

Allied Fiber Southeastern Dark Fiber Network Executive Summary

Allied Fiber is building the nation's first open-access, carrier-neutral dark fiber network. The first phase of this network ("Phase I"), privately funded and currently under construction, spans between Chicago, New York and Ashburn, Virginia. The availability of BIP and/or BTOP funds will enable Allied Fiber immediately to begin extending the network southward through rural areas of Virginia, Tennessee and Georgia, ending in Miami, Florida. Absent federal funds, the second phase of the project--called the Southeastern Dark Fiber Network (the "Network" or "Phase II")--would not be built in the next two years.

The project uniquely fulfills the varied goals of the broadband stimulus program. The network will initially consist of state-of-the art dark fiber located in three ducts and will be built along railroad rights-of-way. It will provide access to hundreds of small towns and communities. Allied Fiber estimates that the Network will directly pass through 189 communities of less than 20,000 and another 202 such communities lie within 50 miles of the network, well within the distance of a microwave hop. The Network will enable carriers to provide service to some 1.6 million households, 146,563 businesses employing nearly 1.8 million people, 6,800 health care facilities, 2,800 schools and other education institutions, and nearly 1,400 public safety agencies.

Unlike a superhighway simply running through an area, the Network is designed to have "on-ramps" every 3,000 feet of its 1,600-mile route from Ashburn to Miami. To further facilitate access, the dark fiber will be made available to hundreds of wireless towers already along the right-of-way. These towers will be available to wireless service providers to attach their equipment. The wireless carrier will have immediate access to fiber for unlimited backhaul and Internet connectivity and be capable of reaching the major Internet, data hubs and carrier hotels in Chicago, New York, Washington, DC, Atlanta and Miami.

An integral part of the project will involve the development of colocation facilities. These open-access facilities will be located approximately every 60 miles along the route. They will be equipped with racks, power and environmental and security controls. Allied Fiber will lease fiber in segments between these facilities so that broadband providers or users that do not need to purchase long-haul fiber but require local or regional connections will also have ready access. Dark fiber and related facilities will be made available either as long term Indefeasible Rights-of-Use ("IRUs") or shorter term leases.

Allied Fiber's business plan is built on open, carrier-neutral, non-discriminatory access. It will enter into interconnection agreements and offer access to any entity that is credit-worthy. It will lease only physical infrastructure and will not offer lit services. Allied Fiber thus has no financial incentive to discriminate against any carrier or entity. It has embraced the non-discrimination and interconnection obligations set forth in the NOFA, and has already posted these policies on its website.

The value and potential of the project to facilitate the deployment of affordable local and regional last and middle mile broadband networks is exemplified by Allied Fiber's partnership with LENOWISCO and the Powell Mountain Consortium. LENOWISCO is a division of the

State of Virginia established to promote economic development in Lee, Wise, and Scott counties and the City of Norton. In partnership with Sunset Digital, Inc., LENOWISCO has already begun to bring broadband to this region, connecting virtually all of the schools, health facilities and public safety agencies in Lee and Wise counties.

The Powell Mountain Consortium, of which LENOWISCO and Sunset Digital are members, is a coalition established to enhance broadband access in Southwestern Virginia and Eastern Tennessee. The coalition also includes Powell Valley Electrical Cooperative, Mountain Empire Older Citizens, the Lonesome Pine Regional Library system, Wise County Public Schools, CornerPost Software, Lee County Public Schools, the University of Virginia at Wise, Mountain Empire Community College, Wise County Sheriff's Department, Norton City Schools, Lee County Sheriff's Department, and the Wellmont Health System. Allied Fiber is an informal member.

LENOWISCO and the Powell Valley Electrical Cooperative are submitting applications for last mile and middle mile projects. The ability to access Allied Fiber's dark fiber is an integral component of those applications. With affordable access to the dark fiber, LENOWISCO intends to establish a high capacity transport network that is sophisticated enough to deliver and manage bandwidth at an almost infinite number of points and whose price is distance insensitive. The ability to splice into Allied Fiber's network every 3,000 feet makes this possible. LENOWISCO plans to offer 1 Gigabit last mile connection to all of the households in Wise and Lee counties, and to offer up to 10 Gigabit middle mile capacity at a fraction of the cost that the few existing transport providers offer.

The result, according to LENOWISCO, will be to enable small communities to offer the same access to high capacity data and telecommunications that the major urban centers can now provide. These communities will now be able effectively to compete for data centers, call centers and other businesses that need affordable access to the Internet and very high capacity network services. In addition, it will revitalize cottage industries, further spurring economic development in these rural communities. LENOWISCO firmly believes that these benefits are only made possible by access to dark fiber at affordable rates. Such access is dependent on Allied Fiber's network as there are no other suppliers of dark fiber available to LENOWISCO. The applications of Allied Fiber and LENOWISCO offer enormous synergies and are reflective of the type of last mile and middle mile partnerships that Allied Fiber intends to establish all along its national network.

The Network is a substantial construction project and it will, therefore, generate significant employment opportunities. Allied Fiber estimates that construction of the network alone will generate 5,300 direct and indirect jobs in the four states. These jobs will start almost immediately upon funding. Allied Fiber's construction schedule, certified by professional engineers from each of the four states, calls for completion within 20 months. The direct construction jobs created are only the beginning of the job-creating potential of the project. This increased economic opportunity that results from affordable, ready access to fiber of almost unlimited bandwidth is substantial. Because of this project, local providers like LENOWISCO/Sunset Digital can offer local businesses flat rate, distance insensitive prices for enormous capacity. Businesses will not have to pay more for bandwidth than they do in the

major cities, dramatically leveling the playing field and making rural communities along the route competitive with major urban centers.

As noted, the project is being built in phases. The cost of the network's first phase between Chicago, New York and Ashburn which is being privately funded is \$ [REDACTED]. Allied Fiber is seeking BIP or BTOP funds to build the Network (Phase II) from Ashburn to Miami, which will cost a total of \$188.7 million.

The cash flow expected to be generated by the first phase is insufficient to finance the remaining build-out of the Network. Based on meetings with numerous investors, the first segment of the route represents a stronger initial investment case given the demand from customers for the New York-Chicago-Ashburn corridor. The higher cost of completing the build down to Miami along with a much higher component of rural markets has resulted in investors' unwillingness to fund the build-out through their own capital and would rather wait for years until cash flow generated from the business can be used.

Management has a diverse background in the fiber optics and telecommunications industry with an impressive track record of creating value. The team possesses combined experience of over 50 years in the industry and expertise in starting and running a telecommunications business, building similar fiber optic networks, and physical layer carrier-neutral business models. The management team also has meaningful experience in the wireless tower industry.

Potential Sale

Private funding for the network is being provided by a private equity firm, Corinthian Capital Group, LLC. The Company may seek a return on its investment by selling Company or having the Company issue public stock. Any such transaction would be in conformity with the requirements set forth in the award documents and applicable rules and regulations. It is fully intended that the purchasers of the Company would continue to operate the network under the same open access terms and conditions.