Jonathan Dodge, Donald Miller and Frank Bennett. The Board also designated a compensation committee consisting of Jonathan Dodge, Eugene Harris, and Donald Miller.

Shareholder Communication with the Board

Our Board welcomes your questions and comments. If you would like to communicate directly to our Board, or if you have a concern related to the Company's business ethics or conduct, financial statements, accounting practices or internal controls, then you may contact our website via www.multibandusa.com, section Investor Relations. All communications will be forwarded to our audit committee.

Directors' attendance at Annual Meetings can provide shareholders with an opportunity to communicate with Directors about issues affecting the Company. The Company does not have a policy regarding director attendance, but all Directors are encouraged to attend the Annual Meeting of Shareholders. Six of our directors attended our Annual Meeting in 2008.

Audit Committee

Our audit committee:

- recommends to our Board of Directors the independent registered public accountants to conduct the annual audit of our books and records;
- reviews the proposed scope and results of the audit;

- approves the audit fees to be paid;
- reviews accounting and financial controls with the independent registered public accountants and our financial and accounting staff; and
- reviews and approves transactions between us and our Directors, officers and affiliates.

Our audit committee has a formal charter.

Our Audit Committee met four times during 2008. The Audit Committee is comprised entirely of individuals who meet the independence and financial literacy requirements of NASDAQ listing standards. Our Board has determined that all three members, Jonathan Dodge, Donald Miller, and Frank Bennett qualify as an "audit committee financial expert" independent from management as defined by Item 401(h)(2) of Regulation S-K under the Securities Act of 1933, as amended. The Company acknowledges that the designation of the members of the audit committee as financial experts does not impose on them any duties, obligations or liability that are greater than the duties, obligations and liability imposed on them as a member of the audit committee and the Board of Directors in the absence of such designation.

Report of the Audit Committee

In accordance with its written charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company. During the year ended December 31, 2008, the committee met four times, and Frank Bennett, as the Audit Committee chair and representative of the Audit Committee, discussed the interim financial information contained in quarterly and annual filings on Forms 10K and 10Q, respectively, with the Company's Chief Financial Officer and the Company's independent registered public accountants prior to public release.

In discharging its oversight responsibility as to the audit process, the audit committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors' independence consistent with the Securities Acts and Standards of the Public Company Accounting Oversight Board, discussed with the auditors any relationships that may affect their objectivity and independence and satisfied itself as to the auditors' independence. The audit committee also discussed with management and the independent auditors the quality and adequacy of the Company's internal controls. The audit committee reviewed with the independent auditors their audit plans, audit scope, and identification of audit risks.

The audit committee discussed and reviewed with the Company's independent auditors all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" and, both with and without management present, discussed and reviewed the results of the independent auditors' examination of the Company's consolidated financial statements. The audit committee reviewed the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2008 with management and the independent auditors. Management has the responsibility for the preparation of the Company's consolidated financial statements and the Company's independent auditors have the responsibility for the examination of those statements.

Based on the review referred to above and discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors that the Company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for filing with the Securities and Exchange Commission. The Audit Committee also recommended the reappointment, subject to shareholder approval, of the independent auditors and the Board of Directors concurred in such recommendation.

Nominating Committee

The Nominating Committee was formed by our Board in April 2004 and consists of Frank Bennett, Eugene Harris and Bernard Schafer. The Nominating Committee's duties include adopting criteria for recommending candidates for election or re-election to our Board and its committees, considering issues and making recommendations considering the size and composition of our Board. The Nominating Committee will also consider nominees for Director suggested by shareholders in written submissions to the Company's Secretary.

Director Nomination Procedures

DIRECTOR MANAGER QUALIFICATIONS. The Company's Nominating Committee has established policies for the desired attributes of our Board as a whole. The Board will seek to ensure that a majority of its members are independent as defined in the NASDAQ listing standards. Each member of our Board must possess the individual qualities of integrity and accountability, informed judgment, financial literacy, high performance standards and must be committed to representing the long-term interests of the Company and the shareholders. In addition, Directors must be committed to devoting the time and effort necessary to be responsible and productive members of our Board. Our Board values diversity, in its broadest sense, reflecting, but not limited to, profession, geography, gender, ethnicity, skills and experience.

IDENTIFYING AND EVALUATING NOMINEES. The Nominating Committee regularly assesses the appropriate number of Directors comprising our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. The Nominating Committee may consider those factors it deems appropriate in evaluating Director candidates including judgment, skill, diversity, strength of character, experience with businesses and organizations comparable in size or scope to the Company, experience and skill relative to other Board members, and specialized knowledge or experience. Depending upon the current needs of our Board, certain factors may be weighed more or less heavily by the Nominating Committee. In considering candidates for our Board, the Nominating Committee evaluates the entirety of each candidate's credentials and, other than the eligibility requirements established by the Nominating Committee, does not have any specific minimum qualifications that must be met by a nominee. The Nominating Committee considers candidates for the Board from any reasonable source, including current Board members, shareholders, professional search firms or other persons. The Nominating Committee does not evaluate candidates differently based on who has made the recommendation. The Nominating Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates.

CHARTER OF THE NOMINATING COMMITTEE. A copy of the charter of the Nominating Committee is available on our website at www.multibandusa.com.

Code of Ethics for Senior Financial Management

Our Code of Ethics for Senior Financial Management applies to all of our executive officers, including our president and our chief financial officer, and meets the requirements of the Securities and Exchange Commission. We have posted our Code of Ethics for Senior Financial Management on our website at www.multibandusa.com. We intend to disclose any amendments to and any waivers from a provision of our Code of Ethics for Senior Financial Management on our website within four business days following the amendment or waiver.

Compensation Discussion and Analysis

Our compensation committee

- reviews and recommends the compensation arrangements for management, including the compensation for our chief executive officer; and
- establishes and reviews general compensation policies with the objective to attract and retain superior talent, to reward individual performance and to achieve our financial goals.

We are committed to attracting, hiring and retaining an experienced management team that can successfully sell and operate our services. The fundamental policy of our compensation committee is to provide our executive officers with competitive compensation opportunities based upon their contribution to our development and financial success and long-term shareholder interest, as well as each officer’s personal performance. The compensation package for each executive officer is comprised of three elements (i) base salary which reflects individual performance and is designed primarily to be competitive with salary levels in the industry; (ii) potential for cash bonus payments contingent upon specific corporate and individual milestones; and (iii) long-term stock-based incentive awards which strengthen the mutuality of interests between the executive officers and our shareholders.

At the beginning of each year, certain performance objectives are set by the compensation committee for management. 2008 corporate objectives included goals based on subscriber sales and certain financial metrics. By year end, the compensation committee reviews the performance of the Company against the corporate objectives and reviews the performance of each executive officer against their individual objectives. Based upon results achieved, the executive officers may receive part or all of a targeted bonus award.

Our compensation committee met four times during 2008. The compensation committee is comprised entirely of non-employee Directors who meet the independence requirements of the NASDAQ listing standards. The compensation committee is comprised of Jonathan Dodge, Eugene Harris, and Donald Miller.

Item 11. Executive and Director Compensation

The following table sets forth certain information relating to the remuneration paid by the Company to its executive officers whose aggregate cash and cash-equivalent remuneration approximated or exceeded $100,000 during the Company’s fiscal year ended December 31, 2008.

EXECUTIVE COMPENSATION

Name and principal position	Year	Salary	Bonus	(1) Stock awards	Option awards	Non-equity incentive plan compensation	Change in pension value and nonqualified deferred compensation earnings	All other compensation	Total
James Mandel Chief Executive Officer	2008	$ 259,615	$ 155,500	$ 15,750	$ -	$ -	$ -	$ 7,848	$ 438,713
Steven Bell Chief Financial Officer	2008	208,814	7,000	7,875	-	-	-	7,848	231,537
Dave Ekman Chief Information Officer	2008	155,764	2,183	-	-	-	-	5,000	162,947

(1) The amounts in this column are calculated based on FAS 123R and equal the financial statement compensation expense as reported in our 2008 consolidated statement of operations for the fiscal year.

Director Compensation

Outside Directors were each paid a cash fee of $10,000 annually in 2008. Awards or options to Directors are determined by the Board's Compensation Committee. Each Director is entitled to reimbursement for his reasonable out of pocket expenses incurred in relation to travel to and from and attendance at board meetings.

DIRECTOR COMPENSATION

Name	Fees earned or paid in cash	Stock awards	(1) Option awards	Non-equity incentive plan compensation	Change in pension value and nonqualified deferred compensation earnings	(2) All other compensation	Total
F Bennett	$ 10,000	$ -	$ 8,694	$ -	$ -	$ 2,216	$ 20,910
J Dodge	10,000	-	8,694	-	-	-	18,694
E Harris	10,000	-	8,694	-	-	3,754	22,448
D Miller	10,000	-	17,387	-	-	1,251	28,638

(1) The amounts in this column are calculated based on FAS 123R and equal the financial statement compensation expense as reported in our 2008 consolidated statement of operations for the fiscal year. Total board of directors options outstanding at December 31, 2008 are 164,400

(2) Represents payment of expenses incurred in conjunction with attending board meetings.

Stock Option Grants During 2008

There were no stock options granted during fiscal 2008 to any executive officers.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding the outstanding equity awards held by our named executive officers as of December 31, 2008.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Steven M. Bell	2,000(1)	-	-	$ 22.00	1/31/2011	-	$ -	-	$ -
	100(2)	-	-	7.50	8/28/2011	-	-	-	-
	10,000(3)	-	-	5.50	1/8/2013	-	-	-	-
	5,000(4)	-	-	9.45	4/23/2014	-	-	-	-
	10,000(5)	-	-	7.25	6/18/2014	-	-	-	-
	80,000(6)	-	-	7.35	1/16/2015	-	-	-	-
David Ekman	30,000(7)	-	-	10.00	12/29/2009	-	-	-	-
	100(8)	-	-	7.50	8/28/2011	-	-	-	-
	40,000(9)	-	-	6.75	4/27/2015	-	-	-	-
James L. Mandel	100(10)	-	-	7.50	8/28/2011	-	-	-	-
	60,000(11)	-	-	7.50	1/8/2013	-	-	-	-
	20,000(12)	-	-	7.25	6/18/2014	-	-	-	-
	120,000(13)	-	-	7.35	1/6/2015	-	-	-	-

(1) The stock option was granted January 31, 2001 and is fully vested.
(2) The stock option was granted August 28, 2001 and is fully vested.
(3) The stock option was granted January 8, 2003 and is fully vested.
(4) The stock option was granted April 23, 2004 and is fully vested.
(5) The stock option was granted June 18, 2004 and is fully vested.
(6) The stock option was granted January 6, 2005 and is fully vested.
(7) The stock option was granted December 29, 1999 and is fully vested.
(8) The stock option was granted August 28, 2001 and is fully vested.
(9) The stock option was granted April 27, 2005 and is fully vested.
(10) The stock option was granted August 28, 2001 and is fully vested.
(11) The stock option was granted January 8, 2003 and is fully vested.
(12) The stock option was granted June 18, 2004 and is fully vested.
(13) The stock option was granted January 6, 2005 and is fully vested.

Option Exercises and Stock Vested

None of our named Executive Officers exercised any options in 2008. Restricted stock in the amount of 15,000 shares valued at $15,750, were issued to James L. Mandel, and 7,500 shares valued at $7,875, were issued to Steven M. Bell.

Other Compensation and Long-Term Incentive Plans

The Company has no deferred compensation plans or long-term incentive plans and issued no long-term incentive awards during 2008.

The Company also has a three year employment agreement, from January 2009 to December 2011, with James L. Mandel, Chief Executive Officer, the terms of which involve an annual base salary of $400,000. Also, Mr. Mandel is eligible for an annual performance bonus based on an objective criteria established by the Company's compensation committee for up to 75% of his base salary. Mr. Mandel's job responsibilities involve developing company business plans, developing expansion and growth opportunities and directing other executive officers.

The Company has an employment agreement with Mr. Steven Bell, President, for the term beginning January 2009 and expiring December 2011. Mr. Bell's compensation is not directly tied to the Company's performance. The agreement states the annual base salary for Mr. Bell will be $315,000 per year. Also, Mr. Bell is eligible for an annual performance bonus based on an objective criteria established by the Company's CEO for up to 50% of his base salary. Other key provisions of the contract include an agreement by Mr. Bell to keep confidential information secret both during and after employment by the Company and covenants not to compete with the Company for one year from the date of termination of employment.

The Company maintains key man life insurance policies on the lives of James Mandel and Steven Bell in the amounts of $5,000,000 and $3,000,000, respectively. The Company is the beneficiary of these policies. The Company also maintains key man life insurance policies in the amount of $1,000,000 each on the lives of Steven Bell and Marvin Frieman, former Director. The Company is the beneficiary of these policies and has adopted a plan to pay fifty percent of all life insurance proceeds to the spouse or surviving children of each such individual.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who beneficially own more than 10% of the Company's common stock to file reports of ownership and changes in ownership with the SEC. These persons are required to provide us with copies of all Section 16(a) reports that they file. Based solely upon a review these reports and written representations from our directors and executive officers, we believe that our directors, executive officers and 10% owners complied with all Section 16(a) filing requirements applicable to them during the year ended December 31, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

On March 20, 2009, the Company had 9,641,821 shares of common stock issued and outstanding.

The following table sets forth certain information as of March 20, 2009 with respect to each person known by the Company to be the beneficial owner of more than 5 percent of its common stock, each Director of the Company, and all officers and Directors of the Company as a group. Except as indicated, each of the persons listed in the following table has sole voting and investment power with respect to the shares set forth opposite his name.

Name and Address of Beneficial Owners	Number of Shares[1] Beneficially Owned	Percent of Common Shares Outstanding
Steven Bell 9449 Science Center Drive New Hope, MN 55428	225,313[2]	2.34%
Frank Bennett 301 Carlson Parkway – Suite 120 Minnetonka, Minnesota 55305	228,000[3]	2.36%
Jonathan Dodge 715 Florida Avenue South – Suite 402 Golden Valley, MN 55426	56,100[4]	*
David Ekman 200 44th Street SW Fargo, ND 58103	433,917[5]	4.50%
Eugene Harris 7773 Forsyth Blvd Clayton, MO 63105	101,290[6]	1.05%
James L. Mandel 9449 Science Center Drive New Hope, MN 55428	247,367[7]	2.57%
Donald Miller 1924 Cocoplum Way Naples, FL 34105	337,021[8]	3.50%
Bernard Schafer 2185 East Remus Road Mt. Pleasant, MI 48858	-	*
Special Situations Fund II QP, LP 527 Madison Avenue New York, NY 10022	982,481	10.19%
DirecTECH Holding Company, Inc. 33 West Second Street, Suite 504 Maysville, KY 41056-1166	1,490,000	15.45%
Lacuna, LLC 1100 Spruce Street Boulder, CO 80302	881,000	9.14%
All Directors and executive officers as a group (eight persons)	1,629,008	16.90%

*Less than one percent

1 Each person has sole voting and sole dispositive power with respect to all outstanding shares, except as noted. Based on 9,641,821 of common shares outstanding at March 20, 2009. Shares of common stock not outstanding but deemed beneficially owned by virtue of the individual's right to acquire them as of March 20, 2009 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 March 20, 2009.

2 Includes vested options to acquire 107,100 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 vested options to purchase 56,000 shares of common stock.

4 Includes vested options to acquire 51,000 shares of common stock.

5Includes vested options to purchase 70,100 shares of common stock and preferred shares convertible into 43,600 shares of common stock.

6 Includes vested options to purchase 50,000 shares of common stock.

7 Includes and vested options to purchase 200,100 shares of common stock.

8 Includes warrants and vested options to purchase 137,400 shares of common stock.

Item 13. Certain Relationships, Related Transactions and Director Independence

The Board has determined that a majority of its members are "independent" as defined by the listing standards of the NASDAQ Stock Market. The independent Directors are Messrs. Frank Bennett, Jonathan Dodge, Eugene Harris and Donald Miller.

Multiband and its subsidiaries lease principal offices located at 2000 44th Street SW, Fargo, ND 58013. The Fargo base rate is $14,354 per month. The Fargo property is owned in part by David Ekman.

Bernard Schafer is a director of both DTHC and Multiband. DTHC is the minority shareholder of MMT (see Note 2).

Item 14. Principal Accountant Fees and Services

The Audit Committee of the Company selected Virchow, Krause & Company, LLP ("Virchow Krause"), independent registered public accountants with offices in Minneapolis, Minnesota, to audit the Company's consolidated financial statements for the years ended December 31, 2008, 2007 and 2006. The following table details the fees paid to Virchow Krause for the years ended December 31, 2008 and 2007.

	2008	2007
Audit Fees	$ 308,787	$ 227,996
Audit-Related Fees	13,836(1)	18,230(2)
Tax Fees	25,979	20,258
Total	$ 348,602	$ 266,484

(1) Fees related to accounting required for the acquisition of MMT.

(2) Fees related to S-3 and S-1 filings and accounting for possible merger with the Form S-4 filings.

The Company's Audit committee consists of Frank Bennett, Jonathan Dodge and Donald Miller. All three are considered audit committee financial experts independent from management. The Company's current audit committee charter has been filed previously as exhibit 3.5. The audit committee is responsible for engaging the audit firm and fees related to their services.

The policy of the Company's audit committee is to review and pre-approve both audit and non-audit services to be provided by the independent auditors (other than with de minimis exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the audit committee with such approval reported to the committee at its next regularly scheduled meeting. Approval of non-audit services shall be disclosed to investors in periodic reports required by section 13(a) of the Securities Exchange Act of 1934. Approximately 95% of the fees paid to Virchow Krause were pre-approved by the audit committee.

No services in connection with appraisal or valuations services, fairness opinions or contribution-in-kind reports were rendered by Virchow Krause. Furthermore, no work of Virchow Krause with respect to its services rendered to the Company was performed by anyone other than Virchow Krause.

Item 15. Exhibits and Financial Statement Schedules.

A. Exhibits

(1) Financial Statements. Reference is made to the Index to Consolidated Financial Statements on page F-1 for a list of financial statements filed as a part of this Annual Report on Form 10-K.

(2) Financial Statement Schedules. The following financial statement schedules are included herein and should be read in conjunction with the consolidated financial statements referred to above.

Exhibit 3.5 states Multiband's code of ethics for its senior officers. A copy of said code will be provided upon written request. Any waivers or amendments to said code will be posted to Multiband's website or disclosed in an 8K filing.

Exhibit 3.6 provides Multiband's Audit committee charter

See Index to Exhibits on page 35 of this report.

INDEX TO EXHIBITS

Exhibit No.	Description
2.1	Asset Purchase Agreement and related documents with Enstar Networking Corporation dated December 31, 1998(1)
2.2	Agreement and Plan of Merger with Ekman, Inc. dated December 29, 1999(1)
2.3	Asset Purchase Agreement with Vicom Systems (14)
3.1	Amended and Restated Articles of Incorporation of Vicom, Inc.(1)
3.2	Restated Bylaws of Vicom, Incorporated(1)
3.3	Articles of Incorporation of Corporate Technologies, USA, Inc.(1)
3.5	Audit Committee Charter (9)
4.1	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 8% Class A Cumulative Convertible Preferred Stock and 10% Class B Cumulative Convertible Preferred Stock dated December 9, 1998(1)
4.2	Form of Warrant Agreement(1)
4.3	Warrant Agreement with James Mandel dated December 29, 1999(1)
4.4	Warrant Agreement with Marvin Frieman dated December 29, 1999(1)
4.5	Warrant Agreement with Pierce McNally dated December 29, 1999(1)
4.6	Warrant Agreement with Enstar, Inc. dated December 29, 1999(1)
4.7	Warrant Agreement with David Ekman dated December 29, 1999(1)
4.8	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 10% Class C Cumulative Convertible Stock(2)
4.9	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 14% Class D Cumulative Convertible Stock(2)
4.10	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 15% Class E Cumulative Convertible Stock(2)
4.11	Securities Purchase Agreement Dated September 18, 2003 (6)
4.12	Secured Convertible Note Agreement (7)
4.13	Wholesale Services Agreement Dated March 4, 2004 (8)
4.14	Note Purchase Agreement (11)
4.15	Series H Preferred Documents (12)
4.16	Series I Preferred Documents (13)
5.1	Opinion of Steven M. Bell, Esq.(6)
10.1	Vicom Lease with Marbell Realty dated June 20, 1996(1)
10.2	Employment Agreement with Marvin Frieman dated October 1, 1996(1)
10.3	Employment Agreement with Steven Bell dated October 1, 1996(1)
10.4	Employment Agreement with James Mandel dated August 14, 1998(1)
10.5	Vicom Associate Agreement with NEC America, Inc. dated June 1999(1)
10.6	Loan Agreement with Wells Fargo dated June 17, 1999(1)
10.7	Employment Agreement with David Ekman dated December 29, 1999(1)
10.8	Debenture Loan Agreement with Convergent Capital dated March 9, 2000(1)
10.9	Corporate Technologies, USA, Inc. lease with David Ekman dated January 19, 2000(1)
10.10	Amendment dated July 11, 2000 to debenture loan agreement with Convergent Capital dated March 9, 2000.(2)
10.11	Corporate Technologies agreement with Siemens dated December 14, 2001(4)
10.12	Note with Pyramid Trading, L.P. (4)
10.14	Employment Agreement of Steven M. Bell dated January, 1, 2002(5)

10.15	Employment Agreement of James Mandel dated January 1, 2002(5)
10.16	Acquisition Agreement of Minnesota Digital Universe (9)
10.17	Acquisition of Rainbow Satellite Group, LLC (10
10.18	Asset Purchase Agreement between Multiband Corporation and Consolidated Smart Broadband Systems dated March 1, 2007 (15)
10.19	Asset Purchase Agreement between Multiband Corporation and MDU Communications dated July 21, 2007 (16)
10.20	Supplemental Agreement and Plan of Share Exchange (18)
10.21	Stock Purchase Agreement (19)
10.22	First Amendment to Stock Purchase Agreement (20)
10.23	Employment Agreements of James Mandel, Steven Bell and J. Basil Mattingly (21)
14	Multiband Code of Ethics for Senior Officers (9)
19.1	2000 Non-Employee Director Stock Compensation Plan (3)
19.2	2000 Employee Stock Purchase Plan (3)
21.1	List of subsidiaries of the registrant(1)
23.1	Consent of Virchow, Krause & Company, LLP (17)
24.1	Power of Attorney (included on signature page of original registration statement)
31.1	Rule 13a-14 (s) Certification of Chief Executive Officer - James Mandel (17)
31.2	Rule 13a-14 (s) Certification of Chief Financial Officer - Steven Bell (17)
32.1	Section 1350 of Sarbanes-Oxley Act of 2002 – James Mandel (17)
32.2	Section 1350 of Sarbanes-Oxley Act of 2002 – Steven Bell (17)

(1) Previously filed as the same exhibit to the Registrant's Registration Statement on Form 10, as amended.
(2) Previously filed as the same exhibit to the original Registration Statement on Form S-1 filed on August 11, 2000 and declared effective on August 18,
2000.
(3) Previously filed as the same exhibit to Registrant’s Proxy Statement on Form 14A, filed on July 31, 2000.
(4) Previously filed as the same exhibit to the original Registration Statement on Form S-1 filed on August 15, 2001 and declared effective on August 20,
2001.
(5) Previously filed as the same exhibit to Registrant’s Form 10-Q filed May 15, 2002.
(6) Previously filed as the same exhibit to Registrant’s Form 8-K filed September 24, 2003.
(7) Previously filed as the same exhibit to Registrant’s Form 8-K filed December 16, 2003.
(8) Previously filed as the same exhibit to Registrant’s Form 8-K filed March 17, 2004.
(9) Previously filed as the same exhibit to registrants Form 8-K filed June 9, 2004.
(10) Previously filed as the same exhibit to registrants form 8-K filed July 9, 2004.

(11) Previously filed as the same exhibit to registrants form 8-K filed November 19, 2004.
(12) Previously filed as the same exhibit to registrants form 8-K filed November 24, 2004.
(13) Previously filed as the same exhibit to registrants form 8-K filed February 3, 2005.
(14) Previously filed as the same exhibit to registrants form 8-K filed April 6, 2005.
(15) Previously filed as the same exhibit to registrants form 8-K filed October 19, 2006
(16) Previously filed as the same exhibit to registrants form 8-K filed July 25, 2007
(17) Filed herewith.
(18) Previously filed as the same exhibit to registrants form 8-K filed February 12, 2008
(19) Previously filed as the same exhibit to registrants form 8-K filed November 6, 2008
(20) Previously filed as the same exhibit to registrants form 8-K filed January 2, 2009
(21) Previously filed as the same exhibit to registrants form 8-K filed January 8, 2009

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) of Securities Exchange Act of 1934, the registrant has duly caused this 10-K Report to be signed on its behalf by the undersigned, thereunto duly authorized.

	MULTIBAND CORPORATION. Registrant	
Date: April 2, 2009	By:	
		/s/ James L. Mandel James L. Mandel Chief Executive Officer
Date: April 2, 2009	By:	
		/s/ Steven M. Bell Steven M. Bell Chief Executive Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MULTIBAND CORPORATION AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders, Board of Directors, and Audit Committee
Multiband Corporation and subsidiaries

We have audited the accompanying consolidated balance sheets of Multiband Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Multiband Corporation and subsidiaries as of December 31, 2008 and 2007 and the results of their operations and cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 16 and 17 to the consolidated financial statements, certain contractual relationships exist between the Company and DirecTECH Holding Company, Inc., which preceded a business combination occurring on January 2, 2009.

/s/ VIRCHOW, KRAUSE & COMPANY, LLP

Minneapolis, Minnesota
April 2, 2009

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	$ 4,346,377	$ 944,456
Securities available for sale	45,594	-
Accounts receivable, net	3,436,424	1,560,123
Other receivable – related party	7,666,295	-
Inventories	1,902,868	132,992
Prepaid expenses and other	1,273,083	135,589
Current portion of notes receivable	61,321	59,861
Total Current Assets	18,731,962	2,833,021
PROPERTY AND EQUIPMENT, NET	2,033,067	1,769,261
OTHER ASSETS		
Goodwill	1,095,166	16,757
Intangible assets, net	3,667,866	4,072,076
Notes receivable – long-term, net of current portion	39,095	-
Other assets	476,072	202,314
Total Other Assets	5,278,199	4,291,147
TOTAL ASSETS	$ 26,043,228	$ 8,893,429

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

LIABILITIES AND STOCKHOLDERS' EQUITY

	2008	2007
CURRENT LIABILITIES		
Mandatory redeemable preferred stock, 15,000 and 22,026 Class F preferred shares	$ 150,000	$ 220,256
Current portion of long-term debt	1,608,778	1,658,342
Current portion of capital lease obligations	310,656	225,291
Accounts payable	8,274,003	2,950,596
Accrued liabilities	3,875,193	2,531,611
Accrued income taxes	499,153	-
Customer deposits	60,582	60,582
Deferred service obligations and revenue	1,488,388	204,520
Total Current Liabilities	16,266,753	7,851,198
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	345,874	118,924
Capital lease obligations, net of current portion	317,628	249,469
Total Liabilities	16,930,255	8,219,591
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	3,470,726	-
STOCKHOLDERS' EQUITY		
Cumulative convertible preferred stock, no par value:		
8% Class A (14,171 and 24,728 shares issued and outstanding, $148,796 and $259,644 liquidation preference)	213,353	371,708
10% Class B (2,570 and 3,770 shares issued and outstanding, $26,985 and $39,585 liquidation preference)	25,700	37,700
10% Class C (114,080 and 120,250 shares issued and outstanding, $1,140,800 and $1,202,500 liquidation preference)	1,481,918	1,548,352
10% Class F (150,000 shares issued and outstanding, $1,500,000 liquidation preference)	1,500,000	1,500,000
8% Class G (11,595 and 26,595 shares issued and outstanding, $115,950 and $265,950 liquidation preference)	47,970	111,468
6% Class H (2.0 shares issued and outstanding, $200,000 liquidation preference)	-	-
Variable rate % Class I (0 and 39,500 shares issued and outstanding, $0 and $3,950,000 liquidation preference)	-	-
Common stock, no par value (9,642,374 and 7,451,891 shares issued and outstanding)	37,687,864	29,574,673
Stock subscriptions receivable	(84,071)	(170,888)
Options and warrants	46,038,402	45,871,964
Accumulated other comprehensive income – unrealized gain on securities available for sale	45,594	-
Accumulated deficit	(81,314,483)	(78,171,139)
Total Stockholders' Equity	5,642,247	673,838
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 26,043,228	$ 8,893,429

See accompanying notes to the consolidated financial statements

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MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
REVENUES	$ 42,986,513	$ 15,085,604	$ 18,051,601
COSTS AND EXPENSES			
Cost of products and services (exclusive of depreciation and amortization shown separately below)	28,425,926	8,339,933	8,280,666
Selling, general and administrative	10,499,863	8,887,883	11,480,677
Depreciation and amortization	3,025,478	3,623,903	5,168,209
Impairment of assets	132,209	-	2,261,500
Total costs and expenses	42,083,476	20,851,719	27,191,052
INCOME (LOSS) FROM OPERATIONS	903,037	(5,766,115)	(9,139,451)
OTHER INCOME (EXPENSE)			
Interest expense	(657,289)	(503,887)	(1,206,196)
Management consulting income	2,366,466	-	-
Interest income	58,030	31,277	67,796
Other income	58,854	150,372	91,928
Total other income (expense)	1,826,061	(322,238)	(1,046,472)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST IN SUBSIDIARY	2,729,098	(6,088,353)	(10,185,923)
PROVISION FOR INCOME TAXES	1,132,000	-	-
MINORITY INTEREST IN NET INCOME OF SUBSIDIARY	652,167	-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	944,931	(6,088,353)	(10,185,923)
GAIN FROM DISCONTINUED OPERATIONS	-	-	2,200
NET INCOME (LOSS)	944,931	(6,088,353)	(10,183,723)
Preferred stock dividends	4,088,275	2,300,502	4,066,723
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (3,143,344)	$ (8,388,855)	$ (14,250,446)
LOSS PER COMMON SHARE – BASIC AND DILUTED:			
LOSS FROM CONTINUING OPERATIONS	$ (0.34)	$ (1.16)	$ (2.11)
GAIN FROM DISCONTINUED OPERATIONS	$ -	$ -	$ 0.0
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (0.34)	$ (1.16)	$ (2.11)
Weighted average common shares outstanding – basic and diluted	9,302,570	7,237,473	6,757,643

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
NET INCOME (LOSS)	$ 944,931	$ (6,088,353)	$ (10,183,723)
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Unrealized gains on securities:			
Unrealized holding gains arising during period	45,594	-	-
COMPREHENSIVE INCOME (LOSS)	$ 990,525	$ (6,088,353)	$ (10,183,723)

See notes to condensed consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	8% Class A		10% Class B		10% Class C		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
BALANCES, December 31, 2005	27,931	$ 419,752	8,390	$ 58,900	125,050	$ 1,607,605	150,000	$ 1,500,000
Stock issued:								
Cash	-	-	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-	-	-
Acquisition of assets – Extreme Video	-	-	-	-	-	-	-	-
Conversion of notes payable	-	-	-	-	-	-	-	-
Conversion of accrued interest	-	-	-	-	-	-	-	-
Conversion of preferred stock	-	-	-	-	-	-	-	-
Conversion of dividends payable	-	-	-	-	-	-	-	-
In lieu of cash for services	-	-	-	-	-	-	-	-
In lieu of cash for revenue share payments	-	-	-	-	-	-	-	-
Redemption of preferred stock	(1,273)	(12,730)	(920)	(9,200)	(920)	(9,200)	-	-
Intrinsic value of convertible feature	-	(6,365)	-	-	-	(4,929)	-	-
Adjustment in Dinamo purchase price	-	-	-	-	-	-	-	-
Stock subscriptions receivable:								
Cash received	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Amortization of deferred compensation	-	-	-	-	-	-	-	-
Restricted stock forfeited	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Common stock dividends related to spin-off of URON (see Note 10)								
Preferred stock dividends	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
BALANCES, December 31, 2006	26,658	$ 400,657	7,470	$ 49,700	124,130	$ 1,593,476	150,000	$ 1,500,000

	8% Class A		10% Class B		10% Class C		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:								
Cash	-	$ -	-	$ -	-	$ -	-	$ -
Conversion of accrued interest	-	-	-	-	-	-	-	-
Conversion of preferred stock	-	-	-	-	-	-	-	-
Conversion of dividends payable	-	-	-	-	-	-	-	-
In lieu of cash for services	-	-	-	-	-	-	-	-
In lieu of cash for equipment	-	-	-	-	-	-	-	-
Redemption of preferred stock	(1,930)	(19,300)	(3,700)	(37,000)	(3,880)	(38,800)	-	-
Intrinsic value of convertible feature	-	(9,649)	-	25,000	-	(6,324)	-	-
Stock subscriptions receivable:								
Cash received	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
BALANCES, December 31, 2007	24,728	$ 371,708	3,770	$ 37,700	120,250	$ 1,548,352	150,000	$ 1,500,000

	8% Class A		10% Class B		10% Class C		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:								
Cash	-	$ -	-	$ -	-	$ -	-	$ -
Acquisition of assets – Michigan Microtech, Inc.	-	-	-	-	-	-	-	-
Acquisition of assets – US Install	-	-	-	-	-	-	-	-
Conversion of notes payable	-	-	-	-	-	-	-	-
Conversion of accrued interest	-	-	-	-	-	-	-	-
Conversion of preferred stock	-	-	-	-	-	-	-	-
Conversion of dividends payable	-	-	-	-	-	-	-	-
Restricted stock issued	-	-	-	-	-	-	-	-
Cancellation of note receivable	-	-	-	-	-	-	-	-
In lieu of cash for services	-	-	-	-	-	-	-	-
Redemption of preferred stock	(10,557)	(105,570)	(1,200)	(12,000)	(6,170)	(61,700)	-	-
Intrinsic value of convertible feature	-	(52,785)	-		-	(4,734)	-	-
Stock subscriptions receivable:								
Cash received	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-
Other comprehensive income – unrealized gains on securities available for sale	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-
BALANCES, December 31, 2008	14,171	$ 213,353	2,570	$ 25,700	114,080	$ 1,481,918	150,000	$ 1,500,000

See accompanying notes to the consolidated financial statements

	8% Class G		6% Class H		% Class I		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
BALANCES, December 31, 2005	45,245	$ 179,897	2	$ -	90,000	$ -	6,426,912	$ 22,801,405
Stock issued:								
Cash	-	-	-	-	-	-	-	(23,840)
Exercise of options	-	-	-	-	-	-	6,000	18,000
Acquisition of assets – Extreme Video	-	-	-	-	-	-	32,500	162,500
Conversion of notes payable	-	-	-	-	-	-	40,000	200,000
Conversion of accrued interest	-	-	-	-	-	-	8,866	44,333
Conversion of preferred stock	(7,050)	(70,500)	-	-	(32,500)	-	442,146	3,151,500
Conversion of dividends payable	-	-	-	-	-	-	61,015	473,001
In lieu of cash for services	-	-	-	-	-	-	16,000	57,600
In lieu of cash for revenue share payments	-	-	-	-	-	-	193	1,156
Redemption of preferred stock	-	-	-	-	-	-	-	-
Intrinsic value of convertible feature	-	52,034	-	-	-	-	-	-
Adjustment in Dinamo purchase price	-	-	-	-	-	-	-	(12,400)
Stock subscriptions receivable:								
Cash payments	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Amortization of deferred compensation	-	-	-	-	-	-	-	-
Restricted stock forfeited	-	-	-	-	-	-	-	-
Common stock dividends related to spin-off of URON (see Note 10)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Preferred stock dividends										
Net loss	-	-	-		-	-		-	-	-
BALANCES, December 31, 2006	38,195	$ 161,431	2	$	-	57,500	$	-	7,033,632	$ 26,873,255

	8% Class G		6% Class H		% Class I		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:								
Cash	-	$ -	-	$ -	-	$ -	-	$ (24,208)
Conversion of accrued interest	-	-	-	-	-	-	3,536	17,680
Conversion of preferred stock	(11,600)	(116,000)	-	-	(18,000)	-	254,500	1,822,400
Conversion of dividends payable	-	-	-	-	-	-	88,223	637,209
In lieu of cash for services	-	-	-	-	-	-	42,000	164,337
In lieu of cash for equipment	-	-	-	-	-	-	30,000	84,000
Redemption of preferred stock	-	-	-	-	-	-	-	-
Intrinsic value of convertible feature	-	66,037	-	-	-	-	-	-
Stock subscriptions receivable:								
Cash payments	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
BALANCES, December 31, 2007	26,595	$ 111,468	2	$ -	39,500	$ -	7,451,891	$ 29,574,673

	8% Class G		6% Class H		% Class I		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:								
Cash	-	$ -	-	$ -	-	$ -	-	$ (30,379)
Acquisition of assets – Michigan Microtech, Inc.	-	-	-	-	-	-	1,490,000	3,854,000
Acquisition of assets – US Install	-	-	-	-	-	-	37,880	101,516
Conversion of notes payable	-	-	-	-	-	-	7,500	19,500
Conversion of accrued interest	-	-	-	-	-	-	800	4,000
Conversion of preferred stock	(15,000)	(150,000)	-	-	(39,500)	-	545,417	3,894,600
Conversion of dividends payable	-	-	-	-	-	-	23,386	179,412
Restricted stock issued	-	-	-	-	-	-	22,500	23,625
Cancellation of note receivable	-	-	-	-	-	-	(12,000)	(61,333)
In lieu of cash for future services rendered	-	-	-	-	-	-	75,000	128,250
Redemption of preferred stock	-	-	-	-	-	-	-	-
Intrinsic value of convertible feature	-	86,502	-	-	-	-	-	-
Stock subscriptions receivable:								
Cash payments	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-
Other comprehensive income – unrealized gain on securities available for sale	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-
BALANCES, December 31, 2008	11,595	$ 47,970	2	$ -	-	$ -	9,642,374	$ 37,687,864

See accompanying notes to the consolidated financial statements

	Stock Subscriptions Receivable	Options and Warrants	Unamortized Compensation	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
BALANCES, December 31, 2005	$ (297,105)	$ 44,259,540	$ (29,861)	$ -	$ (55,531,838)	$ 14,968,295
Stock issued:						
Cash	-	-	-	-	-	(23,840)
Exercise of options	-	-	-	-	-	18,000
Acquisition of assets – Extreme Video	-	-	-	-	-	162,500
Conversion of notes payable	-	-	-	-	-	200,000
Conversion of accrued interest	-	-	-	-	-	44,333
Conversion of preferred stock	-	-	-	-	(3,081,000)	-
Conversion of dividends payable	-	-	-	-	-	473,001
In lieu of cash for services	-	-	-	-	-	57,600
In lieu of cash for revenue share payments	-	-	-	-	-	1,156
Redemption of preferred stock	-	-	-	-	-	(31,130)
Intrinsic value of convertible feature	-	-	-	-	(40,740)	-
Adjustment in Dinamo purchase price	-	-	-	-	-	(12,400)
Stock subscriptions receivable:						
Cash payments	5,938	-	-	-	-	5,938
Interest collected	2,062	-	-	-	-	2,062
Interest earned	(2,257)	-	-	-	-	(2,257)
Increase in reserve	61,435	-	-	-	-	61,435
Warrants issued for services	-	12,085	-	-	-	12,085
Options expense	-	821,757	-	-	-	821,757
Amortization of deferred compensation	-	-	29,480	-	-	29,480
Restricted stock forfeited	-	(381)	381	-	-	-
Common stock dividends related to spin-off of URON (see Note 10)	-	-	-	-	(46,989)	(46,989)
Preferred stock dividends	-	-	-	-	(897,994)	(897,994)
Net loss	-	-	-	-	(10,183,723)	(10,183,723)
BALANCES, December 31, 2006	$ (229,927)	$ 45,093,001	$ -	$ -	$ (69,782,284)	$ 5,659,309

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	Stock Subscriptions Receivable	Options and Warrants	Unamortized Compensation	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Stock issued:						
Cash	$ -	$ -	$ -	$ -	$ -	$ (24,208)
Conversion of accrued interest	-	-	-	-	-	17,680
Conversion of preferred stock	-	-	-	-	(1,706,400)	-
Conversion of dividends payable	-	-	-	-	-	637,209
In lieu of cash for services	-	-	-	-	-	164,337
In lieu of cash for equipment	-	-	-	-	-	84,000
Redemption of preferred stock	-	-	-	-	-	(95,100)
Intrinsic value of convertible feature	-	-	-	-	(75,064)	-
Stock subscriptions receivable:						
Cash payments	62	-	-	-	-	62
Interest collected	1,438	-	-	-	-	1,438
Interest earned	(2,461)	-	-	-	-	(2,461)
Increase in reserve	60,000	-	-	-	-	60,000
Warrants issued for services	-	67,540	-	-	-	67,540
Options expense	-	711,423	-	-	-	711,423
Preferred stock dividends	-	-	-	-	(519,038)	(519,038)
Net loss	-	-	-	-	(6,088,353)	(6,088,353)
BALANCES, December 31, 2007	$ (170,888)	$ 45,871,964	$ -	$ -	$ (78,171,139)	$ 673,838

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	Stock Subscriptions Receivable	Options and Warrants	Unamortized Compensation	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Stock issued:						
Cash	$ -	$ -	$ -	$ -	$ -	$ (30,379)
Acquisition of assets – Michigan Microtech, Inc.	-	-	-	-	-	3,854,000
Acquisition of assets – US Install	-	-	-	-	-	101,516
Conversion of notes payable	-	-	-	-	-	19,500
Conversion of accrued interest	-	-	-	-	-	4,000
Conversion of preferred stock	-	-	-	-	(3,744,600)	-
Conversion of dividends payable	-	-	-	-	-	179,412
Restricted stock issued	-	-	-	-	-	23,625
Cancellation of note receivable	61,333	-	-	-	-	-
In lieu of cash for services	-	-	-	-	-	128,250
Redemption of preferred stock	-	-	-	-	-	(179,270)
Intrinsic value of convertible feature	-	-	-	-	(28,983)	-
Stock subscriptions receivable:						
Cash payments	348	-	-	-	-	348
Interest collected	2,652	-	-	-	-	2,652
Interest earned	(2,463)	-	-	-	-	(2,463)
Increase in reserve	24,947	-	-	-	-	24,947
Warrants issued for services	-	1,641	-	-	-	1,641
Options expense	-	164,797	-	-	-	164,797
Preferred stock dividends	-	-	-	-	(314,692)	(314,692)
Other comprehensive income – unrealized gain on securities available for sale	-	-	-	45,594	-	45,594
Net income	-	-	-	-	944,931	944,931
BALANCES, December 31, 2008	$ (84,071)	$ 46,038,402	$ -	$ 45,594	$ (81,314,483)	$ 5,642,247

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
OPERATING ACTIVITIES			
Net income (loss)	$ 944,931	$ (6,088,353)	$ (10,183,723)
Adjustments to reconcile net income (loss) to cash flows from operating activities:			
Depreciation and amortization	3,025,478	3,638,543	5,347,251
Minority interest in net income of consolidated subsidiary	652,167	-	-
Amortization of deferred compensation	-	-	29,480
Amortization of original issue discount	-	30,413	436,108
Amortization of imputed interest discount	282,100	-	-
Gain on debt extinguishment	(29,965)	(131,529)	-
Impairment of goodwill, intangibles and property and equipment	132,209	-	2,261,500
Loss (gain) on sale of property and equipment	77,115	192,234	(105,139)
Gain on sale of URON Inc. subsidiary	-	-	(26,669)
Change in allowance for doubtful accounts on accounts receivable	(15,000)	(154,400)	(155,130)
Change in reserve for stock subscriptions and interest receivable	22,484	60,000	61,434
Management consulting income from DirecTECH	(1,946,000)	-	-
Warrants issued for services	1,641	67,540	12,085
Stock issued for future services	47,435	164,337	58,756
Compensation expense of restricted stock awards	23,625	-	-
Stock based compensation expense	164,797	711,423	821,757
Reduction in interest receivable by increase in note receivable	(2,257)	-	-
Changes in operating assets and liabilities:			
Accounts receivable	776,630	615,241	502,942
Other receivable – related party	(2,364,995)	-	-
Inventories	455,867	208,388	(102,800)
Prepaid expenses and other	(520,507)	82,133	34,924
Other assets	(419,813)	(81,778)	33,798
Accounts payable and accrued liabilities	211,798	27,236	707,265
Accrued income taxes	499,153	-	-
Customer deposits	-	(750)	(2,829)
Liabilities of discontinued operations	-	(125,000)	(500,000)
Deferred service obligations and revenue	1,283,868	(606,674)	119,004
Net cash flows from operating activities	3,302,761	(1,390,996)	(649,986)
INVESTING ACTIVITIES			
Purchases of property and equipment	(171,133)	(383,834)	(993,108)
Cash acquired via purchase of Michigan Microtech, Inc.	4,043,942	-	-
Cash collected on other receivables – related party acquired via the purchase of Michigan Microtech, Inc.	2,815,488	-	-
Purchase of US Install	(101,000)	-	-
Purchases of intangible assets	-	-	(31,159)
Proceeds from sale of URON Inc. subsidiary	-	-	75,000
Issuance of other receivable-related party	(5,843,942)	-	-
Proceeds from sale of intangible assets and related equipment	40,019	2,651,239	611,094
Collections on notes receivable	6,716	9,995	2,801
Net cash flows from investing activities	790,090	2,277,400	(335,372)

FINANCING ACTIVITIES			
Checks issued in excess of cash in bank	-	(319,244)	226,239
Payments on long-term debt	(145,734)	(139,209)	(871,076)
Payments on capital lease obligations	(212,734)	(251,057)	(235,517)
Payments on note payable to stockholder	-	(24,739)	(8,098)
Payment on mandatory redeemable preferred stock	(70,256)	(59,744)	(53,334)
Payments for stock issuance costs	(30,379)	(24,208)	(23,840)
Proceeds from issuance of long-term debt	100,000	-	-
Payments received on stock subscriptions and interest receivables	3,000	62	5,938
Redemption of preferred stock	(179,270)	(95,100)	(31,130)
Preferred stock dividends	(155,557)	(49,684)	(121,276)
Exercise of stock options	-	-	18,000
Net cash flows from financing activities	(690,930)	(962,923)	(1,094,094)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,401,921	(76,519)	(2,079,452)
CASH AND CASH EQUIVALENTS - Beginning of Year	944,456	1,020,975	3,100,427
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,346,377	$ 944,456	$ 1,020,975

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

NOTE 1 - Summary of Significant Accounting Policies

Nature of Business

Multiband Corporation and subsidiaries (the Company) was incorporated in Minnesota in September 1975. The Company provides voice, data and video services to multi-dwelling unit and single family home customers. The Company's products and services are sold to customers located throughout the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern that contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the year ended December 31, 2008, the Company earned net income of $944,931 versus the years ended December 31, 2007 and 2006 in which the Company incurred net losses of $6,088,353 and $10,183,723, respectively. At December 31, 2008, the Company had an accumulated deficit of $81,314,483. The Company's ability to continue as a going concern is dependent on it maintaining profitability and/or raising additional capital. Management may sell, if prudent, certain assets on a strategic basis for prices agreeable to the Company and/or obtain additional debt or equity capital to meet all of its existing cash obligations and fund commitments on planned Multiband projects; however, there can be no assurance that the sources will be available or available on terms favorable to the Company. 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 through 2009:

1. Reduction of operating expenses by controlling payroll, professional fees and other general and administrative expenses.
2. Delivery of video services to residents of single family homes. Effective March 1, 2008 the Company purchased 51% of the outstanding stock of Michigan Microtech, Inc. (MMT), formerly a wholly owned subsidiary of DirecTECH Holding Company, Inc. (DTHC). MMT installs DirecTV video services in single family homes. Historically, MMT has been profitable. In 2008, by combining MMT operations with Multiband operations, Multiband achieved a beneficial impact to its consolidated cash flows and operating results. In January 2009, Multiband significantly expanded its single family home video installation business by purchasing the former operations of DTHC (see Note 17). However, there is no guarantee that the results of the HSP business segment will be favorable to the Company in future periods. While the profitability of all the former operating subsidiaries of DTHC (excluding MMT) has been inconsistent in prior periods and while the DTHC operating subsidiaries as a whole (excluding MMT) were unprofitable in 2008, Multiband management, through management services agreements conducted throughout 2008 helped, in conjunction with legacy DTHC management, enact significant changes to those subsidiaries' expense structure, management and operating practices. These aforementioned changes had a material improvement in the operating results of the DTHC operating subsidiaries (excluding MMT) during the second half of 2008 as selling, general and administrative expenses (as adjusted for certain one time expenses such as legal accruals and transaction expenses related to the Multiband acquisition) dropped significantly. The Company believes the changes made to the former DTHC operating subsidiaries throughout 2008, combined with stay at home consumers robust entertainment demands, will continue to lead to materially improved operating results for those subsidiaries during 2009.
3. Solicit additional equity investment in the Company by either issuing preferred or common stock.
4. Continue to market Multiband services and acquire additional multi-dwelling unit customers.
5.

Control capital expenditures by contracting Multiband services and equipment through a landlord-owned equipment program.

6. Expansion of call center support via sales of call center services to both existing and future system operators and to buyers of the Company's video subscribers.
7. Sale of video assets on a strategic basis. The Company, based on recent transactions, believes there is an active market for its video subscriber assets. The Company believes it can sell these assets, under certain circumstances, at prices at or above their current carrying value. However, there is no guarantee these sales will ultimately be favorable to the Company.

Principles of Consolidation

As of December 31, 2008, the consolidated financial statements include the accounts of Multiband Corporation (MB) and its wholly owned subsidiaries, Minnesota Digital Universe, Inc. (MDU), Multiband Subscriber Services, Inc. (MBSS), Multiband USA, Inc. (MBUSA), and its majority owned subsidiary, Michigan Microtech, Inc. (MMT) (see Note 2). All significant intercompany transactions and balances have been eliminated in consolidation.

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

Effective March 1, 2008, the Company acquired 51% of the outstanding shares of Michigan Microtech, Inc. (MMT) (see Note 2). The minority interest on the consolidated balance sheet and statement of operations represents DTHC's 49% ownership of MMT. The consolidated financial statements include the accounts of MMT.

Revenue Recognition

The Company recognizes revenue in accordance with the Securities Exchange Commission's Staff Accounting Bulletin No. 104 (SAB 104) "Revenue Recognition", 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 complete.

The Company earns revenues from four sources: 1) Voice, video and data communications products which are sold and installed, 2) MBSS user charges to multiple dwelling units, 3) MDU earns revenue primarily through the activation of, enhancement of, and residual fees on video programming services provided to residents of multiple dwelling units; and 4) MMT earns revenue primarily through the installation and service of DirecTV video programming for residents of single family homes.

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.

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. In accordance with Securities Exchange Commission SAB 104, 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.

MMT has a home services provider (HSP) agreement with DirecTV which allows MMT to install and activate DirecTV video programming services for residents of single family homes. As a DirecTV HSP, MMT 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.

The Company reports the aforementioned 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.

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MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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.

The Company has determined that the accounting policies for income recognition described above were in accordance with the Financial Accounting Standards Board Emerging Issues Task Force ("EITF") Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent". EITF No. 99-19 employs multi-factor tests to determine whether amounts charged to customers in respect of certain expenses incurred should be included in revenues or netted against such expenses.

The Company applies Emerging Issues Task Force Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" (EITF 06-3). EITF 06-3 concluded that the presentation of taxes imposed on revenue-producing transactions (sales, use, value added and excise taxes) on either a gross (included in revenues and costs) or a net (excluded from revenues) basis is an accounting policy that should be disclosed. The Company's policy is to present taxes imposed on revenue-producing transactions on a net basis.

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.

MBSS, MDU and MBUSA user charges are recognized as revenues in the period the related services are provided in accordance with SAB 104. Any amounts billed prior to services being provided are reported as deferred service obligations and revenues. MMT installation and services revenues are recognized in the period the related services are provided in accordance with SAB 104. DirecTV reimburses the Company for substantially all DirecTV equipment used for customer installation related to the HSP segment.

Cash and Cash Equivalents

The Company includes as cash equivalents, investments with original maturities of three months or less when purchased, which are readily convertible into known amounts of cash. The Company deposits its cash in high credit quality financial institutions. The balances, at times, may exceed federally insured limits.

Accounts Receivable

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. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Company's customer base for the MCS segment. For the MDU and HSP segments the Company does have credit risk due to over 50% of accounts receivable is with one customer (see Note 15). 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 $60,000 and $75,000 at December 31, 2008 and 2007, respectively.

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MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

Inventories

The Company's inventories are segregated into three major categories. Serialized DirecTV inventories consists 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. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method for such equipment.

Property and Equipment

Property, equipment and leasehold improvements are recorded at cost. Improvements are capitalized while repairs and maintenance costs are charged to operations when incurred. Property and equipment is depreciated or amortized using the straight-line method over estimated useful lives ranging from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the 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. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

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.

Goodwill and Other Intangible Assets

The Company applies the Financial Accounting Standards Board Statement (FASB) of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," which sets forth financial and reporting standards for the acquisition of intangible assets, other than those acquired in a business combination, and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill no longer be amortized but tested for impairment on an annual basis, or more frequently if indications of impairment are present.

We periodically evaluate goodwill and other intangible and long-lived assets for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of our business segments. Future events could cause us to conclude that impairment indicators exist and that goodwill and other intangible and long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

Goodwill was $1,095,166 and $16,757 at December 31, 2008 and 2007, respectively. The goodwill recorded as part of our Multiband Corp. segment was $1,045,166 and $16,757 at December 31, 2008 and 2007, respectively, and the goodwill in the MCS segment was $50,000 at December 31, 2008. The increase in goodwill during 2008 is due to the purchase of MMT (see Note 2) and US Install (see Note 2). For the year ended December 31, 2008, the Company recorded an impairment to goodwill relating to the partial impairment of US Install goodwill of $50,000 and the impairment of the remaining goodwill recorded from a previous acquisition of $16,757. Also, pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65,452 for the year ended December 31, 2008. In 2007, the Company did not record any impairment to goodwill or intangible assets. Pursuant to the sale of video assets to Consolidated Smart Broadband Systems, LLC., (CSBS) (see Note 2), the Company recorded an impairment charge of $2,261,500 for the year ended December 31, 2006. This charge was determined based upon the excess net book value of assets sold over the known proceeds from the sale as of March 1, 2007. The impairment charge was allocated in the amount of $417,465 to goodwill, $1,539,633 to intangible assets and $304,402 to fixed assets.

MULTIBAND CORPORATION AND SUBSIDIARIES
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December 31, 2008, 2007 and 2006

Components of intangible assets are as follows:

	December 31, 2008		December 31, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization				
Right of entry contracts	$ 800,751	$ 526,133	$ 993,393	$ 618,027
Contracts with DirecTV	11,501,800	8,060,186	9,697,879	6,001,169
Customer contracts	102,516	85,430	-	-
Total	12,405,067	8,671,749	10,691,272	6,619,196
Impairment of intangibles	-	65,452	-	-
Total including impairment	$ 12,405,067	$ 8,737,201	$ 10,691,272	$ 6,619,196

Amortization of intangible assets was $2,245,195, $2,352,243, and $3,419,150 for the years ended December 31, 2008, 2007 and 2006, respectively. Estimated amortization expense of intangible assets for the years ending December 31, 2009, 2010, 2011, 2012, 2013 and thereafter is $2,207,312, $1,134,028, $226,154, $36,267, $36,267 and $27,838, respectively. The weighted average remaining life of the intangibles is 1.94 years with right of entry average life of 5.77 years, contracts with DirecTV of 1.72 years and customer contracts of .17 years. The increase in intangible value during 2008 is due to the purchase of MMT (see Note 2) and US Install (see Note 2). The weighted average contractual life of the purchased intangibles is 3.05 years (see Note 2). The reduction in intangible value during 2007 is due to a sale of subscribers to Directech MDU “Directech” and MDU Communications “MDUC” (see Note 2).

The Company amortizes the right of entry contracts, contracts with DirecTV, and customer contracts, over their estimated useful lives ranging from 12 to 108 months.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs were $58,934, $76,993, and $101,295, for the years ended December 31, 2008, 2007 and 2006, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement and income tax reporting bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance to the extent that realization is not assured.

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Stock-Based Compensation

The Company applies SFAS No. 123R “Share-Based Payment” (“SFAS 123R”), which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS 123R is being applied on the modified prospective transition method and therefore the Company has not restated results for prior periods. The financial statements for the years ended December 31, 2008, 2007 and 2006 recognize compensation cost for the portion of outstanding awards which have vested during the year. The Company recognizes stock-based compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. For the years ended December 31, 2008, 2007 and 2006, total stock-based compensation expense of $164,797 ($0.02 per share), $711,423 ($0.10 per share) and $821,757 ($0.12 per share) was included in selling, general and administrative expenses, respectively. As of December 31, 2008, there was $56,048 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan (see Note 10). That cost is expected to be recognized over a weighted-average period of 1.69 years. This is an estimate based on options currently outstanding and therefore this projected expense could be more in the future.

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. An option's expected term is the estimated period between the grant date and the exercise date of the option. As the expected-term period increases, the fair value of the option and the compensation cost will also increase. The expected-term assumption is generally calculated using historical stock option exercise data. The Company does not have historical exercise data to develop such an assumption. In cases where companies do not have historical data and where the options meet certain criteria, SEC Staff Accounting Bulletin 107 ("SAB 107") provides the use of a simplified expected-term calculation. Accordingly, the Company calculated the expected terms using the SAB 107 simplified method. During the year ended December 31, 2008, the Company evaluated the variables used in calculating its option values. The Company has applied these revised assumptions in the third quarter of 2008 noting an immaterial effect to compensation expense recognized on options granted during the first six months of 2008.

The Company calculates expected volatility for stock options and awards using historical volatility, as the Company believes the expected volatility will approximate historical volatility. The starting point for the historical period used is July 1, 2001. The Company estimates the forfeiture rate for stock options using 5% for all employees.

The risk-free rates for the expected terms of the stock options and awards and the employee stock purchase plan is based on the U.S. Treasury yield curve in effect at the time of grant.

In determining the compensation cost of the options granted during fiscal 2008, 2007 and 2006, the fair value of each option grant has been estimated on the date of grant using the Black-Scholes option pricing model and the weighted average assumptions used in these calculations are summarized as follows:

	2008	2007	2006
Risk-free interest rate	3.02%	4.56%	4.72%
Expected life of options granted	6.5 years	10 years	10 years
Expected volatility range	94%	242%	216%
Expected dividend yield	0%	0%	0%

Net Income (Loss) per Common Share

Basic net income(loss) per common share is computed by dividing the income(loss) attributable to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted net income(loss) per common share is computed by dividing income(loss) attributable to common stockholders by the sum of the weighted average number of common shares outstanding plus all additional common stock that would have been outstanding if potentially dilutive common shares related to common share equivalents (stock options, stock warrants and convertible preferred shares) had been issued. All options, warrants and convertible preferred shares outstanding during the years ended December 31, 2008, 2007 and 2006 were anti-dilutive due to loss attributable to common stockholders for each of the years then ended.

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Management believes that the Company has three operating segments, MCS, where the Company bills voice, data and video subscribers as a principal; MDU where the Company, as a master service operator for DirecTV, receives net cash payments for managing video subscribers through its network of system operators and HSP (Home Service Provider), where the Company 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.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). This statement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007; however, during February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2 which deferred the effective date of certain provisions of SFAS 157 until fiscal years beginning after November 15, 2008. We adopted the provisions of SFAS 157 that were not deferred under FSP No. 157-2 effective January 1, 2008.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 on January 1, 2008 had no impact on our consolidated financial statements.

During December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51" ("SFAS 160"). This statement establishes accounting and reporting standards for noncontrolling interests in subsidiaries and for the deconsolidation of subsidiaries and clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement also requires expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does believe that the adoption of SFAS 160 will have a material effect on its consolidated results of operations or financial position due to our acquisition of majority ownership of the operating entities of DTHC.

During December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141 (Revised 2007)"). While this statement retains the fundamental requirement of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations, SFAS 141 (Revised 2007) now establishes the principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information should be disclosed in the financial statements to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141 (Revised 2007) is effective for fiscal years beginning on or after December 15, 2008. The

Company has adopted SFAS 141 (Revised 2007) and used this to account for the acquisition described in Note 18.

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During March 2008, the FASB issued the SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133," ("SFAS 161") which required enhanced disclosures about an entity's derivative and hedging activites. The Standard requires entities to disclose the fair values of derivative instruments and their gains and losses in a tabular format to provide financials statement users with a more complete picture of the location in the entities financial statements of both the derivative positions existing at years-end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and it related interpretations, and (c) how derivative instruments and related hedged items affect an entity's statements issued for fiscal years beginning after November 15, 2008. The Company does not believe the adoption of SFAS 161 will have a material effect on its consolidated statement of operations, financial positions or cash flows.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant management estimates relate to the allowances for doubtful accounts, charge back of DirecTV activation fees, inventory obsolescence, stock subscriptions and interest receivable, stock based compensation, property and equipment estimated useful lives, goodwill and intangible assets carrying value and the valuation of deferred income tax assets.

Financial Instruments

The carrying amounts for all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate fair value because of the short maturity of these instruments. The fair value of capital lease obligations and long-term debt approximates the carrying amounts based upon the Company's expected borrowing rate for debt with similar remaining maturities and comparable risk.

NOTE 2 – Business Acquisitions/Sales Transactions

Effective July 1, 2006, the Company acquired the video assets and rights of entry of Extreme Video Enterprise, LLC for a total purchase price of $578,125 which includes imputed interest of $95,066. The assets included 5,567 homes under rights of entry and 928 subscribers. The reason for the purchase is to continue to expand the Company's services related to multi-users of voice, data and video services. 162,500 shares (pre-split) of restricted common stock valued at $1.00 per share (fair value at the date of the agreement) were issued to the Seller as part of the consideration for the purchase. The balance of the purchase of $415,625 is to be paid in 48 equal payments and is collateralized by the assets purchased. The first payment of $8,659 was paid at closing. The note bears an imputed interest rate of 14.0%. The agreement allows for a reduction of the purchase price if the annual cash flow generated is less than $94,000 in the first 3 years and less than $7,844 per month in the final year of the repayment of the note payable. Any shortfall will be deducted from the payment dollar for dollar. The purchase price was allocated to the acquired assets based on the estimated fair values as of the acquisition date. The rights of entry will be amortized over its estimated useful life of 36 months. The expected life of the cable systems will also be 36 months.

Effective September 20, 2006, the Company acquired the video assets and rights of entry of Rand'M for a total purchase price of $146,500 which includes imputed interest of $30,470. The assets included approximately 2,350 homes under rights of entry. The reason for the purchase is to continue to expand the Company's services related to multi-users of voice, data, and video services. The purchase price of $146,500 was paid in 42 equal monthly payments of $3,250 and one payment of $10,000 on September 20, 2007, and was collateralized by the assets purchased. This note bears an imputed interest rate of 14.0%. The purchase price was allocated to the acquired assets based on the estimated fair values as of the acquisition date. The Company recorded $166,760 for equipment and $432,329 for the value of the rights of entry. The rights of entry were being amortized over its estimated useful life of 18 months. The expected life of the cable systems were also being amortized over 18 months. Substantially all of the Rand'M acquisition assets were sold March 1, 2007 to Consolidated Smart Broadband Systems, LLC (complete description provided later in this footnote).

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

Effective March 1, 2008, the Company purchased, pursuant to a Supplemental Agreement and Plan of Share Exchange, 51% of the outstanding shares of Michigan Microtech, Inc. (MMT), previously a wholly owned subsidiary of DirecTECH Holding Company, Inc. (DTHC) which equaled 1,020,000 MMT common shares. The consideration paid for the shares was 1,490,000 shares of restricted Multiband common stock valued at $3,854,000 and a promissory note for $2,246,000. The note is secured by the aforementioned MMT common shares, which carries a stated interest rate of 5% per annum and is due February 2013. The Multiband shares, via negotiation and mutual agreement between buyer and seller, were valued at $2.59 per share. The seller received certain piggyback registration rights with regards to the Multiband shares. The note payable was recorded net of a discount for imputed interest of 3% which amortizes monthly as part of interest expense. The total discount for imputed interest amounted to $317,310. The Company purchased MMT to enter the market of installing video services in single family homes. The Company allocated the purchase price to the fair values of MMT assets and liabilities. As part of the acquisition, the Company recognized an intangible asset of $1,803,921 related to MMT's HSP agreement with DirecTV, and goodwill of $1,045,166. The Company will amortize this intangible over the remaining 38 month term of MMT's home services provided contract with DirecTV. The term of the contract will automatically renew as of April 30, 2011 for additional one year periods unless either MMT or DirecTV gives written notice of termination at least 90 days in advance of expiration of the then current term. The goodwill will not be deductible for tax purposes. The balance sheet as of the March 1, 2008 acquisition date is as follows:

	Condensed Balance Sheet 3/1/08
Cash	$ 4,043,942
Accounts receivable	2,626,866
Inventory	2,209,567
Other current assets	2,827,135
Property and equipment, net	73,995
Other assets	420,708
Total assets	$ 12,202,213
Accounts payable and accrued liabilities	$ 6,431,832
Other liabilities	18,218
Total liabilities	6,450,050
Stockholders equity	5,752,163
Total liabilities and equity	$ 12,202,213

In November 2008, Multiband and DTHC entered into a stock purchase agreement (SPA) to purchase an additional 29% of MMT (see Note 17).

In May 2007 (as subsequently amended in June 2007, December 2007, June 2008 and October 2008), DirecTECH Holding Company (DTHC) and its subsidiaries, including Michigan Microtech, Inc. (MMT) which, prior to March 1, 2008, was 100% owned by DTHC, entered into a loan and security agreement with MB Financial Bank, N.A. (MB Bank). Multiband Corporation, effective March 1, 2008, owned 51% of the common stock of MMT. At the time of

Multiband's purchase of the MMT stock in February 2008, Multiband received a release of the MB Bank's lien against the MMT stock. However, MMT remained an obligor on the overall MB Bank loan until the loan was paid in full during December 2008. MMT never utilized any of the loan proceeds. Based on the Company's interpretation of Securities Exchange Commission's Staff Accounting Bulletin No. 5J (SAB 5J), none of the DTHC bank loan debt is reflected in MMT's financial statements which have been consolidated with Multiband Corporation's financial statements for the ten months ended December 31, 2008.

MULTIBAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

Effective March 1, 2008, the Company purchased 100% of the assets of US Install LLC in exchange for $95,000 in cash plus 37,879 shares of restricted Multiband common stock valued at $102,516. The Company also incurred acquisition expense of $1,000 related to this purchase. In addition, the parties executed employment agreements with US Install's two principals. The parties also executed noncompetition and nonsolicitation agreements with each principal in exchange for cash consideration of $2,500 per agreement. The Company allocated the purchase price as follows:

Intangible assets	$ 102,516
Goodwill	100,000
Total assets acquired	202,516

Proceeds for the acquisition were obtained via an unsecured promissory note in the amount of $100,000 between Multiband and Bas Mattingly Master, LLC, a trust controlled by J. Bas Mattingly, chairman of DTHC, with DTHC as a 49% owner of MMT. The note carries an interest rate of 7% per annum and is due August 20, 2009. The Company purchased US Install LLC to diversify its revenue sources. For the year ended December 31, 2008, the Company recorded a partial impairment of $50,000 to the US Install goodwill.

The unaudited pro forma information does not purport to represent what the Company's results of operations would actually have been if such transactions in fact had occurred at such date or to project the Company's results of future operations.

	2008 Consolidated as reported	2008 Pro Forma Disclosed	2007 Consolidated as reported	2007 Pro Forma Disclosed
Years ended December 31, 2008 and 2007				
Revenues	$ 42,986,513	$ 47,383,916	$ 15,085,604	$ 40,942,051
Income (loss) from operations	903,037	1,240,722	(5,766,115)	(7,100,653)
Net income (loss)	944,931	1,108,594	(6,088,353)	(7,071,729)
Preferred stock dividends	4,088,275	4,088,275	2,300,502	2,300,502
Loss attributable to common shareholders	$ (3,413,344)	$ (2,979,681)	$ (8,388,855)	$ (9,372,231)
Loss attributable to common shareholders per common share – basic and diluted	$ (.34)	$ (.31)	$ (1.16)	$ (1.07)