MULTIBAND CORP
Form 10-K
April 06, 2011

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, 2010

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, 2010, (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 was $13,385,564, based on the average bid and asked price of such common equity of $1.54.

As of March 15, 2011, there were 10,479,859 outstanding shares of the registrant's common stock, no par value, and 481,272 outstanding shares of the registrant’s convertible preferred stock.

Table of Contents

Item 1

Business

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

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

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

From its inception until December 31, 1998, the Company operated as a telephone interconnect company only. Effective December 31, 1998, the Company acquired the assets of the Midwest region of Enstar Networking Corporation (ENC), a data cabling and networking company. In late 1999, in the context of a forward triangular merger, the Company, to expand its range of computer products and related services, purchased the stock of Ekman, Inc. d/b/a Corporate Technologies, and merged Ekman, Inc. into the newly formed surviving corporation, Corporate Technologies USA, Inc. (MBS). MBS provided voice, data and video systems and services to business and government. The MBS business segment was sold effective April 1, 2005. The Company's MDU segment (formally known as MCS) began in February 2000. MDU provides voice, data and video services to multiple dwelling units, including apartment buildings, condominiums and time share resorts. During 2004, the Company purchased video subscribers in a number of separate transactions, the largest one being Rainbow Satellite Group, LLC. During 2004, the Company also purchased the stock of Minnesota Digital Universe, Inc. (MNMDU), which made the Company the largest master service operator in MDU's for DirecTV satellite television in the United States. During 2006 and 2007, the Company strategically sold certain assets at multiple dwelling properties where only video services were primarily deployed. The Company continues to operate properties where multiple services are deployed. To remain competitive, the Company 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, from 2006-2008, the Company expanded its servicing of third party clients (other system operators) through its call center. At March 15, 2011, the Company had approximately 105,000 owned and managed subscriptions, with an additional 46,000 subscriptions supported by the call center.

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

The Company's rationale for acquiring the aforementioned operating entities is listed below.

1. The operating entities are accretive to our business model as they have the:

   a. Same line of business (DirecTV)

   b. Ability to leverage systems and management

   c. Ability to leverage core competencies in support center, software, and engineering

   d. Ability to expand geographic presence with ample technician capacity

   e. Size, scale, and scope of combined business enterprise more in line with growth necessary to support our public entity

   f. Potential for accretive positive cash flow and capacity for net income.

2. Also, new business opportunities may be integrated into an existing installation process which touches over 5,000 homes per day. Multiband Enterprise Manager software application is capable of modification to support "bundled billing" attributes resulting from new sales opportunity.

3. Furthermore, the transaction produced a strong barrier to entry to other potential competitors which creates potential for longevity and exclusivity.

4. Other reasons for the acquisition included:

a. Strong financial performance by DirecTV which provides security and continued growth potential for Multiband.

b. Strong DirecTV balance sheet and liquidity which provides comfort for continued, successful operations.

c. Multiband's public company reporting status provides an excellent platform to support and motivate new human resource asset.

d. Multiband's management is, we believe, capable of "rightsizing" operating expense structure of DTHC operating entities to provide increased cash flow and earning potential over a short period of time; and

e. Opportunity for significant shareholder appreciation when comparing industry valuation metrics to pre-existing Multiband market values.

This purchase was a significant event for the Company. The purchase materially increased the size and scope of the Company's operations. The Company has now expanded its operations into 16 states with 32 field offices. The Company now employs approximately 2,800 people. Multiband is now the second largest independent DirecTV field services provider in the United States.

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 owned and billed by DirecTV. The HSP segment functions as a fulfillment arm for DirecTV. As a result, Multiband generally does not directly compete with other providers for DirecTV's business. Although DirecTV competes with DISH, the other leading satellite television provider and incumbent providers of phone and telephone services for pay television customers, DirecTV has its own marketing and competitive programs of which the Company is merely an indirect and passive recipient.

Multi-Dwelling Unit (MDU Segment)

Since 2004, the Company, through its MDU segment, 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 18 million subscribers. DirecTV competes with the leading cable companies and with DISH, America's second largest provider of satellite television. The master service operator arrangement allows the Company to offer satellite television services to residents of multi-dwelling-units through a network of affiliated operators.

Since 2000, Multiband has also offered voice, data and video services directly 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 service offering addresses these demands and provides the consumer several benefits, including:

- Lower Cost Per Service

• Blended Satellite and Cable Television Package

• Multiple Feature Local Phone Services (features such as call waiting, call forwarding and three-way calling)

• Better than Industry Average Response Times

• One Number for Billing and Service Needs

• One Bill for Local, Long Distance Cable Television and Internet

• “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 includes 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.

Multiband Consumer Industry Analysis and Strategy

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

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

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

Market Description

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

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

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

Number of Units/Customers

At March 15, 2011, the Company had approximately 105,000 owned and managed subscriptions, with an additional 46,000 subscribers supported by the support center.

Employees

As of March 15, 2011, Multiband Corporation employed 112 full-time employees, including 5 management employees, 36 finance personnel, 27 information technology employees, 11 employees in human resources, 13 in marketing and 20 employees in an operational support positions. HSP employed 2,900 full-time employees consisting of 93 management employees, 41 operational support personnel, 183 customer service employees, 2,485 technicians and 98 warehouse employees. As of that same date, MDU had 190 full-time employees, consisting of 14 in sales and marketing, 15 technicians, 151 in customer service and related support, 5 in management positions, 4 operational support personnel and 1 warehouse employee.

Item 1A

Risk Factors (in thousands)

Our business is subject to a number of risks discussed under the heading “Risk Factors” and elsewhere in this prospectus. The principal risks facing our business include, among others, our dependence on DirecTV, changes in technology, and economic conditions limiting the ability of DirecTV’s customers to purchase upgrades and installations. In addition, we have a history of inconsistent profitability, a significant working capital deficiency, a retained deficit, and significant long-term debt. There are also several risks relating to this offering and the ownership of our common stock. You should carefully consider these factors, as well as all of the other information set forth in this prospectus. See “Risk Factors.”

Risks Related to Our Business

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

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

Net Income (Loss) Attributable to Multiband Corporation and Subsidiaries

The Company had a net income attributable to Multiband Corporation and subsidiaries of $14,694 for the year ended December 31, 2010, a net loss attributable to Multiband Corporation and subsidiaries of $9,650 for the year ended December 31, 2009 and a net income attributable to Multiband Corporation and subsidiaries of $945 for the year ended December 31, 2008. Included in our 2008 net income are amounts earned under certain contractual arrangements with DTHC prior to the date we acquired ownership of DTHC's operating subsidiaries (see Note 2).

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:

- our capital expenditure objectives;
- our debt service obligations; or
- our working capital needs.

Working Capital

The Company had a working capital deficit of $12,303 and $28,596 as of December 31, 2010 and 2009, respectively, primarily due to the acquisition of the former DTHC operating entities. The reduction in the working capital deficit between years was a result of the net income earned during 2010.

Long-lived Assets

We have a significant amount of long-lived assets. Should we in future periods experience a significant decline in profitability and/or should the market value for our long-lived assets decrease, some impairment to these assets could occur. If impairment occurs, it could materially and adversely affect our results of operations in those future periods.

Goodwill and Intangible Assets

Annually, the Company tests for impairment of its goodwill and intangible assets without a defined life. We tested for impairment of the HSP and MDU segments which had goodwill at December 31, 2010 using standard fair value measurement techniques. The Company recorded an impairment charge of $25 on the goodwill related to the US Install purchase as of December 31, 2010. The Company concluded there was no goodwill impairment as of December 31, 2009. For the year ended December 31, 2008, the Company recorded an impairment charge of $50 on the goodwill related to the US Install purchase and impaired the remaining goodwill balance of $17 from a previous acquisition. Also, pursuant to the abandonment of a right of entry intangible asset, the Company recorded an impairment charge of $65 for the year ended December 31, 2008. However, should we in future periods experience a significant decline in profitability, or our stock price declines and remains depressed, and/or should the business climate for satellite providers deteriorate, impairment to our goodwill could occur. If impairment occurs, it could be materially adverse to our results of operations in those periods.

Group Health and Workers' Compensation Insurance Coverage

The Company uses a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. The Company records liabilities for claims reported and claims that have been incurred but not reported, based on historical experience and industry data.

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

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

We use a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. We are self-insured for health insurance covering the range of liability up to $275 per claim where our management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate. If either we exceed our coverage amounts too often and our premiums rise, or if a high number of claims are made for which we are responsible (because they are below the deductible), our profitability and cash flow may be adversely affected.

Debt

The Company has related party debt of approximately $29,000 which will be due in January 2013. We will need to seek additional financing to pay this debt if we do not generate adequate cash flow from operations. Sources of additional financing, if needed in future, may include further debt financing or the sale of equity (including the issuance of preferred stock) or other securities. We cannot be sure that any additional sources of financing or new capital will be available to us, available on acceptable terms, or permitted by the terms of our current debt. In addition, if we sell additional equity to raise funds, all outstanding shares of common stock will be diluted.

Income Taxes

The Company has federal net operating losses of approximately $58,213 and state net operating losses of approximately $44,631 which, if not used, will expire from 2011-2029. To the extent these net operating losses are available; we intend to use them to reduce corporate income tax liabilities associated with our operations. Section 382 of the U.S. Internal Revenue Code generally imposes an annual limitation on the amount of net operating loss carryforwards that might be used to offset taxable income when a corporation has undergone significant changes in stock ownership. During 2010, the Company performed an IRC Section 382 study and determined that a total of four ownership changes had occurred since 1999. As a result of these ownership changes, the Company's ability to utilize its net operating losses is limited. Federal net operating losses are limited to a total of approximately $48,700, consisting of annual amounts of approximately $9,000 per year for each of the years 2010-2012, $3,700 in 2013 and $1,100 per year thereafter. State net operating losses are limited to a total of approximately $21,500. We believe that approximately $20,000 of federal net operating losses and $29,000 of state net operating losses will expire unused due to IRC Section 382 limitations. These limitations could be further restricted if additional ownership changes occur in future years. To the extent our use of net operating loss carryforwards are significantly limited, our income could be subject to corporate income tax earlier than it would be if we were able to use net operating loss carryforwards, which could result in lower profits.

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.

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.

Uncertain Effects of the Acquisition

During 2009, the Company completed its acquisition of the former operating subsidiaries of DTHC (see Note 2). The DTHC operating entity business as merged into the Multiband business may not achieve the operating results and growth anticipated by management in structuring the transaction.

Multiband’s HSP operating segment is highly dependent on its strategic alliance with DirecTV, and a major alteration or termination of that alliance could adversely affect Multiband’s business

Our Home Service Provider (HSP) segment currently provides approximately 99% of our total revenues and these revenues are dependent on our relationship with DirecTV. Accordingly, we are highly dependent on our HSP agreement with DirecTV. The Company’s HSP agreement with DirecTV was renewed on October 1, 2010 and terminates September 30, 2014. The term of this agreement with DirecTV will automatically renew for additional one year periods unless either DirecTV or we give written notice of termination at least 90 days in advance of expiration of the then current term. The agreement can be terminated on 180 days’ notice by either party. DirecTV may also change the terms of their agreement with us, among other things, to change our service areas and/or pricing, both of which have occurred in the past. The terms of the HSP agreement also contain specific operational requirements that impact how we provide service to and interact with DirecTV customers, and which requirements directly affect how we budget, strategize and operate as a business. Some of these requirements include, but are not limited to: (a) required uniforms/appearance and tools for technicians; (b) limitations on advertising and signage utilized by us; (c) fleet specifications; (d) call center operations (response times, minimum hours of operation); (e) technician training and education standards; and (f) required hardware. Further, any adverse alteration or any termination of our HSP agreement with DirecTV would have a material adverse effect on our business. In addition, the number of DirecTV jobs that we completed in 2010 was lower than the number completed in 2009, and we are forecasting an even lower number of DIRECTV jobs in 2011. A significant decrease in the number of DIRECTV jobs in our HSP segment could have a material adverse effect on our business, financial condition and results of operations.

Our HSP revenues could be negatively affected by reduced support from DirecTV

In addition, DirecTV conducts promotional and marketing activities on national, regional and local levels. Due to our substantial dependence on DirecTV, our revenues depend, in significant part, on (i) the overall reputation and success of DirecTV; (ii) the incentive and discount programs provided by DirecTV and its promotional and marketing efforts for its products and services; (iii) the goodwill associated with DirecTV trademarks; (iv) the introduction of new and innovative products by DirecTV; (v) the manufacture and delivery of competitively-priced, high quality equipment and parts by DirecTV in quantities sufficient to meet customers' requirements on a timely basis; (vi) the quality, consistency and management of the overall DirecTV system; and (vii) the ability of DirecTV to manage its risks and costs. If DirecTV does not provide, maintain or improve any of the foregoing, if DirecTV changes the terms of its incentive and discount programs, or if DirecTV were sold or reduced or ceased operations, there could be a material adverse effect on our financial condition and results of operations even though alternate providers of satellite television services exist.

Multiband's Multiple Dwelling Unit (MDU) business strategy is also highly dependent on its strategic alliance with DirecTV

In connection with our MDU business segment, we are operating under a prior Master System Operator (MSO) relationship with DirecTV. The initial term of the prior MSO agreement that we had with DirecTV expired in August 2008, and we are currently negotiating a longer term agreement. Similar to the terms of the HSP agreement, material terms of the prior MSO agreement regarding term, termination, pricing and service areas were subject to change, oftentimes in DirecTV's discretion. Any adverse alteration or any termination of our current relationship with DirecTV with respect to our MDU segment could have a negative effect on our business.

Our MDU growth initiative may not be successful or profitable

We have developed a growth initiative for our MDU segment and since 2005, we have invested significant time, effort, and capital into developing our MDU infrastructure. Our intent is to work closely with DirecTV to substantially grow this segment of our business. While we have invested in this segment and intend to continue to do so, and while we believe DirecTV has made the MDU market a focus for its growth, there is no guarantee that we will be able to achieve success or profitability in this business segment, or that we will achieve a return on any additional investments that we make in this segment. If we are unable to achieve profitability in the MDU segment, it could have a negative effect on our financial condition and results of operations.

We will require additional debt financing or will be limited to stock-funded acquisitions in order to complete any material strategic acquisitions

Multiband will require additional funding or will be limited to stock-funded acquisitions in order to complete any material strategic acquisitions. There is no assurance that additional financing will be available in the amounts or at the times required, or if it is, on terms acceptable or favorable to us. There is also no assurance that a target company would agree to a stock exchange or that our stock would not be diluted by such stock exchange. If we are unable to obtain additional financing when and if needed or to do a stock exchange, our ability to grow through acquisitions will be impaired.

Marketplace pressures could curtail our operations

We face competition from others who are competing for a share of the HSP and MDU markets, including other satellite companies, cable companies, telephone companies and other installers. Some of these companies have significantly greater assets and resources than we do. If we are unable to compete successfully with these companies, our market share could decrease, which decrease would have a material adverse effect on our business, financial condition and results of operations.

Changes in technology or consumer preference and demand could weaken Multiband’s competitiveness in the marketplace

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 our control. In addition, newer technologies, such as video-on-demand and delivery of programming content over the internet, are being developed, which could have a material adverse effect on our competitiveness in the marketplace if we are unable to adopt or deploy such technologies.

In addition, our business and operating results depend upon the overall appeal of DirecTV’s products and services to consumers. A decline in the popularity of existing products and services or the failure of new products and services to achieve and sustain market acceptance could result in reduced overall revenues, which could have a material adverse effect on our financial condition and results of operations. Consumer preferences with respect to entertainment are continuously changing, are difficult to predict and can vary over time. There can be no assurance that any of DirecTV’s current products and services will continue to be popular for any significant period of time or that any new products and services will achieve commercial acceptance. As such, changes in consumer preferences may cause our revenues and net income to vary, possibly significantly, between comparable periods.

Multiband’s operations historically have fluctuated due to a number of seasonal factors. As a result, Multiband’s results of operations may fluctuate significantly from quarter to quarter

Variations in our revenues and operating results occur quarterly 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 our expenses are relatively fixed, a variation in the number of customer engagements or the timing of the initiation or completion of those engagements cause significant fluctuations in operating results from quarter to quarter. For example, our first quarter of 2010 revenues were 16% lower than third quarter of 2010 revenues.

Multiband’s operating results can be negatively affected by weather conditions

We perform a significant amount of our services outdoors. Adverse weather conditions may affect productivity in performing services or may temporarily prevent us from performing services for our customers. The affect of weather delays on projects that are under fixed price arrangements may be greater if we are unable to adjust the project schedule for such delays. A reduction in productivity in any given period or our inability to meet guaranteed schedules may adversely affect the profitability of our projects.

Nationwide economic conditions may limit consumers' abilities to purchase our products and services in the future

The United States is still experiencing overall adverse economic conditions. While we believe this environment may actually assist us because consumers may stay home more for entertainment, if the country's recession continues, there is no guarantee that consumers will continue to purchase DirecTV at a constant level or at all, and the need for our services may diminish, possibly materially. In fact the number of DirecTV jobs that we completed in 2010 was lower than the number completed in 2009, and we are forecasting an even lower number of DirecTV jobs in 2011. A significant decrease in the need for our services could have a material adverse effect on our business, financial condition and results of operations.

Multiband relies on key employees and needs skilled and trained personnel to conduct its operations. Excessive employee turnover could materially weaken its operations and/or reduce profitability

Our success depends on the continued employment of certain key personnel, including our executive officers. In particular, the loss of James L. Mandel, our Chief Executive Officer, or Steve M. Bell, our Chief Financial Officer and General Counsel, would harm our business and the employment relationships with both Mr. Mandel and Mr. Bell are terminable by us or each of them upon 90 days' written notice for any reason. If we were unable to continue to attract and retain a sufficient number of qualified key personnel, including key executives, our business, operating results and financial condition could be materially and adversely affected. In addition, our success depends on our ability to attract, develop, motivate and retain highly skilled 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. We have traditionally experienced material technician churn, which has a significant impact on operations if we have an insufficient number of technicians at any given time to perform our backlog of jobs. If we continue to experience high levels of churn and are unable to attract, train and retain a sufficient number of qualified personnel, our business, operating results and financial condition could be materially and adversely affected.

Adverse results in legal proceedings could have a material adverse effect on our operations

We are subject to claims, regulatory processes and lawsuits that arise in the ordinary course of business. We accrue for such matters when a loss is considered probable and the amount of such loss or range of loss can be reasonably estimated. Some of these claims if resolved or determined adversely may be material to our results of operations and may have an adverse effect on our cash position or financial results.

Rising fuel costs could impact Multiband’s operating margins

We cannot predict the price of the fuel needed to operate our fleet. Price fluctuations are common, and are outside of our control. These fluctuations are based on, among other things, political developments, supply and demand, and actions by oil and gas producers. Violence and political instability in oil producing countries can also impact prices. While we have taken and continue to take steps to monitor and improve the fuel efficiency of our fleet, we are most likely unable to adjust our pricing to account for fuel costs increases. Therefore, any increase in fuel costs could materially reduce our profitability and liquidity.

Collective bargaining agreement

The Company has approximately 27% of its labor force covered by collective bargaining agreements that expire within one year. The Company utilizes a contractor base for seasonality and work overflow but it cannot be certain that it could cover all jobs during a work outage. A reduction in productivity in any given period or our inability to meet guaranteed schedules may adversely affect our profitability.

Multiband’s inability to adequately protect the confidential aspects of its technology and the products and services it sells could materially weaken its operations

We rely on a combination of trade secret, copyright and trademark laws, license agreements, and contractual arrangements with certain key employees to protect our proprietary rights and the proprietary rights of third parties from whom we license intellectual property. There can be no assurance that the legal protections afforded to us or the steps that we take will be adequate to prevent misappropriation of our intellectual property. We also rely on agreements with owners of multi-dwelling units who grant us the right of access to the premises for a specific period whereby we are allowed to offer our voice, data, and video services to individual residents of the properties. If it was determined that we have infringed or are infringing on the intellectual property rights of others, we 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 our business, financial condition and results of operations. Also, there can be no assurance that we would be able to develop non-infringing technology or that we could obtain a license on commercially reasonable terms, if at all. Our success depends in part on our ability to protect the proprietary and confidential aspects of our technology and the products and services that we sell or utilize.

Risks Related to Our Financial Condition and Capital Requirements

Multiband has had a history of inconsistent profitability. Continued uncertain profitability may result in our curtailing or ceasing business operations

We had a net income of $14,694 for the year ended December 31, 2010, a net loss of $11,377 for the year ended December 31, 2009 and net income of $1,597 for the year ended December 31, 2008. We may never be consistently profitable.

The prolonged effects of generating losses without additional funding may restrict our ability to pursue our business strategy, including with respect to our goal of growth through acquisitions and the ease with which we could secure funding for our growth plan or any such transactions. 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 maintain profitability from operating activities, we may not be able to meet:

- our capital expenditure objectives;
- our debt service obligations; or
- our working capital needs.

Multiband has a significant working capital deficiency, which, if continued, may require additional financing or affect our viability as a going concern

We had a working capital deficit of $12,303 and $28,596 at December 31, 2010 and December 31, 2009, respectively, due to the acquisition of DirecTECH. While we have recently narrowed this working capital deficit, the deficit still poses a risk to our viability as a going concern and we may be required to seek additional financing to fund our operations. If we are unable to eliminate this deficiency or to secure sufficient financing, we may be forced to curtail or cease our operations.

Multiband has a significant amount of long-term debt due in January 2014. Failure to pay that debt when due could cause the secured creditor to foreclose upon Multiband's assets, making it unlikely that Multiband could continue operating

We have related party long-term debt of approximately $29,449, which will be due in January 2014, and is secured by a lien against all our assets. If there is not adequate cash flow from operations, we will be forced to seek additional financing to repay this debt, which may be difficult to obtain due to the broad nature of the security interest held by the related party, DTHC. Sources of additional financing, if needed in the future, may include further debt financing or the sale of equity (including the issuance of preferred stock) or other securities. We cannot assure you that any additional sources of financing will be available to us, available on acceptable terms, or permitted by the terms of our current debt. In addition, if we sell additional equity to raise funds, all outstanding shares of our common stock will be diluted. In the event that we do not have the funds to repay this debt, or our other secured debt owed to Convergent, when due, our secured creditors could exercise their remedies under their security agreements, including foreclosing on our assets.

Multiband has significant long-lived assets that may not maintain their current value due to changes in market conditions. A write-down of those assets could adversely affect Multiband's profitability in a material manner

We have a significant amount of long-lived assets. Should we in future periods experience a significant decline in profitability and/or should the market value for our long-lived assets decrease, some impairment to these assets could occur. If impairment occurs, it could materially and adversely affect our results of operations in those future periods.

Multiband has significant intangible assets, including goodwill. Lack of profitability and/or changes in market conditions may result in an impairment of these assets which could adversely affect Multiband's profitability in a material manner

Annually, we test our goodwill and other intangible assets without a defined life for impairment. We tested for goodwill impairments in the HSP and MDU segments as of December 31, 2010, using standard fair value measurement techniques, and concluded there were no impairments. However, should we in future periods experience a significant decline in profitability, or our stock price declines and remains depressed, and/or should the business climate for satellite providers deteriorate, impairment to our goodwill could occur. If impairment occurs, it could be materially adverse to our results of operations in those periods. As of December 31, 2010, we had goodwill valued at $38,042 and other net intangible assets valued at $17,435, primarily related to the purchase of certain operating subsidiaries of DTHC. In 2010, the Company recorded an impairment of $25 related to the US Install goodwill (see Note 2). As of December 31, 2010, we had not noted any other indications of impairment related to goodwill or other intangible assets but there is no assurance that impairment charges will not be required in future periods.

Excessive insurance claims could have a material adverse impact on Multiband's future profitability

We use a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. We are self-insured for health insurance covering the range of liability up to $275 per claim where our management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate. If either we exceed our coverage amounts too often and our premiums rise, or if a high number of claims are made for which we are responsible (because they are below the deductible), our profitability and cash flow may be adversely affected.

Multiband is limited and may be unable to use certain net operating loss carryforwards

As of December 31, 2010, we had federal and state net operating losses of approximately $58,213 and $44,631, respectively, which, if not used, will expire from 2011-2029. Changes in the stock ownership of the Company have placed limitations on the use of these net operating loss carryforwards (NOLs). During 2010, the Company performed an IRC Section 382 study and determined that a total of four ownership changes had occurred since 1999. As a result of these ownership changes, the Company's ability to utilize its net operating losses is limited. Federal net operating losses are limited to a total of approximately $48,700, consisting of annual amounts of approximately $9,000 per year for each of the years 2010-2012, $3,700 in 2013 and $1,100 per year thereafter. State net operating losses are limited to a total of approximately $21,500. We believe that approximately $20,000 of federal net operating losses and $29,000 of state net operating losses will expire unused due to IRC Section 382 limitations. These limitations could be further restricted if additional ownership changes occur in future years. The amount of the deferred tax asset not expected to be realized is reported net of a valuation allowance.

We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives

As a public company, we incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as rules subsequently implemented by the SEC and NASDAQ have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations result in increased legal and financial compliance costs and make some activities more time-consuming and costly.

The Sarbanes-Oxley Act of 2002 requires, among other things, that we maintain effective internal controls for financial reporting and disclosure. In particular, we are required to perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our testing may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. We have incurred and continue to expect to incur significant expense and devote substantial management effort toward ensuring compliance with Section 404. Moreover, if we do not comply with the requirements of Section 404, or if we identify deficiencies in our internal controls that are deemed to be material weaknesses, the market price of our common stock could decline, and we could be subject to sanctions or investigations by NASDAQ, the SEC or other regulatory authorities, which would entail expenditure of additional financial and management resources.

Risks of Ownership of Our Common Stock

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors and all the other information contained in this prospectus before you decide to buy our common stock. If any of the following risks related to our business were to occur, our business, financial condition or operating results could be materially and adversely affected. The market price of our common stock could decline due to any of these risks and uncertainties and you may lose part or all of your investment.

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. In addition, although our common stock is listed on the NASDAQ Capital Market, our common stock has experienced low trading volume. Limited trading volume subjects our common stock to greater price volatility and may make it difficult for you to sell your shares at a price that is attractive to you.

Future sales of our common stock, including by our existing shareholders, could cause our stock price to decline

If our shareholders, including any existing shareholders, sell substantial amounts of our common stock (whether currently held or acquired upon the exercise of options or warrants or other convertible securities) in the public market, the market price of our common stock could decrease significantly. In the past, we believe certain institutional investors have sold significant numbers of shares of our common stock. The perception in the public market that our shareholders might sell shares of our common stock could also depress the market price of our common stock

Multiband may not continue to have a national market for trading of its stock

There is no assurance that our common stock will continue to trade on the NASDAQ Capital Market or other national stock exchange due to ongoing listing criteria for such exchanges. For example, in the past, we have temporarily fallen below required NASDAQ shareholder equity levels. If we are unable to stay in compliance with applicable listing criteria, it may be more difficult for you to trade your shares or to sell your shares at a price that is attractive to you.

You may not be able to resell your shares at or above the price you paid for your shares

You may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering. The stock markets have been extremely volatile. The risks related to Multiband discussed in this "Risk Factors" section, as well as the public's reaction to our public announcements, changes in research analysts' recommendations and decreases in market valuations of similar companies, could cause the market price of our common stock to decrease significantly from the price paid by investors in this offering. Further, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our stock price.

In addition, securities class action litigation often has been initiated when a company's stock price has fallen below the company's public offering price soon after the offering closes or following a period of volatility in the market price of the company's securities. If class action litigation is initiated against us, we would incur substantial costs, and our management's attention would be diverted from our operations. All of these factors could cause the market price of our stock to decline, and you could lose some or all of your investment.

Multiband can issue shares of preferred stock without shareholder approval, which could adversely affect the rights of common shareholders

Our charter documents permit us to establish the rights, privileges, preferences and restrictions, including voting rights, of future series of our preferred stock and to issue such stock without approval from our shareholders. The rights of holders of our common stock may suffer as a result of the rights granted to holders of preferred stock that may be issued in the future. In addition, we could issue preferred stock to prevent a change in control of our company, depriving common shareholders of an opportunity to sell their stock at a price in excess of the prevailing market price.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. In some cases, you can identify forward-looking statements by the following words: “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of these terms comparable terminology, although not all forward-looking statements contain these words. These statements involve known and unknown risks, uncertainties and other factors that may cause our results or our industry’s actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information.

These important factors include those that we discuss under the heading “Risk Factors.” You should read these risk factors and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. We cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. You should read this prospectus completely. Other than as required by law, we undertake no obligation to update these forward-looking statements, even though our situation may change in the future.

Item 1B

Unresolved Staff Comments

We have not received any written comments that were issued more than 180 days before December 31, 2010, the end of the fiscal year covered by this report, from the SEC staff regarding our periodic or current reports under the Securities and Exchange Act of 1934 that remain unresolved. In October 2010, the Company did receive written comments related to a proposed filing on Form S-1. As of this writing, those comments remain unresolved.

Item 2

Properties (in thousands)

Multiband and its subsidiaries lease principal offices located at 9449 Science Center Drive, New Hope, Minnesota 55428 and 2000 44th Street SW, Fargo, ND 58103 . We have no foreign operations. The New Hope office lease expires in 2013 and covers approximately 47 square feet. The New Hope base rent ranges from $23 to $25 per month. The Fargo office lease is made up of four separate leases expiring in 2011, 2013, 2014 and 2017 and covers approximately 18 square feet. The Fargo total base rent is $18 per month. Our HSP principal office is located in at 801 East Industrial Drive, Mount Pleasant, MI. This lease expires in 2013 and covers approximately 10 square feet with base rent of $3 per month. All leases have provisions that call for the tenants to pay net operating expenses, including property taxes, related to the facilities. All offices have office, warehouse and training facilities. In addition, the Company leases warehouses in its various markets of operation to facilitate storage of inventory and technician interface. These warehouses have lease terms ranging from month to month to six years in duration with lease terms expiring through 2015. The base rents at these facilities range from $1 to $8 per month. The Company considers its current facilities adequate for its current needs and believes that suitable additional space would be available as needed.

Item 3

Legal proceedings (in thousands)

The Company is subject to claims, regulatory processes and lawsuits that arise in the ordinary course of business. The Company accrues for such matters when a loss is considered probable and the amount of such loss, or a range of loss, can be reasonably estimated. The Company's defense costs are expensed as incurred. The Company has recorded $3,098 and $9,299 of accrued liabilities as of December 31, 2010 and 2009, respectively, for claims and known and potential settlements and legal fees associated with existing litigation.

The majority of the accrual as of December 31, 2009 related to claims for back overtime wages alleged in a number of cases filed between 2006 to 2008 entitled Lachiev v. JBM (S.D. Ohio); Davis v. JBM (S.D. Ohio); Gruchy v. DirecTech Northeast (D. Mass); Stephen v. Michigan Microtech (E.D. Mich); and In re DirecTECH Southwest, Inc. (E.D. La). Effective December 31, 2009, the Company settled in principal all of these claims with the exception of Gruchy v. DirecTech Northeast.. While the Company and its predecessors denied the allegations underlying the lawsuits, it agreed to a settlement to avoid significant legal fees, the uncertainty of a jury trial, and other expenses and management time that would have to be devoted to protracted litigation. The Company recorded the settlement of $6,729, net of imputed interest of $575 and including administration fees and estimated payroll taxes (see Note 2). The aforementioned settlement was being paid in equal installments of $291 until December 2010 when the majority of the balance was paid off. The remaining balance of the settlement as of December 31, 2010 is $355, which we expect to pay in 2011. In December 2010, the Company settled the Gruchy case in principle for approximately $500, which will be paid during 2011.

In connection with the purchase of the operating subsidiaries of DTHC, the Company has the right to offset a portion of certain claims against the note to DTHC. In relation to the settlement noted above, the Company offset $156 and $3,904 during the years ended December 31, 2010 and 2009, respectively. The Company has recorded a receivable of $352 and $1,011 as of December 31, 2010 and 2009, respectively, which represents an estimate of the amount that will be recovered from DTHC including legal fees for the remaining litigation.

In December 2009, the US Department of Labor (DOL) sued various individuals that are either shareholders, directors, trustees and/or advisors to DirecTECH Holding Company (DTHC) and its Employee Stock Ownership Plan (ESOP). Multiband Corporation was not named in this complaint. Various defendants in this matter have made requests to Multiband for advancement or reimbursement of legal fees to defend the case. Two of those Defendants, Robert Eddy and Woody Bilyeu, have filed suit against DTHC, Multiband and certain Multiband operating subsidiaries for reimbursement of said fees. In an ancillary count, Bilyeu has also filed suit seeking acceleration of his promissory note with DTHC which totals approximately $9,400 as of this writing. The basis for these reimbursement requests are certain corporate indemnification agreements that were entered into by the former DTHC operating subsidiaries and Multiband itself. To date, Multiband has denied all requests for indemnification of legal fees in this matter for, in part, the following reasons: 1) Similar indemnification agreements as the ones in question here were declared illegal under Federal law by a California federal appeals court; 2) The Company believes the primary remedy the DOL is seeking from the defendants is one of “disgorgement” from the individual DTHC shareholders; 3) Multiband has no obligation to indemnify DTHC individual shareholder conduct. Notwithstanding the above, the outcome of the matter is uncertain at present and Multiband cannot definitively predict based on the current facts known to it, whether it ultimately will have any material expense in the matter.

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

Item 4

Reserved

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, 2010 and December 31, 2009, and, as provided by NASDAQ.

Quarter Ended	High Bid	Low Bid
December 31, 2010	$ 3.10	$ 1.66
September 30, 2010	$ 2.03	$ 1.33
June 30, 2010	$ 2.35	$ 1.36
March 31, 2010	$ 2.39	$ 1.84
December 31, 2009	$ 2.66	$ 1.67
September 30, 2009	$ 2.50	$ 1.81
June 30, 2009	$ 3.70	$ 1.85
March 31, 2009	$ 2.24	$ 1.15

As of March 15, 2011, Multiband had 918 shareholders of record of its common stock and 10,479,859 shares of common stock outstanding. Because many of our shares of common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders. As of that date, five shareholders held a total of 14,171 of Class A Preferred, two shareholders held a total of 112,000 shares of Class C Preferred, two shareholders held a total of 195,000 shares of Class E Preferred, one shareholder held a total of 150,000 shares of Class F Preferred, one shareholders held a total of 10,000 shares of Class G Preferred, three shareholders held a total of 1.15 shares of Class H Preferred and one shareholder held a total of 100 shares of Class J Preferred.

Recent Sales of Unregistered Securities (in thousands, except for share amounts)

During the last three years the registrant has issued various securities that were not registered under the Securities Act. The securities were offered and sold by us in reliance upon the exemptions provided under Section4(2) under the Securities Act relating to sales not involving any public offering, and/or Rule 506 of Regulation D under the Securities Act. The certificates representing the securities sold bear a restrictive legend that prohibits transfer without registration or an applicable exemption. All purchasers signed agreements stating that they were purchasing for investment purposes only and which contain restrictions on the transfer of the securities sold.

During 2010, the Company issued a total of 60,048 shares of common stock at various times worth a total of $114 to Mr. Frank Bennett, a director, in lieu of payment for dividends on Class E preferred stock.

During 2010, the Company issued a total of 315,616 shares of common stock at various times worth a total of $631 to DirecTECH Holding Company, Inc., in lieu of payment for dividends on Class J preferred stock.

In October 2010, the Company issued 20,000 shares of common stock worth $52 in lieu of payment for investor relation services.

In August 2010, the Company issued 103,164 shares of common stock worth $181 in connection with a purchase agreement entered into with Lincoln Park Capital Fund, LLC.

In June 2010, the Company issued 5,000 shares of common stock worth $10 in lieu of payment for consulting services.

In April 2010, the Company issued 12,000 shares of common stock worth $24 in connection with the acquisition of Hyatt Tech Systems.

In January 2010, the Company issued 50,000 shares of common stock worth $100 in lieu of payment for board of director services.

During 2009, the Company issued a total of 9,426 shares of common stock at various times worth a total of $19 to Mr. Frank Bennett, a director, in lieu of payment for dividends on Class E preferred stock.

In December 2009, the Company issued 3,333 shares of common stock worth $17 in connection with the conversion of notes payable.

In December 2009, the Company issued 1,667 shares of common stock worth $8 in connection with the conversion of Class H preferred stock from an investor.

In October 2009, the Company issued 100,000 shares of common stock worth $193 in connection with the conversion of notes payable.

In October 2008, the Company issued 37,880 shares of common stock worth $102 in connection with the acquisition of US Install.

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

In June 2008, the Company issued 22,500 shares of common stock worth $24 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 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 $3,745 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 in connection with the acquisition of Michigan Microtech, Incorporated

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

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 thousands, except for share amounts)

In December 2009, the Company issued 100 shares worth $10,000 of Class J preferred stock.

In December 2009, $8 worth of Class H preferred stock from various stockholders was converted into common stock at a price of $10.00 per share.

In December 2009, the Company issued 10,000 shares worth $100 of Class E preferred stock.

In November 2009, the Company issued 10,000 shares worth $50 of Class E preferred stock to two different shareholders.

In September 2009, the Company issued 150,000 shares worth $1,500 of Class E preferred stock.

In September 2009, the Company issued 50,000 shares worth $500 of Class E preferred stock.

In June 2008, $50 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 worth of Class I preferred stock was converted into common stock at a price of $100.00 per share.

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

The following chart summarizes certain terms of our outstanding preferred stock as of December 31, 2010. The certificate of designation for each series should be carefully reviewed to determine exact rights and preferences of each class (in thousands, except share and liquidation preference amounts).

Class/ Series	Date of Issuance	Shares Outstanding(1)	Annual Dividend Rate	Number of shares issued upon conversion(2)	Liquidation Preference	Redeemable by Company
A	12/98	14,171	8% payable quarterly	1 shares	$148,796	Yes(4)
C	6/00	112,000	10% payable quarterly	.40 shares	1,120,000	Yes(5)
E	9/02	195,000	15% payable quarterly	—	1,950,000	Yes(5)
F	6/04	150,000	10% payable quarterly	1 shares	1,500,000	Yes(5)
G	9/04	11,595	8% payable quarterly	1.25 shares	115,950	—
H	11/04	1.23	6% payable semi-annually(3)	$1.00/share	123,000	Yes(6)(7)
J	12/09	100	8% payable quarterly(8)	50,000 shares	$10,000,000	No(7)
		482,867				

Warrants to purchase shares of the Company's common stock were given with the issuance of Class A, Class B, Class D, Class G and Class H preferred stock and were valued at fair value using the Black Scholes pricing model.

(1) All preferred stock is non-voting.

(2) Preferred shares are convertible at any time. Figures are adjusted for a 1-for-5 reverse stock split of the Company’s common stock, effective August 7, 2007.

(3) Dividends payable in common stock at a fixed rate of $1.00 per share.

(4) Redeemable at $10.50 per share in accordance with the terms and conditions of the preferred stock certificate of designation.

(5) Redeemable at $10.00 per share whenever the Company’s common stock price exceeds certain defined criteria and other terms and conditions of the preferred stock certificate of designation.

(6) Redeemable at $100,000 per share in accordance with the terms and conditions of the preferred stock certificate of designation.

(7) Redeemable at option of holder in accordance with the terms and conditions of the preferred stock certificate of designation.

(8) Dividends are payable in cash or common stock at the Company’s sole discretion at a fixed rate of $2.00 per share; provided that the total number of shares that can be paid in such dividends may not exceed 750,000 shares.

The single Class F stockholder, at its sole discretion pursuant to a put option, can force the Company to redeem up to 50,000 Class F Preferred Shares (the equivalent of $500 worth). This has been redeemed already. 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. Class J shares have forced redemption rights at par, upon the occurrence of a major transaction or triggering event as defined in the agreement. Classes G and J 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.

Our ability to issue preferred stock, or rights to purchase such shares, could discourage an unsolicited acquisition proposal. For example, we could impede a business combination by issuing a series of preferred stock containing, among other rights and preferences, class voting rights that would enable the holders of such preferred stock to block a business combination transaction. Alternatively, we could facilitate a business combination transaction by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the shareholders. Additionally, under certain circumstances, our issuance of preferred stock could adversely affect the voting power of the holders of our common stock. Although our board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of our shareholders, our board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our shareholders might believe to be in their best interests or in which shareholders might receive a premium for their stock over prevailing market prices of such stock. Our board of directors does not at present intend to seek stockholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or applicable stock exchange requirements.

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, 2007 and 2006 and the Balance Sheet data at December 31, 2008, 2007 and 2006 have been derived from our audited consolidated financial statements which are not contained in this filing.

Statement of Operations Data (in thousands except share and per share amounts)	2010		2009		2008		2007		2006	
Revenues	$265,594		$268,994		$42,986		$15,086		$18,052	
Cost of products and services (exclusive of depreciation and amortization listed separately below)	$186,294		$207,533		$28,426		$8,340		$8,281	
Cost of products and services as % of revenue	70.14	%	77.21	%	66.13	%	55.3	%	45.9	%
Selling, general and administrative expenses	$57,173		$57,778		$10,500		$8,888		$11,481	
Selling, general and administrative as % of revenues	21.53	%	21.55	%	24.43	%	58.9	%	63.6	%
Depreciation and amortization	$8,298		$10,906		$3,025		$3,624		$5,168	
Impairment of assets	$160		$-		$132		$-		$2,262	
Income (loss) from operations	$13,669		$(7,223	)	$903		$(5,766	)	$(9,140	)
Other income (expense), net	$(4,091	)	$(3,748	)	$1,826		$(322	)	$(1,046	)
Income (loss) before income taxes and noncontrolling interest in subsidiaries	$9,578		$(10,971	)	$2,729		$(6,088	)	$(10,186	)
Provision for (benefit from) for income taxes	$(5,116	)	$406		$1,132		$-		$-	
Income (loss) from continuing operations	$14,694		$(11,377	)	$1,597		$(6,088	)	$(10,186	)
Discontinued operations	$-		$-		$-		$-		$2	
Net income (loss)	$14,694		$(11,377	)	$1,597		$(6,088	)	$(10,184	)
Less: Net income (loss) attributable to the noncontrolling interest in subsidiaries	$-		$(1,727	)	652		-		-	
Net income (loss) attributable to Multiband Corporation and subsidiaries	$14,694		$(9,650	)	$945		$(6,088	)	$(10,184	)
Loss attributable to common stockholders	$13,206		$(10,020	)	$(3,143	)	$(8,389	)	$(14,250	)
Income (loss) per common share attributable to common stockholders - basic	$1.32		$(1.04	)	$(.34	)	$(1.16	)	$(2.11	)
	$.92		$(1.04	)	$(.34	)	$(1.16	)	$(2.11	)

Income (loss) per common share attributable to common stockholders - diluted					
Weighted average shares outstanding - basic	10,016,717	9,665,316	9,302,570	7,237,473	6,757,643
Weighted average shares outstanding - diluted	15,617,353	9,665,316	9,302,570	7,237,473	6,757,643

Balance Sheet Data	2010	2009	2008	2007	2006
Working Capital (deficiency)	$ (12,303)	$ (28,596)	$ 2,457	$ (5,018)	$ (5,294)
Total Assets	$ 111,668	$ 99,531	$ 26,043	$ 8,893	$ 17,986
Mandatory Redeemable Preferred Stock (1)	$ -	$ -	$ 150	$ 220	$ 280
Long-Term Debt, net (2)	$ 34,380	$ 34,709	$ 338	$ 119	$ 2,970
Capital Lease Obligations, net (2)	$ 356	$ 491	$ 317	$ 249	$ 492
Stockholders' Equity	$ 20,243	$ 5,103	$ 5,642	$ 674	$ 5,659

(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, 2010 and December 31, 2009

Results of Operations (in thousands)

The following table sets forth certain items.

	2010	2009
Revenues		
HSP	91.16%	90.64%
MDU	8.84%	9.36%
MBCorp	-%	-%
Total Revenues	100.00%	100.00%
Cost of Products and Services (exclusive of depreciation and amortization)		
HSP	64.50%	70.94%
MDU	5.64%	6.21%
MBCorp	-%	-%
Total Cost of Products and Services (exclusive of depreciation and amortization)	70.14%	77.15%
Selling, General and Administrative Expenses	21.53%	21.48%
Depreciation and Amortization	3.12%	4.06%
Income (Loss) from Operations	5.15%	(2.69)%
Net Income (Loss)	5.53%	(4.23)%

Revenues

Total revenues from continuing operations decreased 1.3% from $268,994 in 2009 to $265,594 in 2010. HSP segment had revenues of $242,127 in 2010 and $243,807 in 2009, a decrease of 1.0%. This decrease is due to a reduction in DirecTV work order volume of approximately 8.9% partially offset by an increase in earned incentive revenue of approximately $6,000. The Company expects HSP segment revenues will remain consistent in 2011. The MDU segment had revenues of $23,467 in 2010 and $25,187 in 2009, at a decrease of 6.8%. This decrease is primarily due to reduced DTV upgrade subsidies of approximately $1,950 and reduced DTV MDU subscriber activations as a result of more stringent DTV credit standards. The Company believes it can ultimately increase revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network. However, due to the aforementioned stringent DirecTV credit standards, reduced DTV MDU subscriber activations and anticipated weakness in the economy, the Company expects MDU revenues to be relatively constant in 2011.

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

Total costs of products and services were $186,294 in 2010 compared to $207,533 in 2009, a decrease of 10.2%. This reduction is attributable to improved inventory controls which has decreased cost of products and services approximately $11,766 for the year ended December 31, 2010 as compared to the same period last year, as well as a reduction in damage claims of $1,145, fleet costs of $2,045, and technician payroll of $1,905. Cost of products and services for the year ended December 31, 2010, were $171,310 for the HSP segment compared to the $190,818 for the year ended December 31, 2009, a 10.2% decrease. This decrease is the result of reduced costs due to the decrease in work order volume and improvements in inventory controls. During 2011, the Company expects HSP cost of products and services to increase relative to revenue as the Company, pursuant to anticipated employee turnover, continues to hire and train new technicians to service expected job volumes. Cost of products and services for the year ended December 31, 2010 were $14,984 for the MDU segment, compared to $16,715 in the prior year, a 10.4% decrease. These decrease is a result of fewer upgrade subsidy payments to dealers and fewer subscriber activations. In 2011, the Company expects MDU cost of products and services to be relatively constant in relation to revenue.

Selling, General and Administrative Expense

Selling, general and administrative expenses decreased 1.0% to $57,173 in 2010, compared to $57,778 in 2009. Selling, general and administrative expenses were, as a percentage of revenues, 21.5% for 2010 and 2009, respectively. Selling, general and administrative expenses as a percentage of revenue is comparable primarily due to decreased insurance and telephone expense of approximately $3,400 offsetting increases in wage and legal expense. In 2010, the Company renegotiated several contracts with telephone providers as well as changed its mobile phone policies. It also changed its workers compensation policy. The Company is self-insured for workers compensation claims up to $250 plus administrative expenses, for each occurrence involving workers compensation claims since the beginning of 2010. The Company anticipates that during 2011, selling, general and administrative expenses will remain consistent as a percentage of overall revenues.

Depreciation and Amortization

Depreciation and amortization expense decreased 23.9% to $8,298 for the year ended December 31, 2010, as compared to $10,906 for the year ended December 31, 2009. Effective October 1, 2010, the Company signed a new HSP contract with DirecTV (see Note 15). Due to the new contract, the amortization period of the DirecTV contract-related intangibles was extended an additional 17 months to September 30, 2015, bringing the amortization period to 77 months. During 2011, depreciation and amortization expense is expected to decrease slightly due to certain assets becoming fully amortized and the extension of the aforementioned amortization period.

Income (Loss) from Operations

The Company, in 2010, earned an income from operations for its combined operating business segments of $13,669 compared to incurring a loss from operations of $7,223 during 2009. The HSP segment for the year ended December 31, 2010 had an income from operations of $20,737, compared to a loss from operations of $2,397 for the year ended December 31, 2009. This improvement is primarily due to increased incentive revenue, improved inventory control and reduced technician training expense. The HSP segment is expected to maintain its profitability through 2011. The MDU segment incurred a loss from operations of $2,338 in 2010 compared to a loss from operations of $1,038 in 2009 primarily due to reduced DTV subsidies and reduced DTV MDU subscriber activations due to more stringent DirecTV credit standards. The Company plans to mitigate its loss in the MDU segment in future periods by growing its subscriber base at existing properties since the on-going selling, general and administrative expenses to service those subscribers is more fixed than variable. The Multiband Corporation segment, which has no revenues, showed a loss from operations of $4,730 in 2010 compared to a loss of $3,788 for the same period last year. The MBCorp segment loss is expected to continue in future periods as corporate overhead is expected to remain consistent with current levels.

Interest Expense

Interest expense was $4,202 for 2010 versus $4,104 for 2009. Imputed interest discount was $0 and $35 for the years ended December 31, 2010 and 2009, respectively.

Noncontrolling Interest

The noncontrolling interest in subsidiaries on December 31, 2010 and 2009, was $0, respectively, after the Company purchased the remaining 20% of the issued and outstanding shares of common stock of all of the DTHC (DirecTECH) operating subsidiaries and reclassified $5,996 of noncontrolling interest to Multiband's controlling interest on December 17, 2009. The net loss attributable to the noncontrolling interest in subsidiaries for the years ended December 31, 2010 and 2009 was $0 and $1,727, respectively.

Income taxes

We have recorded an income tax benefit of $5,116 for the year ended December 31, 2010 compared to income tax expense of $406 for the year ended December 31, 2009. The Company regularly assesses the likelihood that our deferred tax assets will be recovered from future taxable income. The Company considers future taxable income and ongoing tax planning strategies then records a valuation allowance to reduce the carrying value of the net deferred tax assets for amounts that are unable to be realized. Based on management's assessment of all available evidence, including previous years' income, estimates of future profitability and the overall prospects of our business, the Company determined that the Company will be able to realize a portion of our deferred tax assets in the future, and as a result recorded a $5,116 income tax benefit for the year ended December 31, 2010 which includes a $12,400 release of the valuation allowance. Based on existing contracts, the Company used a discounted projection of revenue and expenses, over the next five years, which approximates the remaining life of our HSP contract with DIRECTV including the one year renewal term, to determine the level of existing net operating loss carryforward we will be able to offset against taxable income in that period. The Company will continue to assess the potential realization of our deferred tax assets on an annual basis, or on an interim basis if circumstances warrant. If the Company's actual results and updated projections vary significantly from the projections used as a basis for this determination, the Company may need to increase or decrease the valuation allowance against our gross deferred tax assets. The Company would adjust its valuation allowance in the period the determination was made.

The Company has federal net operating losses of approximately $58,213 and state net operating losses of approximately $44,631, which, if not used, will expire from 2011-2029. Changes in the stock ownership of the Company have placed limitations on the use of these net operating loss carryforwards (NOLs). The Company has performed an IRC Section 382 study and determined that a total of four ownership changes had occurred since 1999. As a result of these ownership changes, the Company's ability to utilize its net operating losses is limited. Federal net operating losses are limited to a total of approximately $48,700, consisting of annual amounts of approximately $9,000 per year for each of the years 2010-2012, $3,700 in 2013 and $1,100 per year thereafter. State net operating losses are limited to a total of approximately $21,500. We believe that approximately $20,000 of federal net operating losses and $29,000 of state net operating losses will expire unused due to IRC Section 382 limitations. These limitations could be further restricted if additional ownership changes occur in future years. The amount of the deferred tax asset not expected to be realized is reported net of a valuation allowance.

Net Income (Loss)

The Company earned a net income of $14,694 in 2010. The Company incurred a net loss of $11,377 in 2009.

Total Assets

The following table sets forth certain items.

Total Assets	2010	2009
HSP	$ 82,244	$ 84,474
MDU	11,118	12,547
MBCorp	18,306	2,510
Total Assets	$ 111,668	$ 99,531

Years Ended December 31, 2009 and December 31, 2008

Results of Operations (in thousands)

The following table sets forth certain items.

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

Revenues

Total revenues from continuing operations increased 525.8% from $42,986 in 2008 to $268,994 in 2009. HSP segment had revenues of $243,807 in 2009 and $23,696 in 2008, an increase of 928.9%. This overall and HSP segment increase in revenues is due to the purchase of the former DirecTECH operating entities. Multiband initially acquired 51% of NC on March 1, 2008, achieved 80% ownership of all the operating entities on January 2, 2009 and purchased the remaining 20% of those entities in December 2009 (see Note 2). The MDU segment had revenues of $25,187 in 2009 and $19,290 in 2008, at an increase of 30.6%. This overall increase of approximately $5,897 in the MDU segment is primarily due to a larger subscriber base, and increased activity from the call center. The Company believes it can ultimately increase revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network.

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

Total costs of products and services were $207,533 in 2009 compared to $28,426 in 2008. Overall cost of products and services increased due to the purchase of 80% of the former DirecTECH operating entities in January 2009. The remaining 20% of these entities were purchased in December 2009 (see Note 2). Cost of products and services for the year ended December 31, 2009, were $190,818 for the HSP segment (initially acquired March 1, 2008 and significantly increased in January 2, 2009 with the purchase of DTHC operating entities), compared to the $16,261 for the ten months ended December 31, 2008, a 1073.5% increase. This increase is due to the purchase of the former DirecTECH operating entities (see Note 2). Cost of products and services for the year ended December 31, 2009 were $16,715 for the MDU segment, compared to $12,165 in the prior year, a 37.4% increase. The increase in cost of products and services in the MDU segment is primarily related to the purchase of MBMDU, one of the former DirecTECH operating entities. The increase in costs is also related to the increase in revenue generated by the system operators due to a change in revenue mix and certain commission payments.

Selling, General and Administrative Expense

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

Depreciation and Amortization

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

Income (Loss) from Operations

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

Interest Expense

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

Management consulting income

During the year ended December 31, 2008, Multiband recorded a performance bonus as part of the management consulting agreement with DTHC of $2,366 which was paid via reduction of the debt incurred in the acquisition of NC (see Note 2 and 16). The Company recorded this consulting income as part of other income and expense on the statement of operations because the income does not constitute the entity's ongoing major or central operations. The consulting income was not a reimbursement of direct expenses. In 2009, due to the acquisition of majority ownership of former subsidiaries of DTHC, the Company's consulting agreement with DTHC was terminated and no income was earned during that comparable year. This income is part of the Multiband Corp. business segment.

Noncontrolling Interest

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

Income taxes

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

Net Income (Loss)

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

Total Assets

The following table sets forth certain items.

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

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 and then purchased the remaining 20% in December 2009 (see Note 2). The following table is 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	(unaudited) Proforma
Revenues	$ 42,986	$ (3,333)	$ 39,653
Cost of products and services (exclusive of depreciation and amortization shown separately below)	28,426	(2,895)	25,531
Selling, general and administrative	10,500	750	11,250
Management consulting income	2,366	(2,366)	-

Unaudited Quarterly Results

The following table sets forth certain unaudited quarterly operating information for each of the eight quarters in the two-year period ended December 31, 2010. This data includes, in the opinion of management, all normal recurring adjustments necessary for the fair presentation of the information for the periods presented when read in conjunction with the Company's consolidated financial statements and related notes thereto. Results for any previous fiscal quarter are not necessarily indicative of results for the full year or for any future quarter (in thousands, except per share amounts).

	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009
Revenues:								
Multiband	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MDU	$ 6,663	$ 5,766	$ 5,517	$ 5,521	$ 6,562	$ 6,595	$ 6,705	$ 5,325
HSP	$ 63,920	$ 64,109	$ 59,371	$ 54,727	$ 61,457	$ 64,826	$ 60,691	$ 56,833
Total Revenues	$ 70,583	$ 69,875	$ 64,888	$ 60,248	$ 68,019	$ 71,421	$ 67,396	$ 62,158
Cost of Products and services (exclusive of depreciation and amortization shown separately below)	$ 49,102	$ 49,425	$ 43,814	$ 43,953	$ 48,678	$ 54,645	$ 56,894	$ 47,316
Selling, General and Administrative Expense	$ 15,476	$ 14,680	$ 13,500	$ 13,517	$ 14,755	$ 13,774	$ 15,509	$ 13,740
Depreciation and Amortization	$ 1,689	$ 2,027	$ 2,146	$ 2,436	$ 2,504	$ 2,414	$ 2,703	$ 3,285
Impairment of Assets	$ 160	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income (Loss) from Operations	$ 4,156	$ 3,743	$ 5,428	342	$ 2,082	$ 588	$ (7,710)	(2,183)
Interest Expense	$ (987)	$ (1,026)	$ (1,066)	$ (1,123)	$ (1,333)	$ (1,026)	$ (890)	$ (855)
Other Income (Expenses)	$ 54	$ 24	$ 16	$ 17	$ (87)	$ 85	$ 101	$ 257
Income (Loss) Before Income Taxes and Noncontrolling Interest In Subsidiaries	$ 3,223	$ 2,741	$ 4,378	$ (764)	$ 662	$ (353)	$ (8,499)	$ (2,781)
Provision(benefit) for Income Tax	$ (8,872)	$ 1,573	$ 1,983	$ 200	$ (168)	$ 372	$ 102	$ 100
Net Income (Loss)	$ 12,095	$ 1,168	$ 2,395	$ (964)	$ 830	$ (725)	$ (8,601)	$ (2,881)
Less: Net Income (Loss) attributable to the Noncontrolling Interest in Subsidiaries	$ -	$ -	$ -	$ -	$ 317	$ (266)	$ (1,482)	$ (296)
Net Income (Loss) attributable to Multiband Corporation and Subsidiaries	$ 12,095	$ 1,168	$ 2,395	$ (964)	$ 513	$ (459)	$ (7,119)	$ (2,585)
	$ 11,747	$ 760	$ 2,044	$ (1,345)	$ 357	$ (529)	$ (7,190)	$ (2,658)

Income (Loss) attributable to common stockholders								
Income (Loss) per common share attributable to common stockholders – basic	$ 1.14	$ 0.08	$ 0.21	$ (0.14)	$ 0.04	$ (0.05)	$ (0.75)	$ (0.28)
Income (Loss) per common share attributable to common stockholders – diluted	$ 0.73	$ 0.07	$ 0.15	$ (0.14)	$ 0.04	$ (0.05)	$ (0.75)	$ (0.28)
Weighted average shares outstanding – basic	10,275	10,084	9,912	9,791	9,701	9,659	9,651	9,650
Weighted average shares outstanding – diluted	16,539	15,202	15,040	9,791	10,577	9,659	9,651	9,650

Liquidity and Capital Resources (in thousands)

Year Ended December 31, 2010

During the years ended December 31, 2010 and 2009, the Company recorded a net income of $14,694 and a net loss of $11,377, respectively. Net cash provided by operations in 2010 was $11,745 as compared to net cash used by operations in 2009 of $3,924. Principal payments on current long-term debt, short-term debt, short-term debt to a related party and capital lease obligations over the next 12 months are expected to total $1,153.

In May 2009, the Company paid off its then existing loan with Convergent Capital Partners I, L.P., and entered into a new $5,000 loan facility with a different lender due in December 2012. That new facility has a rolling quarterly positive EBITDA covenant which the Company was in compliance with as of December 31, 2010.

Cash and cash equivalents totaled $1,204 at December 31, 2010 versus $2,240 at December 31, 2009. Working capital deficit at December 31, 2010 was $12,303 as compared to $28,596 at December 31, 2009 primarily due to the positive effect of net income. Net cash used by investing activities totaled $1,341 for the year ended December 31, 2010, compared to $3,452 for the year ended December 31, 2009, related to property and equipment acquisitions.

In 2011, the Company intends to focus on maintaining profitability in its HSP business segment. With regards to its MDU business segment, the Company, in 2011, believes it can modestly grow both owned and managed subscriber revenues through increased marketing and customer penetrations of previously built out properties. The Company believes it can increase managed subscriber revenues by selling its support center services to its network of system operators and by providing ancillary programs for voice and data services to that same network.

The Company used $1,304 for capital expenditures during 2010, as compared to $2,937 in 2009. Capital expenditures consisted of property build-outs and equipment acquired for internal use. This decrease was related to a reduced amount of company funded build outs to MDU properties during 2010. In 2011, the Company estimates that it will have approximately $300 of additional capital expenditures which the Company intends to fund through leasing and/or cash on hand.

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

1. Maintain continued profitability in the Company’s HSP segment.

2. Evaluate factors such as anticipated usage and inventory turnover to maintain optimal inventory levels.

3. Obtain senior debt financing with extended terms to refinance the Company’s note payable to DirecTECH Holding Company, Inc., which matures on January 1, 2013.

4. Expand call center support with sales of call center services to both existing and future system operators and to buyers of the Company’s video subscribers.

5. Solicit additional equity investment in the Company by issuing either preferred or common stock.

6. Effective tax planning and utilization of the Company’s net operating loss carryforwards to realize maximum tax savings.

On August 3, 2010, the Company signed a $10,000 purchase agreement to sell shares of the Company's common stock to Lincoln Park Capital Fund, LLC (LPC), an Illinois limited liability company. If declared effective by the SEC, the Company would use any proceeds from this agreement for working capital to support current operations and for other general corporate purposes; which may involve expansion of those operations and/or reduction of existing debt. We also entered into a registration rights agreement with LPC whereby we agreed to file a registration statement related to the transaction with the U.S. Securities & Exchange Commission (SEC) covering the shares that have been issued or may be issued to LPC under the purchase agreement. After the SEC has declared effective the registration statement related to the transaction, we have the right, in our sole discretion, over a 25-month period to sell our shares of common stock to LPC in amounts up to $500 per sale, depending on certain conditions as set forth in the purchase agreement, up to the aggregate commitment of $10,000 (see Note 15). As of this writing, the registration statement has not been declared effective but is pending under SEC review.

The Company, as of December 31, 2010, needs to continue to improve its working capital ratio over the next few quarters to adequately manage the size of its expanded operations. Since the Company acquired significant assets in its purchase of 100% of the outstanding stock of the former DTHC operating entities, Multiband believes it has the capacity to leverage certain of those assets. Management believes that through a combination of leveraging assets, its cash on hand, greater expense control, recent positive operating income, and potential sales of common and/or preferred stock, it can meet its anticipated liquidity and capital resource requirements for the next twelve months.

Critical Accounting Policies

Inventories

The Company’s inventories are segregated into three major categories. Serialized DirecTV inventories consist primarily of satellite receivers and similar devices. Non-serialized DirecTV inventories consist primarily of satellite dishes, poles and similar devices which are supplied by DirecTV. Other inventory consists primarily of cable, switches and various small parts used in the installation of DirecTV satellite dishes. Inventory is priced using a standard cost, which approximates actual costs, determined on a first-in first-out basis.

Impairment of Long-Lived Assets

The Company's long-lived assets include property, equipment, leasehold improvements and intangibles, subject to amortization. At December 31, 2010, the Company had net property and equipment of $7,177 which represents approximately 6.05% of the Company's total assets. At December 31, 2010, the Company had net intangibles of $17,435 which represented approximately 15.6% of the Company’s total assets (see Note 1). The Company annually reviews its long-lived assets for events or changes in circumstances that may indicate that the carrying amount of a long-lived asset may not be recoverable or exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the HSP segment, the income approach was used to measure fair value for those long-lived assets. The income approach was based on the present value of five years of future cash flows with an assumed growth of up to 3% while applying a discount rate. For the MDU segment, the market approach considering market multiples from comparable transactions were used to measure fair value of those long-lived assets. Comparable transactions were identified based on their similarities to the reporting unit with similar features, age of equipment, and length of ROE contracts. In 2010, the Company recorded an impairment charge related to two work in process build-out assets of $135. The owners of the MDU properties are currently in financial distress. The build-outs may not ever be completed. The Company estimates that the full value of the work in process may not be recognized and has recorded an impairment charge against the value of the work in process. In 2010, the Company did not record any impairment to long-lived assets related to the HSP segment. There was no impairment recorded for either segment at December 31, 2009 and 2008.

Impairment of Goodwill

In accordance with ASC Topic No. 350, Intangibles-Goodwill and Other, goodwill and intangible assets without a defined life shall not be amortized over a defined period, but instead must be tested for impairment at least annually. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. The goodwill impairment test is a two-step impairment test. In the first step, the Company compares the fair value of each reporting unit to its carrying value. The Company’s estimates may differ from actual results due to, among other things, economic conditions, changes to its business models, or changes in operating performance. Significant differences between these estimates and actual results could result in future impairment charges and could materially affect the Company’s future financial results. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step in order to determine the implied fair value of the reporting unit’s goodwill and compare it to the carrying value of the reporting unit's goodwill. The activities in the second step include valuing the tangible and intangible assets and liabilities of the impaired reporting unit based on their fair value and determining the fair value of the impaired reporting unit's goodwill based upon the residual of the summed identified tangible and intangible assets and liabilities. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses, which amounts to $38,042 as of December 31, 2010, may be impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations. During the year ended December 31, 2010, the Company recorded an impairment charge of $25 on the goodwill related to the US Install purchase. During the year ended December 31, 2009, the Company did not record any impairment related to goodwill. In 2008, the Company recorded an impairment charge of $50 on the goodwill related to the US Install purchase and the remaining goodwill balance of $17 from a previous acquisition.

Group Health and Workers' Compensation Insurance Coverage

The Company uses a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. The Company records liabilities for claims reported and claims that have been incurred but not reported, based on historical experience and industry data.

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

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

The Company is self-insured for health insurance covering the range of liability up to $275 per claim where our management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate.

Stock-Based Compensation

The Company accounts for its stock options using fair value for the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of variables. These variables include, but are not limited to the Company's expected stock price volatility, and actual and projected stock option exercise behaviors and forfeitures.

Income Taxes

The Company accounts for deferred tax assets and liabilities under the liability method. Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for deductible temporary differences and tax operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. The Company regularly assesses the likelihood that the deferred tax assets will be recovered from future taxable income. The Company considers projected future taxable income and ongoing tax planning strategies, then records a valuation allowance to reduce the carrying value of the net deferred taxes for these amounts that are more likely than not, unable realized. Based upon the Company's assessment of all available evidence, including previous years' income, estimates of future profitability, and the Company's overall prospects of future business, the Company determined that the Company will be able to realize a portion of the deferred tax assets in the future, and as a result recorded $5,116 of income tax benefit for the year ended December 31, 2010, which includes a $12,400 release of the valuation allowance. Based on existing contracts, the Company used a discounted projection of its revenue and expenses over the next five years, which approximates the remaining life of our HSP contract with DIRECTV including the one year renewal term, to determine the level of existing net operating loss carryforwards it will be able to offset against taxable income in that period. The Company also analyzed its other deferred tax assets and liabilities outstanding at December 31, 2010. A portion of the valuation allowance was removed for the amount projected to reverse. As of December 31, 2009, the Company believed it was more likely than not that it would be unable to fully utilize the deferred tax assets.

Accordingly, a full valuation allowance against its deferred tax assets was recorded as of that date. At December 31, 2010 and 2009, the valuation allowance was $14,401 and $23,070, respectively.

Disclosures about Contractual Obligations and Commercial Commitments (in thousands)

The following summarizes our contractual obligations at December 31, 2010, and the effect these contractual obligations including interest payments are expected to have on our liquidity and cash flows in future periods:

	Total	1 Year or Less	2-3 Years	4-5 Years	Over 5 Years
Operating leases - buildings	$4,889	$1,846	$2,317	$668	$58
Related party debt – short term	793	793	-	-	-
Long-term debt	6,566	783	5,722	8	53
Long-term debt, related party	34,375	2,463	31,912	-	-
Capital leases	892	503	367	22	-
Totals	$47,515	$6,388	$40,318	$698	$111

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
None.

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, 2010, our disclosure controls and procedures were effective at a reasonable assurance level 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

The Company implemented the following major initiatives which served to strengthen its system of internal control over financial reporting (“ICFR”).

During 2010, the Company made an improvement in its inventory accounting system wherein physical inventory adjustments were more clearly and specifically identifiable to the approved actual counts of warehouse and technician inventory items. This improvement was directed specifically at the inventories of the HSP segment.

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, 2010. 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"). Based upon this evaluation, management concluded that the Company's internal control was effective as of December 31, 2010.

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 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, 2010. Each director is elected for a term of one year. Yearly elections are held at the annual meeting.

Name	Age	Position	Director Since
James L. Mandel	54	Chief Executive Officer and Director	1998
Steven M. Bell	51	General Counsel, Chief Financial Officer and Director	1994
Henry Block	52	Vice President of Marketing	—
David Ekman	49	Chief Information Officer	—
Kent Whitney	51	Chief Operating Officer	—
Frank Bennett	53	Director	2002
Jonathan Dodge	63	Director	1997
Eugene Harris	46	Director	2004
Donald Miller	70	Chairman of the Board of Directors	2001

James Mandel has been the Chief Executive Officer and a Director of Multiband since October 1, 1998. From October 1991 to October 1996, he was Vice President of Systems for Grand Casinos, Inc., a gaming company. Mr. Mandel serves on the Board of Directors of New Market Technology, Inc., a global small business incubator, GeoSpan Corporation, a geospatial imaging company and Independent Multi-Family Communications Council, a national trade group for the private cable industry. Among other attributes, skills and qualifications, the Board believes that Mr. Mandel is qualified to serve as a Director based on his long service to Multiband both as its Chief Executive Officer and as a Director, and his resulting deep familiarity with Multiband's operations and its industry. In addition, his prior executive management experience in the casino industry and his current experiences as a private company director of companies in industries different than Multiband's industry provide the Board with a broad range of knowledge regarding management and operational strategies.

Steven M. Bell was General Counsel of Multiband from June 1985 through October 1994, at which time he also became Chief Financial Officer. He is a graduate of the University of Minnesota and William Mitchell College of Law. Among other attributes, skills and qualifications, the Board believes that Mr. Bell is qualified to serve as a Director based on his extensive service to Multiband as its General Counsel, Chief Financial Officer and as a Director, and his unique experience and knowledge of Multiband's history, operations, and industry. As the Chief Financial Officer, Mr. Bell also brings significant financial and legal expertise to the Board.

Henry Block has been the Vice President of Marketing since January 2008. He served as President of Michigan Microtech, Inc., a former subsidiary of DirecTECH Holdings Company, Inc. from 1980 to 2005. Mr. Block continues to serve on the Board of Directors of DirecTECH Holding Company, Inc.

Dave Ekman is the Chief Information Officer of Multiband. He founded a computer company that subsequently merged with Vicom, Incorporated, Multiband's predecessor, in November 1999, at which time he joined Multiband. He serves on the Board of Trustees of the North Dakota State University Development Foundation.

Kent Whitney is the Chief Operating Officer of Multiband. He joined Multiband in 2004 as Vice President of Operations. In 1994, Mr. Whitney became a DirecTV retail television receive-only dealer. In 1996, he joined Pace Electronics, an electronics contract manufacturing company, and was General Manager and later Vice President. In 1998, Mr. Whitney co-founded Minnesota Digital Universe (MNMDU), a current Multiband subsidiary. Mr. Whitney has served on the Board of Directors of the Satellite Broadcasting & Communications Association and the Independent Multi-Family Communications Council.

Frank Bennett has been a Director of Multiband since 2002 and is the Chairman of Multiband's Audit and Nominating Committees. Mr. Bennett is President of Artesian Management, Inc., a private equity investment firm. Prior to founding Artesian Management in 1989, he was a Vice President of Mayfield Corporation, a venture capital firm, and a Vice President of Corporate Finance of Piper Jaffray & Co. and a Vice President of Piper Jaffray Ventures, Inc. Among other attributes, skills and qualifications, the Board believes that Mr. Bennett is qualified to serve as a Director and as Chairman of Multiband's Audit Committee based on his financial expertise and knowledge of investment banking, finance and raising capital. In particular, he has assisted management with structuring debt and equity offerings. The Board also believes that Mr. Bennett is qualified to serve on the Nominating Committee based on the diverse experience he has gained at companies throughout his career and through his service on Multiband's Board.

Jonathan Dodge has been a Director of Multiband since 1997 and is a member of the Audit and Compensation Committees. He is a senior partner at Brunberg, Blatt and Company, an accounting firm. Previously, he was a partner with McGladrey and Pullen, an accounting firm, and Dodge & Fox C.P.A. Mr. Dodge is a member of the American Institute of Certified Public Accountants and the Minnesota Society of Certified Public Accountants for which he has served on the ethics and the tax conference committees. He serves on four other boards in the Minneapolis-Saint Paul area. Among other attributes, skills and qualifications, the Board believes that Mr. Dodge is qualified to serve as a Director and as a member of the Audit Committee based on his financial expertise as a certified public accountant, including his thorough understanding of financial statements, corporate accounting and finance, financial reporting and internal controls. The Board also believes that Mr. Dodge is qualified to serve on the Compensation Committee based on his lengthy business experience and service on Multiband's Board and on other, private company boards.

Eugene Harris has been a Director of Multiband since April 2004 and is Chairman of the Compensation Committee and a member of the Nominating Committee. He is the Managing Member of Step Change Advisors, LLC, a portfolio management and financial consulting company. Prior to forming Step Change Advisors, LLC, Mr. Harris was Chief Operating Officer of Fulcrum Securities and President of Fulcrum Advisory Services. Mr. Harris joined Fulcrum in 2007 after spending four years at Flagstone Securities. Mr. Harris joined Flagstone 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, an agricultural products company, from 1990 to 1994. He also was an Associate Consultant with Bain and Co. from 1986 to 1988. He is a Chartered Financial Analyst and is a member of the Financial Analysts Federation. He serves on the Board of Directors of the Business Bank of St. Louis and Fulcrum Capital Corp. Among other attributes, skills and qualifications, the Board believes that Mr. Harris is qualified to serve as a Director and to chair the Compensation Committee based on his financial expertise. The Board also believes that Mr. Harris is qualified to serve on the Nominating Committee based on the significant management and operational experience gained throughout his career across a range of industries, and through his service on Multiband's Board and on other, private company boards.

Donald Miller has been a Director of Multiband since September 2001 and is Chairman of the Board of Directors and a member of the Audit and Compensation Committees. Mr. Miller worked for Schwan's Enterprises from 1962 to 2007, primarily as Chief Financial Officer. He serves on the Board of Directors of Schwan's Enterprises and is the Chairman of the Finance Committee and a member of the Audit and Risk Committees. Mr. Miller also serves on the Board of Directors of FoodShacks, Inc., a restaurant chain company and Webdigs, Inc., a real estate company, and is on the Audit Committee of Webdigs, Inc. Among other attributes, skills and qualifications, the Board believes that Mr. Miller is qualified to serve as Chairman of the Board based on his extensive business experience, financial literacy and tenure with Multiband. The Board also believes that Mr. Miller is qualified to serve on the Audit Committee due to his financial expertise, having served as the Chief Financial Officer of another company for several decades and his service on other audit committees, and that Mr. Miller is qualified to serve on the Compensation Committee due to his experience serving as a public and private company director.

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

Board of Directors and its Committees

The Board of Directors met five times in 2010. As permitted by Minnesota Law, the Board of Directors also acted from time to time during 2010 by unanimous written consent in lieu of conducting formal meetings. Last year, there was one such action and accompanying Board Resolution 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. Frank Bennett and Eugene Harris were also designated to the nominating committee.

To the best of the Company's knowledge, none of the Company's directors have been involved with any legal proceedings brought by the government or private individuals during the past ten years that involve allegation of securities law violations or other fraud.

Diversity

The Company has no formal board diversity policy at present. The Company's nominating committee, in assessing candidates for potential board membership, does examine whether those candidates have particular skill sets or elements in their background that would raise the board's overall level of expertise and enhance the furtherment of the Company's business plans and objectives.

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. Five of our directors attended our Annual Meeting in 2010.

Audit Committee

Our audit committee:

- recommends to our Board of Directors the independent registered public accounting firm 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 accounting firm 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 six times during 2010. 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
April 6, 2011
To the Board of Directors of Multiband Corporation:

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, 2010, the committee met six 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 10Q and 10K, respectively, with the Company's Chief Financial Officer and the Company's independent registered public accounting firm prior to public release.

In discharging its oversight responsibility as to the audit process, the audit committee obtained from the independent registered public accounting firm 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 registered public accounting firm the quality and adequacy of the Company's internal controls. The audit committee reviewed with the independent registered public accounting firm their audit plans, audit scope, and identification of audit risks.

The audit committee discussed and reviewed with the Company's independent registered public accounting firm all communications required by generally accepted auditing standards and, both with and without management present, discussed and reviewed the results of the independent registered public accounting firms' 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, 2010 with management and the independent registered public accounting firm. Management has the responsibility for the preparation of the Company's consolidated financial statements and the Company's independent registered public accounting firm has the responsibility for the examination of those statements.

Based on the review referred to above and discussions with management and the independent registered public accounting firm, 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, 2010 for filing with the Securities and Exchange Commission. The Audit Committee also recommended the reappointment, subject to shareholder approval, of the independent registered public accounting firm and the Board of Directors concurred in such recommendation.

THE AUDIT COMMITTEE

Frank Bennett, Chairman
Jonathan Dodge
Donald Miller

Nominating Committee

The Nominating Committee was formed by our Board in April 2004 and consists of Frank Bennett and Eugene Harris. 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 Chief Executive Officer 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 stockholder 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. 2010 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 one time during 2010. 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

Summary Compensation Tables (in thousands)

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 during the Company's fiscal years ended December 31, 2010 and 2009.

Name and principal position	Year	Salary	Bonus	Stock awards	(1) Option awards	Non-equity incentive plan compensation	Change in pension value and nonqualified deferred compensation earnings	All other Compensation	Total
James Mandel	2010	$ 450	$ 155	$ 397	$ 207	$ -	$ -	$ 12	$ 1,221
Chief Executive Officer	2009	395	230	-	125	-	-	12	762
Steven Bell	2010	315	150	-	-	-	-	12	477
Chief Financial Officer	2009	311	100	-	68	-	-	12	491
Henry Block	2010	341	-	-	34	-	-	2	377
Vice President of Marketing	2009	338	-	-	-	-	-	-	338
Dave Ekman	2010	185	30	-	67	-	-	7	289
Chief Information Officer	2009	158	13	-	-	-	-	5	176
Kent Whitney	2010	158	27	-	135	-	-	2	322
Chief Operating Officer	2009	136	25	-	-	-	-	-	161

(1) The amounts in this column are calculated based on fair value and equal the financial statement compensation expense as reported in our 2010 and 2009 consolidated statement of operations for the fiscal years.

DIRECTOR COMPENSATION (in thousands)

Outside Directors were each paid an annual cash fee in lieu of restricted stock of $100, an annual retainer varying from $40 to $72, annual chair meeting fees of $8, $5 and $5 for audit, compensation and nominating meeting chairs, respectively and non-chair per meeting fees of $1 per meeting for all committees in 2010. 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 board meetings.

Name	Fees earned	Stock awards	(1)	Non-equity	Change in	(2)	Total

	or paid in cash		Option awards	incentive plan compensation	pension value and nonqualified deferred compensation earnings	All other compensation	
F Bennett	$ 43	$ 25	$ 17	$ -	$ -	$ -	$ 85
J Dodge	35	25	17	-	-	1	78
E Harris	31	25	17	-	-	1	74
D Miller	52	25	17	-	-	2	96

(1) The amounts in this column are calculated based on fair value and equal the financial statement compensation expense as reported in our 2010 consolidated statement of operations for the fiscal year. Total board of directors options outstanding at December 31, 2010 are 288,400.

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

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. Both Messrs. Bennett and Harris have extensive backgrounds in investment banking, finance and raising capital. They have been valuable to the Company in advising management how to structure various debt and equity offerings. Mr. Miller was CFO for a large private company and advises the Company with regards to its financial and management reporting. Mr. Dodge has extensive experience in the tax field and assists the Company on an ongoing basis with answering various tax questions and suggesting various tax strategies.

2010 Grants of Plan-Based Awards (in thousands, except shares and per share amounts)

The following table sets forth information on grants of plan-based awards in 2010 to the named executive officers.

Name	Grant Date		Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards (#)	All Other Option Awards (#)	Exercise or base price of award ($/sh)	Grant Date Fair Value of Stock and Option Awards ($)
James L. Mandel	1/5/10	(1)	84,375	84,375	84,375	-	-	$ 2.00	$ 128
	1/5/10	(2)	84,375	84,375	84,375	-	-	-	169
	1/11/10	(3)	120,000	120,000	120,000	-	-	-	228
	2/10/10	(4)	59,211	59,211	59,211	-	-	1.90	79
David Ekman	4/1/10	(5)	50,000	50,000	50,000	-	-	1.85	67
Henry Block	4/1/10	(5)	25,000	25,000	25,000	-	-	1.85	34
Kent Whitney	4/1/10	(5)	100,000	100,000	100,000	-	-	1.85	135

(1) The exercise price of these stock options is $2.00 with a grant date fair value of $1.5195 per share based on the Black-Scholes option pricing model.

(2) The exercise price of this restricted stock grant is $2.00.

(3) The exercise price of this restricted stock grant is $1.90.

(4) The exercise price of these stock options is $1.90 with a grant date fair value of $1.3345 per share based on the Black-Scholes option pricing model.

(5) The exercise price of these stock options is $1.85 with a grant date fair value of $1.3495 per share based on the Black-Scholes option pricing model.

Narrative to Summary Compensation Table and 2010 Grants of Plan-Based Awards Table

See the Compensation Discussion and Analysis, as well as the Employment Agreement and Other Compensation and Long-Term Incentive Plans Summaries for a complete description of compensation elements pursuant to which the amounts listed under the Summary Compensation Table and 2010 Grants of Plan-Based Awards Table were paid or awarded and the criteria for such payments.

Stock Option Grants During 2010 and 2009 (in thousands except for shares and per share amounts)

The following table provides information regarding stock options granted during fiscal 2010 and 2009 to the named executive officers in the Summary Compensation Table.

Name	Year	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year (%)	Exercise or Base Price ($/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1) 5%	10%
James L. Mandel	2010	84,375	4.3	$ 2.00	1/5/2017	$ 69	$ 160
	2010	59,211	3.0	1.90	2/10/2017	49	107
	2009	138,500	64.9	1.25	1/2/2016	70	164
Steven M. Bell	2010	-	-	-	-	-	-
	2009	75,000	35.1	1.25	1/2/2016	38	89
David Ekman	2010	50,000	2.6	1.85	4/1/2017	38	88
	2009	-	-	-	-	-	-
Henry Block	2010	25,000	1.3	1.85	4/1/2017	19	44
	2009	-	-	-	-	-	-
Kent Whitney	2010	100,000	5.1	1.85	4/1/2017	75	176
	2009	-	-	-	-	-	-

(1) The “potential realizable value” shown represents the potential gains based on annual compound stock price appreciation of 5% and 10% from the date of grant through the full option terms, net of exercise price, but before taxes associated with exercise. The amounts represent certain assumed rates of appreciation only, based on the Securities and Exchange Commission rules. Actual gains, if any, on stock option exercises are dependent on the future performance of the common stock, overall market conditions and the option holders, continued employment through the vesting period. The amounts reflected in this table may not necessarily be achieved and do not reflect the Company’s estimate of future stock price growth.

Each option represents the right to purchase one share of common stock. The options shown in this table are all non-qualified stock options. To the extent not already exercisable, the options generally become exercisable in the event of a merger in which the Company is not the surviving corporation, a transfer of all shares of stock of the Company, a sale of substantially all the assets, or a dissolution or liquidation, of the Company.

Outstanding Equity Awards at Fiscal Year-End (in thousands, except shares and per share amounts)

The following table sets forth information regarding the outstanding equity awards held by our named executive officers as of December 31, 2010.

	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)	-	-	77.50	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	-	-	-	-
	18,750(7)	-	56,250	1.25	1/2/2016				
David Ekman	100(8)	-	-	7.50	8/28/2011	-	-	-	-
	40,000(9)	-	-	6.75	4/27/2015	-	-	-	-
	(10)		50,000	1.85	4/1/2017				
James L. Mandel	100(11)	-	-	7.50	8/28/2011	-	-	-	-
	60,000(12)	-	-	7.50	1/8/2013	-	-	-	-
	20,000(13)	-	-	7.25	6/18/2014	-	-	-	-
	120,000(14)	-	-	7.35	1/6/2015	-	-	-	-
	34,625(15)	-	103,875	1.25	1/2/2016	-	-	-	-
	-(16)	-	84,375	2.00	1/5/2017	-	-	-	-
	-(17)	-	-			28,125	56	56,250	113
	-(18)	-	-			60,000	114	60,000	114
	59,211(19)	-	-	1.90	2/10/2017	-	-	-	-
Henry Block	-(20)	-	25,000	1.85	4/1/2017	-	-	-	-

Kent Whitney	-(21)	-	100,000	1.85	4/1/2017	-	-	-	-

(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 January 2, 2009 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/4 on the first anniversary of the grant, 1/4 on the second anniversary of the grant, 1/4 on the third anniversary of the grant, and the remainder on the fourth anniversary of the grant.

(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 April 1, 2010 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/3 on the first anniversary of the grant, 1/3 on the second anniversary of the grant, and the remainder on the third anniversary of the grant.

(11) The stock option was granted August 28, 2001 and is fully vested.

(12) The stock option was granted January 8, 2003 and is fully vested.

(13) The stock option was granted June 18, 2004 and is fully vested.

(14) The stock option was granted January 6, 2005 and is fully vested.

(15) The stock option was granted January 2, 2009 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/4 on the first anniversary of the grant, 1/4 on the second anniversary of the grant, 1/4 on the third anniversary of the grant, and the remainder on the fourth anniversary of the grant.

(16) The stock option was granted January 5, 2010 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/4 on the first anniversary of the grant, 1/4 on the second anniversary of the grant, 1/4 on the third anniversary of the grant, and the remainder on the fourth anniversary of the grant.

(17) The restricted stock grant was granted January 5, 2010 and is subject to the continued service of the executive officer, the restricted stock grant shall vest with respect to 1/3 on the first anniversary of the grant, 1/3 on the second anniversary of the grant, and the remainder on the third anniversary of the grant.

(18) The restricted stock grant was granted January 11, 2010 and is subject to the continued service of the executive officer, the restricted stock grant shall vest with respect to 1/2 on the first anniversary of the grant, and the remainder on the second anniversary of the grant.

(19) The stock option was granted February 10, 2010 and is fully vested.

(20) The stock option was granted April 1, 2010 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/3 on the first anniversary of the grant, 1/3 on the second anniversary of the grant, and the remainder on the third anniversary of the grant.

(21) The stock option was granted April 1, 2010 and is subject to the continued service of the executive officer, the option shall vest with respect to 1/3 on the first anniversary of the grant, 1/3 on the second anniversary of the grant, and the remainder on the third anniversary of the grant.

Option Exercises and Stock Vested

None of our named Executive Officers exercised any options in 2010.

Employment Agreements and Other Compensation and Long-Term Incentive Plans (in thousands)

The Company has no deferred compensation plans or long-term incentive plans and issued no long-term incentive awards during 2010.

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 and a $150 signing bonus, to be paid out over the next three years. 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, General Counsel and Chief Financial Officer, 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 per year, with a $100 signing bonus, to be paid out over the next three years. 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 and $3,000, respectively. The Company is the beneficiary of these policies. The Company also maintains key man life insurance policies in the amount of $1,000 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.

Report of the Compensation Committee
April 6, 2011
To the Board of Directors of Multiband Corporation:

We have reviewed and discussed with management the Company's Compensation Discussion and Analysis. Based on this review and these discussions, we recommend to the Board of Directors that the Compensation Discussion and Analysis be included in Multiband Corporation's Annual Report on Form 10-K.

THE COMPENSATION COMMITTEE

Eugene Harris, Chairman
Jonathan Dodge
Donald Miller

Risk Assessment of our Compensation Policies and Practices

The Compensation Committee, with the assistance of management, has reviewed the Company's compensation policies and programs for all employees for the purpose of assessing the risks associated with compensation. After that review, the Compensation Committee determined that the Company's compensation policies and programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

During 2010, the Compensation Committee was composed of Mr. Harris, Chairman, Mr. Dodge and Mr. Miller. None of the Company's executive officers served during the year ended December 31, 2010 as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our Board of Directors or Compensation Committee.

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, other than DTHC, complied with all Section 16(a) filing requirements applicable to them during the year ended December 31, 2010.

Item 12. Security Ownership of Certain Beneficial Owners and Management

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following table sets forth certain information with respect to the beneficial ownership of our outstanding common stock as of March 15, 2011 by (i) each of our executive officers; (ii) each of our directors; (iii) all of our executive officers and directors as a group; and (iv) each of those known by us to be beneficial owners of more than 5% of our common stock. Beneficial ownership means sole or shared voting power or investment power with respect to a security. We have been informed that all shares shown are held of record with sole voting and investment power, except as otherwise indicated. To our knowledge, none of the shares reported below are pledged as security.

The table also includes 206,410 shares subject to equity grants made to directors and executive office in January 2011. Shares of common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of March 15, 2011 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership information assumes no exercise of the underwriters' over-allotment option. 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 15, 2010.

The persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, unless otherwise indicated, subject to applicable community property laws. Except as otherwise noted below, the address for each person or entity listed in the table is c/o Multiband Corporation, 9449 Science Center Drive, New Hope, Minnesota 55428.

On March 15, 2011, the Company had 10,479,859 shares of common stock issued and outstanding.

Name	Number of Shares Beneficially Owned		Percent of Common Shares Outstanding	
Executive Officers and Directors				
Steven M. Bell	262,813	(1)	2.51	%
Frank Bennett	401,934	(2)	3.84	
Jonathan Dodge	109,644	(3)	1.05	
David Ekman	420,583	(4)	4.01	
Eugene Harris	187,995	(5)	1.79	
James L. Mandel	577,281	(6)	5.51	
Donald Miller	390,565	(7)	3.73	
Henry Block	8,333		*	
Kent Whitney	128,833		1.23	
All directors and officers as a group (9 persons)	2,487,981	(8)	23.74	
5% Shareholders				
Special Situations Fund II QP, LP 527 Madison Avenue New York, NY 10022	1,004,145	(9)	9.58	
DirecTECH Holding Company, Inc. 907 West Vernon Road Farwell, MI 48622	2,005,038	(10)	19.13	
Harvey Poppel 110 El Mirasol Palm Beach, FL 33480	737,568	(11)	7.04	

* Indicates ownership of less than 1%.

(1) Includes vested options to acquire 144,600 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 beneficial ownership.

(2) Includes warrants and vested options to purchase 117,404 shares of common stock and 11,067 shares of common stock that were issued in first quarter of 2011 to satisfy the dividend payable and 8,000 shares of common stock to be delivered to satisfy the payable through 5/14/11 on the 145,000 shares of the Company's Class E Preferred Stock owned by Mr. Bennett, however, these shares are not convertible into common stock of the Company.

(3) Includes vested options to acquire 80,555 shares of common stock.

(4) Includes vested options to purchase 56,766 shares of common stock and 109,000 Series C Preferred Shares convertible into 43,600 shares of common stock.

(5) Includes warrants and vested options to purchase 90,856 shares of common stock. Mr. Harris also owns 50,000 shares of the Company's Class E Preferred Stock, however, these shares are not convertible into common stock of the Company.

(6) Includes vested options to purchase 441,889 shares of common stock.

(7) Includes warrants and vested options to purchase 166,955 shares of common stock.

(8) See footnotes 1 through 7 above.

(9) Information based on Schedule 13D/A filed with the Securities and Exchange Commission on February 11, 2010.

(10) Includes 100,822 shares of common stock that were issued January 10, 2011 to satisfy the fourth quarter of 2010 dividend payable and 98,600 shares to be delivered to satisfy the first quarter of 2011 dividend payable on the Series J Preferred Stock. The DTHC Employee Stock Ownership Trust (ESOT) owns 55% of the outstanding common stock of DTHC. In addition, J. Basil Mattingly owns 20% of the outstanding common stock of DTHC and is a DTHC director.

(11) Information based on Schedule 13G filed with the Securities and Exchange Commission on February 14, 2011. Includes entities related to Harvey Poppel.

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 44 th Street SW, Fargo, ND 58013. The Fargo base rate is $18 per month. The Fargo property is owned in part by David Ekman.

NC leases warehouse space in Wyoming, MI. Lease payments amount to $4 per month plus expenses, expiring in December 2013. The property is owned in part by Henry Block, Vice President of Marketing.

Item 14. Principal Accountant Fees and Services (in thousands)

The Audit Committee of the Company selected Baker Tilly Virchow Krause, LLP, independent registered public accounting firm with offices in Minneapolis, Minnesota, to audit the Company's consolidated financial statements for the years ended December 31, 2010, 2009 and 2008. The following table details the fees paid to Baker Tilly Virchow Krause, LLP, for the years ended December 31, 2010 and 2009.

	2010	2009
Audit Fees	$ 327	$ 362
Audit-Related Fees	-	24(1)
Tax Fees	-	2
Total	$ 327	$ 388

(1) Fees related to accounting required for the acquisition of DirecTECH operating entities.

38

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 independent registered public accounting 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 registered public accounting firm (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 100% of the fees paid to Baker Tilly Virchow Krause, LLP, 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 Baker Tilly Virchow Krause, LLP. Furthermore, no work of Baker Tilly Virchow Krause, LLP, with respect to its services rendered to the Company was performed by anyone other than Baker Tilly Virchow Krause, LLP.

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 37 of this report.

INDEX TO EXHIBITS

Exhibit No.	Description
2.1	Asset Purchase Agreement by and between Vicom, Inc. and Enstar Networking Corporation dated December 31, 1998 (1)
2.2	Agreement and Plan of Merger by and among Vicom, Inc. Ekman, Inc. (among other parties) dated December 29, 1999(1)
2.3	Asset Purchase Agreement by and between Multiband Corporation and Vicom Systems (14)
3.1	Articles of Incorporation of Multiband Corporation, as amended (1)
3.2	Bylaws of Multiband Corporation (1)
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	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 10% Class C Cumulative Convertible Stock dated June 14, 2000. (2)
4.3	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 14% Class D Cumulative Convertible Preferred Stock dated November 17, 2000. (2)
4.4	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 15% Class E Preferred Stock dated September 18, 2002 (as amended on September 29, 2009). (2)
4.5*	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 10% Class F Convertible Preferred Stock dated June 29, 2004.
4.6*	Certificate of Designation of the Relative Rights, Restrictions and Preferences of 8% Class G Convertible Preferred Stock dated September 3, 2004 (as amended on September 20, 2004).
4.7	Certificate of Designation of the Relative Rights and Preferences of Series H Convertible Preferred Stock dated November 16, 2004. (12)
4.8	Certificate of Designations of Preferences and Rights of Series I Convertible Preferred Stock dated February 1, 2005. (13)
4.9*	Certificate of Designations of Preferences and Rights of Series J Convertible Preferred Stock dated December 14, 2009.
4.10	Securities Purchase Agreement by and between Vicom, Inc. and Purchasers dated September 18, 2003 (6)
4.11	Secured Convertible Note Agreement by and between Vicom, Inc. and Laurus Master Fund, Ltd dated November 26, 2003 (7)
10.1	Debenture Loan Agreement by and between Vicom, Inc. and Convergent Capital dated March 9, 2000 (1)
10.2	Amendment dated July 11, 2000 to Debenture Loan Agreement with Convergent Capital dated March 9, 2000 (2)
10.3	Corporate Technologies Dealer Agreement by and between Corporate Technologies USA, Inc and Siemens dated December 14, 2001 (4)
10.4	Note by and between Vicom, Inc. and Pyramid Trading, L.P. dated January 23, 2001 (4)
10.5	Acquisition Agreement by and between Vicom, Inc. and Minnesota Digital Universe dated April, 2004 (9)
10.6	Acquisition of outstanding membership interests dated July 9, 2004 of Rainbow Satellite Group, LLC (10
10.7	Asset Purchase Agreement between Multiband Corporation and Consolidated Smart Broadband Systems dated March 1, 2007 (15)
10.8	Asset Purchase Agreement between Multiband Corporation and MDU Communications dated July 21, 2007 (16)
10.9	Supplemental Agreement and Plan of Share Exchange between Multiband Corporation, DirecTECH Holding Co, Inc and Michigan Microtech, Inc. dated February 6, 2008 (18)
10.10	Stock Purchase Agreement between Multiband Corporation and DirecTECH Holding Co, Inc. dated November, 2008 (19)

10.11	First Amendment to Stock Purchase Agreement by and between Multiband Corporation and DirecTECH Holding Co., Inc. dated December 30, 2008 (20)
10.12	Stock Purchase Agreement between Multiband Corporation and Lincoln Park Capital Fund, LLC dated August 3, 2010 (22)
10.13	Registration Rights Agreement between Multiband Corporation and Lincoln Park Capital Fund, LLC dated August 3, 2010
10.14	Wholesale Services Agreement by and between URON, Inc. (a division of Vicom, Inc./ Multiband) and Doctor's Associates Inc. dated March 4, 2004
10.15**	Employment Agreement of James Mandel (21)
10.16**	Employment Agreement of Steven Bell (21)
10.17**	Employment Agreement of J. Basil Mattingly (21)
10.18**	2000 Non-Employee Director Stock Compensation Plan (3)
21*	List of subsidiaries of the registrant
23.1*	Consent of Baker Tilly Virchow Krause, LLP
31.1*	Rule 13a-14 (s) Certification of Chief Executive Officer - James Mandel
31.2*	Rule 13a-14 (s) Certification of Chief Financial Officer - Steven Bell
32.1*	Section 1350 of Sarbanes-Oxley Act of 2002 - James Mandel
32.2*	Section 1350 of Sarbanes-Oxley Act of 2002 - Steven Bell

* Filed herewith.

** Indicates a management contract or compensatory plan or arrangement.

(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 7, 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 24, 2006.
(16)	Previously filed as the same exhibit to registrants form 8-K filed July 25, 2007.
(17)	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.
(22)	Previously filed as the same exhibits to registrants form 8-K filed August 6, 2010.

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 6, 2011	By:	/s/ James L. Mandel James L. Mandel Chief Executive Officer
Date: April 6, 2011	By:	/s/ Steven M. Bell Steven M. Bell Chief Financial 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

TABLE OF CONTENTS

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, 2010 and 2009, 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, 2010. 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, 2010 and 2009 and the results of their operations and cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 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/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
April 6, 2011

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS
(in thousands)

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	$ 1,204	$ 2,240
Securities available for sale	2	7
Accounts receivable, net	17,223	14,336
Other receivable – related party	518	518
Inventories	11,066	8,561
Prepaid expenses and other	1,939	549
Current portion of notes receivable	6	6
Income tax receivable	3,133	-
Deferred tax asset – current	5,598	-
Total Current Assets	40,689	26,217
PROPERTY AND EQUIPMENT, NET	7,177	8,546
OTHER ASSETS		
Goodwill	38,042	38,067
Intangible assets, net	17,435	22,677
Other receivable – related party – long term	352	1,011
Notes receivable – long-term, net of current portion	27	25
Deferred tax asset – long term	1,897	-
Other assets	6,049	2,988
Total Other Assets	63,802	64,768
TOTAL ASSETS	$ 111,668	$99,531

See accompanying notes to the consolidated financial statements

F-3

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

LIABILITIES AND STOCKHOLDERS' EQUITY
(in thousands, except share and liquidation preference amounts)

	2010	2009
CURRENT LIABILITIES		
Line of credit	$ 49	$ 49
Short term debt	44	66
Related parties debt – short term	665	1,345
Current portion of long-term debt	-	228
Current portion of capital lease obligations	444	489
Accounts payable	26,997	28,008
Accrued liabilities	22,971	22,026
Deferred service obligations and revenue	1,822	2,602
Total Current Liabilities	52,992	54,813
LONG-TERM LIABILITIES		
Accrued liabilities – long term	3,697	4,415
Long-term debt, net of current portion and original issue discount	4,931	4,853
Related parties debt - long-term, net of current portion and original issue discount	29,449	29,856
Capital lease obligations, net of current portion	356	491
Total Liabilities	91,425	94,428
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Cumulative convertible preferred stock, no par value:		
8% Class A (14,171 shares issued and outstanding, $148,796 liquidation preference)	213	213
10% Class B (0 and 1,370 shares issued and outstanding, $0 and $14,385 liquidation preference)	-	14
10% Class C (112,000 and 112,880 shares issued and outstanding, $1,120,000 and $1,128,800 liquidation preference)	1,453	1,465
10% Class F (150,000 shares issued and outstanding, $1,500,000 liquidation preference)	1,500	1,500
8% Class G (11,595 shares issued and outstanding, $115,950 liquidation preference)	48	48
6% Class H (1.23 and 1.25 shares issued and outstanding, $123,000 and $125,000 liquidation preference)	-	-
8% Class J (100 shares issued and outstanding, $10,000,000 liquidation preference)	10,000	10,000
15% Class E cumulative preferred stock, no par value, (195,000 and 220,000 shares issued and outstanding, $1,950,000 and $2,200,000 liquidation preference)	1,950	2,200
Common stock, no par value (10,305,845 and 9,722,924 shares issued and outstanding)	39,311	38,054
Stock subscriptions receivable	-	(26)
Stock-based compensation	47,504	46,572
Accumulated other comprehensive income – unrealized gain on securities available for sale	2	7
Accumulated deficit	(81,738)	(94,944)
Total Stockholders' Equity	20,243	5,103
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 111,668	$99,531

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(in thousands, except share and per share amounts)

	2010	2009	2008
REVENUES	$265,594	$268,994	$42,986
COSTS AND EXPENSES			
Cost of products and services (exclusive of depreciation and amortization shown separately below)	186,294	207,533	28,426
Selling, general and administrative	57,173	57,778	10,500
Depreciation and amortization	8,298	10,906	3,025
Impairment of assets	160	-	132
Total costs and expenses	251,925	276,217	42,083
INCOME (LOSS) FROM OPERATIONS	13,669	(7,223)	903
OTHER INCOME (EXPENSE)			
Interest expense	(4,202)	(4,104)	(657)
Interest income	8	19	58
Management consulting income	-	-	2,366
Other income	103	337	59
Total other income (expense)	(4,091)	(3,748)	1,826
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTEREST IN SUBSIDIARIES	9,578	(10,971)	2,729
PROVISION FOR (BENEFIT) FROM INCOME TAXES	(5,116)	406	1,132
NET INCOME (LOSS)	14,694	(11,377)	1,597
LESS: NET INCOME (LOSS) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST IN SUBSIDIARIES	-	(1,727)	652
NET INCOME (LOSS) ATTRIBUTABLE TO MULTIBAND CORPORATION AND SUBSIDIARIES	14,694	(9,650)	945
Preferred stock dividends	1,488	370	4,088
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$13,206	$(10,020)	$(3,143)
INCOME (LOSS) PER COMMON SHARE – BASIC	$1.32	$(1.04)	$(0.34)
INCOME (LOSS) PER COMMON SHARE – DILUTED	$0.92	$(1.04)	$(0.34)
Weighted average common shares outstanding – basic	10,016,717	9,665,316	9,302,570
Weighted average common shares outstanding – diluted	15,617,353	9,665,316	9,302,570

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(in thousands)

	2010	2009	2008
NET INCOME (LOSS)	$14,694	$(11,377)	$1,597
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during period	(5)	(39)	46
COMPREHENSIVE INCOME (LOSS) BEFORE NONCONTROLLING INTEREST IN SUBSIDIARIES	14,689	(11,416)	1,643
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST IN SUBSIDIARIES	-	(1,727)	652
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MULTIBAND CORPORATION AND SUBSIDIARIES	$14,689	$(9,689)	$991

See accompanying notes to the consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(in thousands, except for share amounts)

	8% Class A		10% Class B		10% Class C		15% Class E		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
BALANCES, December 31, 2007	24,728	$ 372	3,770	$ 38	120,250	$ 1,548	-	$ -	150,000	$ 1,500
Stock issued:										
Cash	-	-	-	-	-	-	-	-	-	-
Acquisition of assets – Multiband NC Incorporated	-	-	-	-	-	-	-	-	-	-
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 future services rendered	-	-	-	-	-	-	-	-	-	-
Redemption of preferred stock	(10,557)	(106)	(1,200)	(12)	(6,170)	(61)	-	-	-	-
Intrinsic value of convertible feature	-	(53)	-	-	-	(5)	-	-	-	-
Stock subscriptions receivable:										
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	2,570	$ 26	114,080	$ 1,482	$ -	-	150,000	$ 1,500

F-7

	8% Class A		10% Class B		10% Class C		15% Class E		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:										
Cash	-	$ -	-	$ -	-	$ -	70,000	$ 700	-	$ -
Acquisition of 29% of Multiband NC Incorporated	-	-	-	-	-	-	-	-	-	-
Acquisition of 80% of – Multiband EC,NE, SC, MBMDU, DV, and Security	-	-	-	-	-	-	-	-	-	-
Purchase of 20% of outstanding stock of DirecTECH operating entities via issuance of preferred stock	-	-	-	-	-	-	-	-	-	-
Reduction of related party debt with exchange for preferred stock	-	-	-	-	-	-	150,000	1,500	-	-
Conversion of notes payable	-	-	-	-	-	-	-	-	-	-
Conversion of accrued interest	-	-	-	-	-	-	-	-	-	-
Conversion of preferred stock	-	-	-	-	-	-	-	-	-	-
Conversion of dividends payable	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock	-	-	-	-	-	-	-	-	-	-
Redemption of preferred stock	-	-	(1,200)	(12)	(1,200)	(12)	-	-	-	-
Intrinsic value of convertible feature	-	-	-	-	-	(5)	-	-	-	-
Stock subscriptions receivable:										
Interest earned	-	-	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-	-	-

Warrants issued for long term financing	-	-	-	-	-	-	-	-	-	-
Warrants issued for interest expense related to warrants re-priced	-	-	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-	-	-
Other comprehensive income – unrealized losses on securities available for sale	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-
BALANCES, December 31, 2009	14,171	$ 213	1,370	$ 14	112,880	$ 1,465	220,000	$ 2,200	150,000	$ 1,500

	8% Class A		10% Class B		10% Class C		15% Class E		10% Class F	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:										
Cash	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -
Acquisition of Hyatt Tech Systems	-	-	-	-	-	-	-	-	-	-
Conversion of accrued interest	-	-	-	-	-	-	-	-	-	-
Conversion of dividends payable	-	-	-	-	-	-	-	-	-	-
Restricted stock issued	-	-	-	-	-	-	-	-	-	-
Earned stock compensation	-	-	-	-	-	-	-	-	-	-
In lieu of cash for services rendered	-	-	-	-	-	-	-	-	-	-
In lieu of cash for financing costs	-	-	-	-	-	-	-	-	-	-
Redemption of preferred stock	-	-	(1,370)	(14)	(880)	(9)	(25,000)	(250)	-	-
Intrinsic value of convertible feature	-	-	-	-	-	(3)	-	-	-	-
Stock subscriptions receivable:										
Cash received	-	-	-	-	-	-	-	-	-	-
Interest collected	-	-	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-	-	-
Decrease in reserve	-	-	-	-	-	-	-	-	-	-
Stock subscriptions written-off	-	-	-	-	-	-	-	-	-	-
Warrants issued for dividends	-	-	-	-	-	-	-	-	-	-
Options expense	-	-	-	-	-	-	-	-	-	-
Options issued for earned compensation	-	-	-	-	-	-	-	-	-	-
Preferred stock dividends	-	-	-	-	-	-	-	-	-	-
Other comprehensive income – unrealized losses on securities available for sale	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-	-

BALANCES, December 31, 2010	14,171	$ 213	-	$ -	112,000	$ 1,453	195,000	$ 1,950	150,000	$ 1,500

	8% Class G		6% Class H		% Class I		8% Class J		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
BALANCES, December 31, 2007	26,595	$ 111	2	$ -	39,500	$ -	-	$ -	7,451,891	$ 29,575
Stock issued:										
Cash	-	-	-	-	-	-	-	-	-	(30)
Acquisition of assets – Multiband NC Incorporated	-	-	-	-	-	-	-	-	1,490,000	3,854
Acquisition of assets – US Install	-	-	-	-	-	-	-	-	37,880	101
Conversion of notes payable	-	-	-	-	-	-	-	-	7,500	19
Conversion of accrued interest	-	-	-	-	-	-	-	-	800	4
Conversion of preferred stock	(15,000)	(150)	-	-	(39,500)	-	-	-	545,417	3,895
Conversion of dividends payable	-	-	-	-	-	-	-	-	23,386	179
Restricted stock issued	-	-	-	-	-	-	-	-	22,500	23
Cancellation of note receivable	-	-	-	-	-	-	-	-	(12,000)	(61)
In lieu of cash for future services rendered	-	-	-	-	-	-	-	-	75,000	128
Redemption of preferred stock	-	-	-	-	-	-	-	-	-	-
Intrinsic value of convertible feature	-	87	-	-	-	-	-	-	-	-
Stock subscriptions receivable:										
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	11,595	$ 48	2	$ -	-	$ -	-	$ -	9,642,374	$ 37,687

	8% Class G		6% Class H		% Class I		8% Class J		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:										
Cash	-	$ -	-	$ -	-	$ -	-	$-	-	$-
Acquisition of 29% of Multiband NC Incorporated	-	-	-	-	-	-	-	-	-	-
Acquisition of 80% of – Multiband EC,NE, SC, MBMDU, DV, and Security	-	-	-	-	-	-	-	-	-	-
Purchase of 20% of outstanding stock of DirecTECH operating entities via issuance of preferred stock	-	-	-	-	-	-	100	10,000	-	-
Reduction of related party debt with exchange for preferred stock	-	-	-	-	-	-	-	-	-	-
Conversion of notes payable	-	-	-	-	-	-	-	-	103,333	210
Conversion of accrued interest	-	-	-	-	-	-	-	-	800	5
Conversion of preferred stock			-	-		-	-	-	1,667	8
Conversion of dividends payable	-	-	-	-	-	-	-	-	34,750	264
Repurchase of common stock	-	-	-	-	-	-	-	-	(60,000)	(120)
Redemption of preferred stock	-	-	-	-	-	-	-	-	-	-
Intrinsic value of convertible feature	-	-	-	-	-	-	-	-	-	-
Stock subscriptions receivable:										
Interest earned	-	-	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	-	-	-	-	-	-	-
Warrants issued for long term financing	-	-	-	-	-	-	-	-	-	-
Warrants issued for interest expense related to warrants re-priced										
Options expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Preferred stock dividends										
Other comprehensive income – unrealized losses on securities available for sale	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-
BALANCES, December 31, 2009	11,595	$ 48	2	$ -	-	$ -	100	$ 10,000	9,722,924	$ 38,054

F-11

	8% Class G		6% Class H		% Class I		8% Class J		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Stock issued:										
Cash	-	$ -	-	$ -	-	$ -	-	$ -	-	$ (15)
Acquisition of Hyatt Tech Systems	-	-	-	-	-	-	-	-	12,000	24
Conversion of accrued interest	-	-	-	-	-	-	-	-	595	3
Conversion of dividends payable	-	-	-	-	-	-	-	-	392,162	902
Restricted stock issued										