

Leader in IP and Digital Telephony Solutions

Vertical Communications, Inc.

Vertical Communications is a market leader in next-generation communications solutions — converged IP telephony systems and voice-over-IP (VoIP) applications that unlock the hidden business value of telephone systems to deliver enhanced customer service, reduce communications costs and improve operational efficiency.



Vertical and Vodavi together create a top-five North American telephony powerhouse.

OVERVIEW

With a current installed base of over 100,000 customers and total annual revenue of approximately \$60 million (non-GAAP), Vertical is one of the largest telephony vendors worldwide. Vertical was formed through the combination of three industry-leading companies. In September 2004, Artisoft acquired Vertical Networks to form Vertical Communications, which then acquired the assets of Comdial in September 2005. As a result, today's Vertical combines extensive expertise in next-generation technology with the stability of an established telephony market channel of over 1,200 partners worldwide.

On October 18, 2006, Vertical took the next step in its growth by signing a definitive merger agreement to

acquire all of the outstanding common stock of Vodavi Technology, Inc.; the transaction is expected to close by year end. The combination of Vertical and Vodavi adds incremental critical mass to make Vertical a top-five telephony vendor serving the small to medium-sized business (SMB) market in North America based on line shipments. Also as part of this transaction, Vertical completed a \$52 million fund raising event, which further improves and fortifies the company's financial strength. The following table provides a quick snapshot of the strengths that both Vertical and Vodavi will bring to this joining of forces. We believe the new Vertical will be well-positioned to build on its recent successes and to make an even more significant impact on the market.

Vertical and Vodavi: Key Statistics

	Vertical	Vodavi
Cash on Hand ¹	\$4,726,000	\$6,788,000
Shareholders' Equity ¹	\$17,924,000	\$14,180,000
Annual Revenue ²	\$55,535,000	\$43,675,000
Number of Employees ³	217	110
Number of Worldwide Dealers	~ 1,200	~ 800

¹ Amounts per June 30, 2006 Form 10K (Vertical) and Form 10Q (Vodavi).

² Amounts per June 30, 2006 Form 10K (Vertical) and December 31, 2005 Form 10K (Vodavi).

³ Amounts per latest Form 10Ks for Vertical and Vodavi.

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Vertical is joining forces with Vodavi because they have excellent products, a loyal, established channel with a large installed base and a team of talented employees who will add enormous value to the company.

VERTICAL'S VISION

Vertical's vision is to help organizations transform their businesses by unlocking the hidden potential of phone systems and voice applications. Acquiring Vodavi is the latest step in a series of initiatives that will help us realize this vision faster on behalf of our end customers — who range from small and medium-sized businesses to large, distributed enterprises. The combination of Vertical and Vodavi will create an even stronger, world-class telephony organization with the product range, market reach and channel footprint to continue to deliver industry-leading IP-PBX products.

PROVEN PRODUCTS

Vertical offers a complete range of high-value telephony solutions, as well as subscription services and upgrade paths to ensure that end customers can easily update and expand their communications infrastructures as they grow. Today, Vertical solutions include the InstantOffice, TeleVantage and Comdial product families. When the Vodavi acquisition is complete, the product set will also include the award-winning Vodavi XTS, Telenium and STARPLUS product families.

COMMITMENT TO VODAVI

Vertical is committed to the continued enhancement and availability of the Vodavi product lines, as well as to ensuring that Vodavi customers receive the superior customer service and support to which they are accustomed. We believe that Vodavi dealers and end customers alike will benefit from Vertical's greater combined research and development resources — which will enhance and accelerate Vertical's ability to re-invest in and support the Vodavi product lines, as well as to develop and deliver next-generation IP-PBX products. Vodavi dealers and customers will also benefit from a larger combined marketing spend, and even greater technical support and training resources.

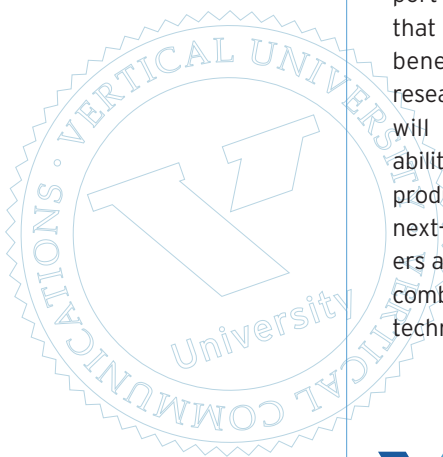
In connection with the Vodavi acquisition, Vertical will also have an outstanding opportunity to develop a strategic business relationship with LG-Nortel Co., Ltd. (LGN), Vodavi's largest shareholder. LGN and Vodavi have been doing business together for 23 years and LGN is also considered a worldwide leader in the telecommunications industry. This relationship provides the combined company with access to hundreds of engineers and a world-class manufacturing partner. LGN is so supportive of Vertical's long-term strategic plans that they have also agreed to make a \$6.5 million equity investment into Vertical upon the closing of the Vodavi acquisition transaction.

OUR BUSINESS PARTNERS

A critical growth driver has been our strategic relationships with the dealers worldwide who sell, install and support our solutions. Vertical today delivers phone systems and applications to SMB customers through a network of 1,200 distributors and resellers; once the Vodavi acquisition is complete, we expect that network to number over 2,000 channel partners worldwide.

Vertical trains and supports these channel partners through a number of programs and services. These include Vertical University, our learning environment that provides channel partners with a certified curriculum of training programs on Vertical products and critical telephony topics. Vertical University delivers a blended learning experience that includes on-site and Web-based, self-paced training. We also provide channel partners with a dedicated support team staffed by highly experienced telephony experts.

Vertical products today are hard at work in world-class organizations — such as CVS/pharmacy, Staples, Applebee's, Wells Fargo and Toys "R" Us — as well as equally represented in smaller businesses, services organizations and local government agencies.



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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This document contains forward-looking statements based on current expectations or beliefs, as well as a number of assumptions about future events, and these statements are subject to important facts and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements in this document address a variety of subjects, including, without limitation, the value that our customers may or may not place upon our products, including the ability of our products to improve the financial results of our customers; the ability for results experienced by one customer after using one of our products to forecast results of other of our customers; and the perceived value our products have for our customers. The following factors, among others, could cause actual results to differ materially from those described in these forward-looking statements: the risk that the Vodavi merger may fail to close; the risk that our customers may not perceive that our products have value; the risk that the use of our products may fail to improve the financial performance of our customers; and the risk that our current and potential customers may fail to perceive the value that we ascribe to our product offerings, or difficulties and other factors detailed in the Company's filings with the Securities and Exchange Commission including its most recent filings on Form 10-K.

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