

ITFS Expansion Cost Analysis

Category	Cost	Comments
Site Engineering	\$1,200,000	As described in body of proposal.
Receiver installations - 73 sites	\$29,200	73 sites at \$400 each.
Classroom intallation - 1,726	\$3,726,993	Assumes 1,726 classroom installls
Total ITFS Expansion Cost	\$4,956,193	

Note 1: The WinStar bid assumes that no special asbestos abatement procedures are required. In the event of the necessity of conducting installation under asbestos abatement standards, additional costs must be negotiated.

Note 2: Assuming availability of a suitable site and space on the tower. If new or amended ITFS application have to be filed the cost will rise by \$7000. If access to existing licensed channels must be negotiated the cost will rise by \$5000.

Note 3: Assuming normal installation and that each site is prewired so that only minor additional wiring will be required.

Note 4: The DCPS outline specifies 1726 classrooms, each with one wall mounted television receiver. The Network description lists 3718 classroom installs but does not specify the number of receivers in each room. Winstar's bid is based on the 1726 classroom number. If the larger number of classrooms (3718) is the specification, however, the cost would be

Total Phase 1 Proposal Summary Cost Analysis

Table 1: Monthly Recurring ATM WAN Cost Analysis

<i>Core/Access Bandwidth</i>	<i>Term of Contract in Years</i>	
	<i>5 Year</i>	<i>10 Year</i>
DS3 Links	\$1,336,800	\$1,239,600
OC3 Links	\$2,308,800	\$2,017,200

Table 2: Non- Recurring ATM WAN Cost Analysis

<i>Core/Access Bandwidth</i>	<i>Term of Contract in Years</i>	
	<i>5 Year</i>	<i>10 Year</i>
DS3 Links	\$0	\$0
OC3 Links	\$0	\$0

Table 3: Non- Recurring ITFS Expansion Cost Analysis

Category	Cost
Site Engineering	\$1,200,000
Receiver installations	\$29,200
Classroom intallations	\$3,726,993
Total ITFS Expansion Cost	\$4,956,193

Table 4: Internet Access Pricing 45 Mbps Port

Monthly Recurring Port Charge	18,500
Monthly Recurring Local Loop	1,200
Non-Recurring Installation	0
Monthly Recurring Total	19,700
Annual Recurring Total	\$236,400

Table 5: Local Telephony Savings Analysis

CURRENT PROVIDER AVERAGE ANNUAL COSTS	WINSTAR DISCOUNTS	ESTIMATED ANNUAL SAVINGS
\$3,400,000	20% 1YR	\$680,000
\$3,400,000	25% 2YR	\$850,000
\$3,400,000	30% 3YR	\$1,020,000

CONCLUSION: If E-rate ceases to exist, the local telephone savings without E-rate could fund a significant part of the annual ATM WAN costs, thus helping to ensure that that the children will always be first.

Affordability if E-rate Evaporates

For Phase 1 the ATM WAN will cost between \$1.3 and \$2.3 Million depending upon the bandwidth chosen to connect Core and Access sites to the backbone. The estimated annual savings on local phone service average \$0.8 Million, thus, if E-rate should cease to exist, the savings on local telephony alone are estimated to cover a significant portion of the ATM WAN costs. In addition, if the District were to scale back connectivity to a single DS3 per school, the savings would be even more significant.

WinStar Profile

For years, WinStar has helped large telecommunications companies expand their networks with low cost, high quality phone services. Congress passed the Telecommunications Act of 1996 in order to promote competition and bring more telecommunications options to all Americans. This law allows WinStar for the first time to take our unique package of services directly to you.

How is WinStar different?

CUSTOMER SATISFACTION: It's our passion. When you choose WinStar, you've chosen a whole team dedicated to your satisfaction. You can call any member of this team or contact your Customer Satisfaction Representative 24 hours a day, 7 days a week and reach real live human beings (NOT a recording!), who handle anything and everything with efficiency and grace.

FLEXIBILITY: Due to the recent deregulation of telecommunications, WinStar is among the first companies to offer you the choice of one or all of the phone, broadband and Internet services you need from ONE company. Local, long distance, broadband, Internet services, and more. The choice is yours.

RELIABILITY: Three words say it all: Clarity. Performance. Reliability. WinStar delivers all three with a 100% digital network that is fully interconnected with the other major service providers.

COST CONTROL: We recognize the need to prove ourselves to the District by providing consistent, easy-to-understand savings. This proposal demonstrates that by choosing WinStar DCPS will achieve a significant savings when compared to other service providers.

Who is WinStar – “The New Phone Company”?

WinStar Communications, Inc. is a publicly traded company with a recent market capitalization of over \$1 billion with cash reserves of over \$400 million. WinStar holds proprietary telecommunications service licenses to provide local and long distance telecommunications

services in 49 of the top 50 markets in the United States (serving over 185 million people), and has been recognized as one of the fastest growing companies in the telecommunications industry.

In addition to phone services, WinStar is among the largest providers of network access services for other phone companies, and our New Media division is a fast-growing developer of non-fiction content for television, radio, and Internet broadcasting. In total, WinStar is among the fastest growing companies in the United States and is uniquely positioned to provide solutions to our customer's needs both today and in the future!

WinStar Communications, Inc.

The parent company has been publicly traded on NASDAQ (Symbol: WCII) since 1990. There are three principal divisions:

WinStar Telecommunications, Inc.

Providing local, long distance, Internet services and more to small and medium size businesses. Over the next three years, WinStar Telecommunications will introduce its services in over 40 cities throughout the United States.

WinStar Wireless Inc.

A competitive access provider delivering service to long distance companies such as MCI, local phone companies such as Pacific Bell, and other new competitive local carriers such as American Communications Systems. WinStar Wireless is the nation's largest license holder of an FCC-authorized spectrum used to help phone companies build their networks. This gives WinStar a low-cost advantage which results in savings for all of our customers.

WinStar New Media

Develops and distributes information services and other non-fiction content such as Internet information as a complement to WinStar's telecommunications businesses.

WinStar Broadband Services

Provides broadband and Internet access services nationwide. WinStar GoodNet is a first tier ATM based Internet provider.

WinStar for Education

A national provider of award winning Internet based educational software and content. WinStar for Education provides the tools and content that help educators to successfully integrate technology into the curriculum.

WinStar Executives

Looking for Industry Experience?

To build a customer-focused company dedicated to meeting the needs of business, we have assembled a team of key players who are not only experienced in business, but also passionate about bringing the District's Schools a whole new level of phone service.

William J. Rouhana Jr.

- **Founder and Chairman of the Board of WinStar Communications, Inc.**
- **Principal stockholder of WinStar Communications since 1984.**

Nate Kantor

- **President and COO of WinStar Communications, Inc.**
- **Founder and President of MCI International**
- **18 Years at MCI**
- **President of the ITC Group specializing in the development of emerging competitive telecommunications companies**

David Schmieg

- **President and COO of WinStar Telecommunications, Inc.**
- **President of Sprint's largest business unit until 1995**
- **25 years of telecommunications experience including AT&T and Southwestern Bell**

David Ackerman

- **Executive Vice President of WinStar Communications, Inc.**
- **Senior Management at MCI in Product Management and Systems Planning**
- **22 years of telecommunications experience**

Gary Markovits

- Vice President of WinStar for Education
- Senior Management at IBM, World Program Manager of Invention, Innovation and Intellectual Property
- 17 years of experience in computer and semiconductor industry

and More ...

- 29 Vice Presidents averaging 22 years of telecommunications experience
- 22 Directors averaging 17 years telecommunications experience
- Over 2,000 employees and doubling every year

My WinStar Team

When WinStar talks about customer satisfaction, what do they mean?

At WinStar, Customer Satisfaction is our priority. We dedicate a personalized team to your account to ensure that we deliver to you and your business the highest level of service seen in this or any industry.

DCPS Team

Senior National Account Manager: Doug Waiters 888-216-7380

Field Operations Manager: Gerri Townsend 202-969-9831

Senior Engineer: Darlene Hayden 202-969-9825

WinStar is also committed to superior customer service and reliability. That's why you can always reach your WinStar **Customer Satisfaction Representative** by dialing 1-888-961-8800. You'll get a real live person who can answer your questions or address any concerns, 24 hours a day, 7 days a week. And unlike other phone companies, we don't make it our top priority to get you off the phone quickly. At WinStar, our only priority is your total satisfaction.

WinStar Customers

Who is using WinStar today?

Our customers come from all sorts of industries, but they do have several things in common.

- They are companies and organizations that depend upon telecommunications to stay in business.
- They are led by people who recognize value.
- They know that what has traditionally passed for service in the phone business won't help them stay competitive in the future.

Here's a small sample of the kinds of companies who have given WinStar the opportunity to show how different a phone company can be:

Washington DC Office:

- USA Today
- American University
- Barnes, Morris, Pardoe & Foster
- Peebles Atlantic Development Corporation
- National Association of Life Underwriters
- NFK Engineering
- Insty-Prints, Inc.

New York City Office:

- Wall Street Journal
- Dow Jones
- NY Mets
- 800 Reach Me
- Ann Klein
- J.Crew
- The New York Mercantile Exchange
- Chock Full of Nuts

- SRS Hotels
- The United Nations

Atlanta Office:

- ComStar
- T&T Communications
- Pro-Graphics
- Cella Associates
- Country Fed Meats

What do they think so far?

A sampling of some of the accolades we've received from our customers recently:

"WinStar worked their way through with other providers and really make the whole installation seamless to us."

"Everything was up and running without a hitch."

"They gave us great service...in fact more service than we were getting from our other provider, for a much better price."

"I would truly say that WinStar is passionate about customer service."

"They are very efficient; so they don't waste a lot of your time, you get answers to your questions and if something arises, you know they are there."

"They were always responsive, always got back to us."

"They are very personable, easy to talk to, easy to deal with, and very knowledgeable."

"They always follow up and make sure that the customer is properly served and we found that to be true 100% of the time."

"At this time, I don't think there is anything WinStar can really do to improve their business."

"WinStar's most outstanding characteristic is service service service....I think they invented it!"



Appendix A: ITFS Expansion E-rate Fundable Estimates

Winstar's proposal includes responsibility for installation and maintenance of an expanded ITFS system for DCPS. Winstar will perform line-of-sight survey and install all necessary headend transmitters and related equipment, modulators/demodulators, scramblers, waveguides, antennas and antenna lines. We will procure tower leases and do the requisite engineering and site preparation. Receiving equipment, including receivers and set-top boxes will be installed at 73 locations. Each of 1726 classrooms (located, in varying numbers, at the 73 designated locations) will be fitted with one wall-mounted 27-inch television set. Classroom hookups will be completed from existing distribution wiring, including all necessary hardware.¹ Winstar will also be responsible for maintenance, including emergency restoral of service, for one year from complete installation. Winstar will assist DCPS with respect to any warranty repairs which become necessary for purchased equipment but cannot independently warrant that electronics will work as advertised by manufacturers.

The proposal assumes that the DCPS has a license for, or has leased the rights to, a total of 20 ITFS channels which are available under applicable FCC regulations for the intended purpose. Winstar will not be responsible for any contractual limitations which exist with respect to the use of the ITFS channels. If it is necessary to apply for ITFS authorizations Winstar will undertake to do so at additional cost, as set forth on the next page. The proposal assumes a suitable tower site is available from which all 73 receive sites can be served. While Winstar anticipates this will be the case, it cannot guarantee it

¹ The WinStar bid assumes that no special asbestos abatement procedures are required. In the event of the necessity of conducting installation under asbestos abatement standards, additional costs must be negotiated.

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at this time. The proposal does not include any costs associated with bringing signals to the transmitter site; these will be the responsibility of DCPS.

Costs:

1	Total equipment site engineering, as described above: ²	\$1,200,000
		(E-RATE APPLICABLE: YES)
2.	Receiver installations: 73 sites at \$400 each: ³	29,200
		(E-RATE APPLICABLE: YES)
3.	Classroom installation (27-inch JVC/Panasonic TVs, wall mounted utilizing Brentford DSML27R-BK security lock mounts, plus associated wiring and hardware): 1726 classrooms at \$2,159.32 each: ⁴	3,726,993
		(E-RATE APPLICABLE: NO)

	Total	\$4,956,193

All the foregoing costs are for installation of an analogue system. If DCPS prefers a digital system the costs for items 1 and 2 would be approximately 35% higher.

² Assuming availability of a suitable site and space on the tower. If new or amended ITFS application have to be filed the cost will rise by \$7000. If access to existing licensed channels must be negotiated the cost will rise by \$5000.

³ Assuming normal installation and that each site is prewired so that only minor additional wiring will be required.

⁴ The DCPS outline specifies 1726 classrooms, each with one wall mounted television receiver. The Network description lists 3718 classroom installs but does not specify the number of receivers in each room. Winstar's bid is based on the 1726 classroom number. If the larger number of classrooms (3718) is the specification, however, the cost would be proportionately higher.



Appendix B: End-of-Term Pricing Estimates

In the event that District of Columbia Public Schools should enter into, and fulfill, a ten year contract with WinStar Communications, Inc., for the proposed ATM WAM, at the end of the ten year term, WinStar will significantly reduce the monthly recurring charges for both the Wireless FiberSM service DS3 and OC3 lines that have been in use for the full ten year term. The reduced price is described in the table below.

	DS3 10 Year	OC3 10 Year
Initial Term	\$1,200	\$3,600
Renewal Term	\$500	\$1,500

Renewal Term is for a subsequent three-year period. All prices are on a per unit basis, i.e. per DS3 or per OC3 service Wireless FiberSM service.

Appendix C: Fractional DS3 Pricing

For a 9 Mbps fractional DS3 Internet port the monthly recurring charge is \$7,040. As before, this assumes a five-year term.

Appendix D: Rotary Dial Phone Sets

The WinStar phone service can use rotary dial phone sets.



Appendix E: WinStar Billing Options

Although WinStar recommends that the District of Columbia Public Schools takes Advantage of its telecommunications audit program in order to determine the most complete full accounting of telephone lines and usage in the DC schools, the following billing options are available:

- **Standard**
 - aggregate MRC's
 - aggregate message rate pricing
 - ANI specific long distance usage

- **Customized**
 - Floppy disk
 - Magnetic tape
 - ANI specific local/long distance
 - Accounting codes (long distance only)

- **Other Services**
 - Initial invoice review/cost justification
 - Quarterly review and account assessment
 - Designated single point of contact/directed account management team