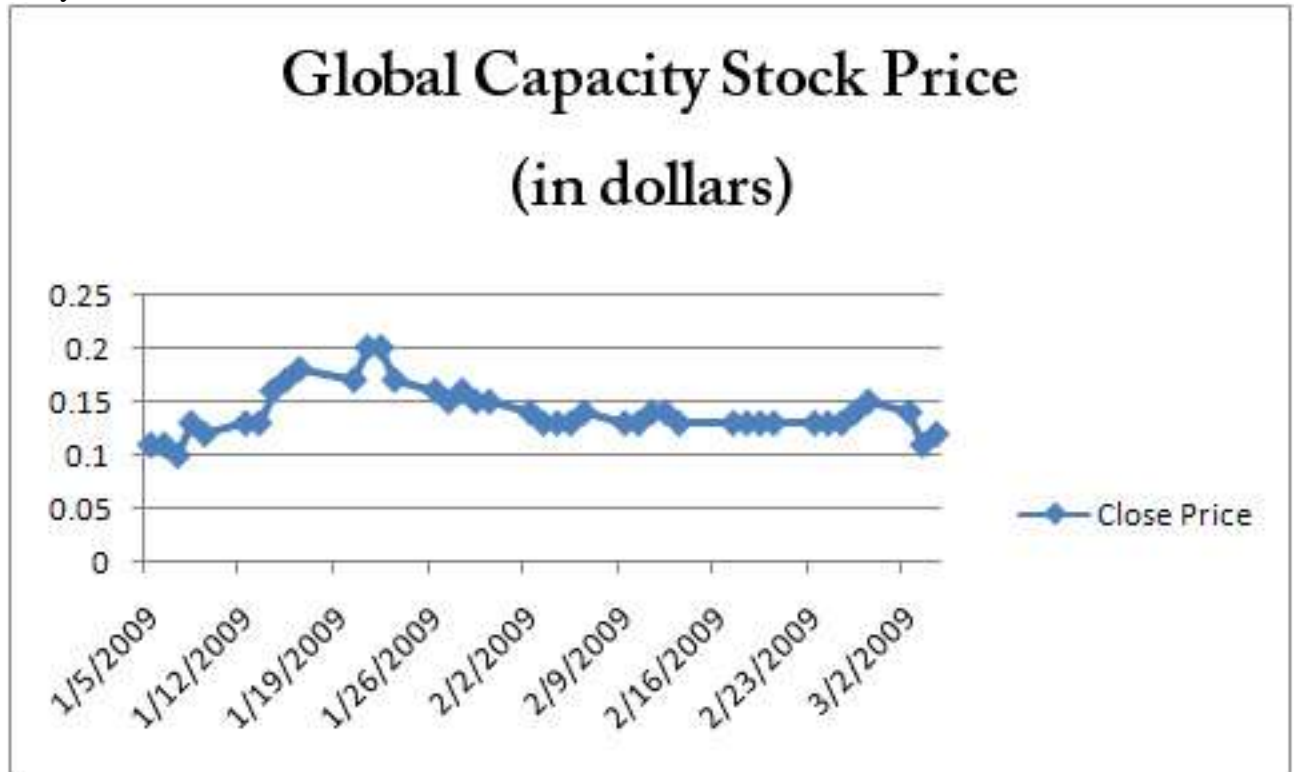


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Ming Zhuang/Medill

The stock of Global Capacity is almost flat though the market plunged dramatically in the past two months.

## Global Capacity wins Europe telecom contract, moves towards Nasdaq listing

by [Ming Zhuang\(2\)](#)  
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On the heels of two previous contract announcements, Global Capacity Group Inc. said Thursday it has been awarded a one-year consulting contract to optimize a telecom network in 10 European countries.

Global Capacity is the operating company of Capital Growth Systems Inc., a Chicago-based publicly-held investment company. The contract was the company's third to be announced in the past two months.

Under contract with a major European telecom, which the company declined to identify, Global Capacity will provide consulting services to financially and physically optimize the client's network.

According to Global Capacity's chief operating officer, Jack Lodge, the company will help its European partner to save money on its current annual access spending in excess of \$31 million, drawing on Global Capacity's data gathering and analyzing capacity.

"Our demonstrated ability to help customers reduce the cost and improve the efficiency of their access networks has never been more important than right now in this economic environment," Lodge stated in a press release.

Lodge added in an interview that Global Capacity's revenue from the contract depends on "how much the company can save" for its European partner.

"Global Capacity appears to be targeting a fertile telecom market by eyeing penetration in Europe," said Michael Dinan, a technology Web site editor.

Last month the company said it won a \$9-million, three-year contract with a leading provider of managed Internet protocol data, voice and security services in North America, and a \$5.6-million contract with an existing healthcare customer.

"Those contracts will contribute to the company's target of \$100 million sales in 2009," Lodge said.

In its most recent report the company posted a net loss of \$6.2 million, or 4 cents per diluted share, in the third quarter, compared with net income of \$2.6 million, or 3 cents per share, in the same period a year earlier.

But third quarter sales increased 32 percent to \$5.8 million from \$4.4 million in the year-earlier period, while its gross margin increased 52 percent to \$1.8 million compared with \$1.2 million a year earlier.

"As general market conditions worsen and credit markets remain tight, our customers' requirement for the dramatic cost savings that we can deliver has intensified," said Patrick Shutt, CEO of the company, in its third quarter release. He predicted that the current economic environment will help the company gain more business.

Lodge said Thursday the company is "certainly adding new employees this year" to help its growth, though he didn't specify how many. "But both in Europe and in the U.S.," he confirmed.

Barry Sine, an analyst with Capstone Investment Inc., has a strong buy rating on the parent company, Capital Growth Systems, and a two-year price target of \$1 a share. The stock closed Thursday on the Over-The-Counter Bulletin Board at 11.5 cents, down half a cent or 4 percent as Wall Street plummeted again. It had traded earlier in the day at 13 cents.

Capital Growth Systems is in the process of changing its name to Global Capacity Group, the operating company, and integrating the operations of four companies it owns.

However, Sine wrote in a research report that he expects that the impending name change and ticker symbol change “are fairly significant impediments to getting many institutional investors to consider investing in the company.”

The company has applied for Nasdaq listing and expects to begin trading there later this year.

Sine expects the company to report losses of 6 cents per diluted share for the fourth quarter and 18 cents per share for the full year 2008. He also expects the company to earn 7 cents per diluted share on revenues of \$75 million in 2009.

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