

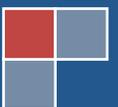
2014

Granite Telecommunications, LLC

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GRANITE BACKGROUND

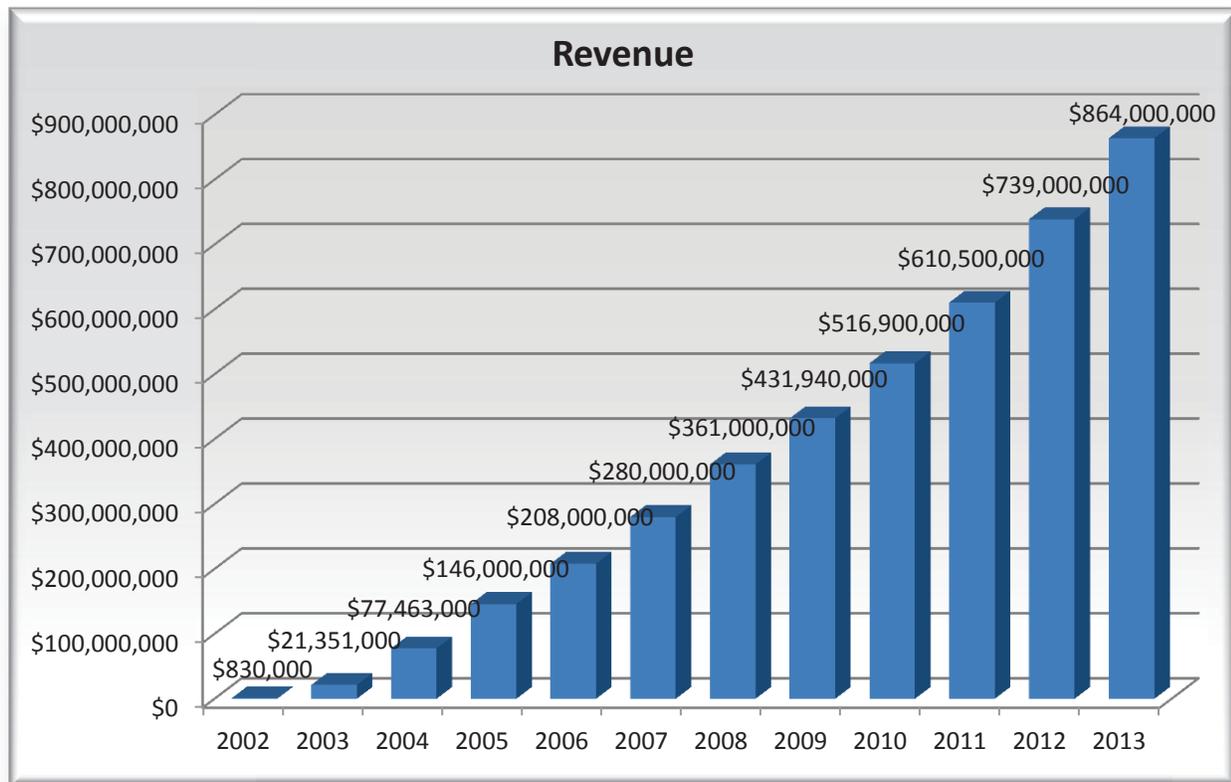
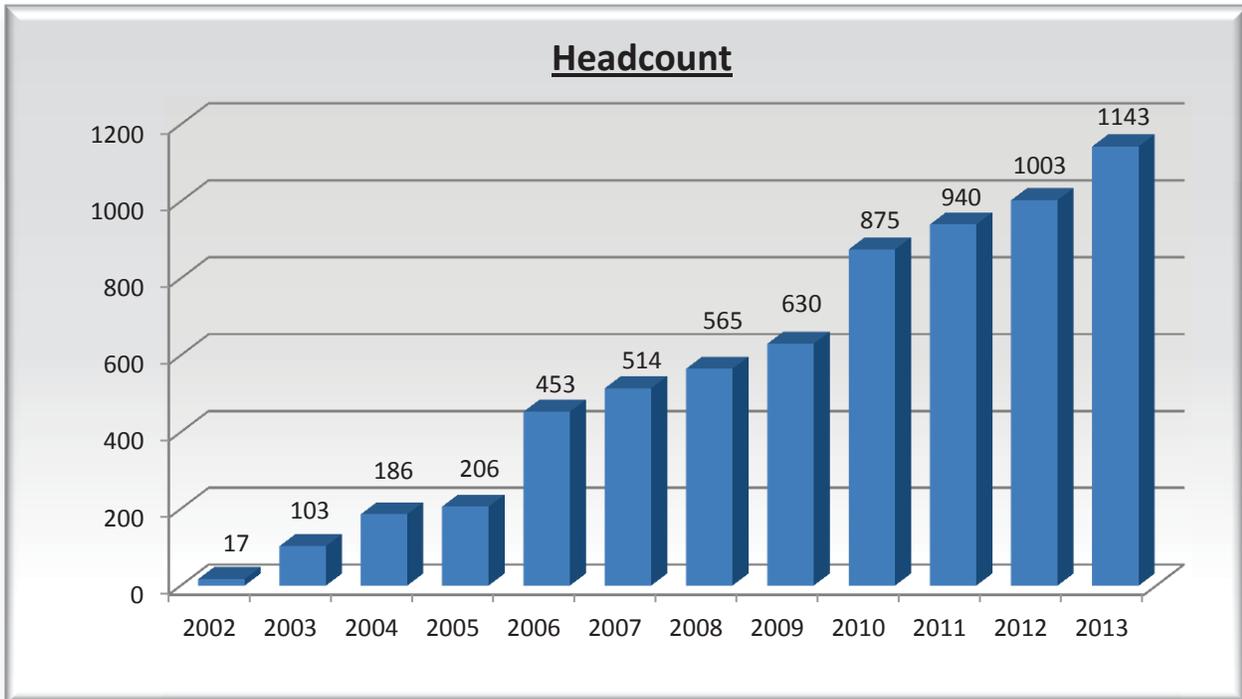
1.1 Who is Granite?

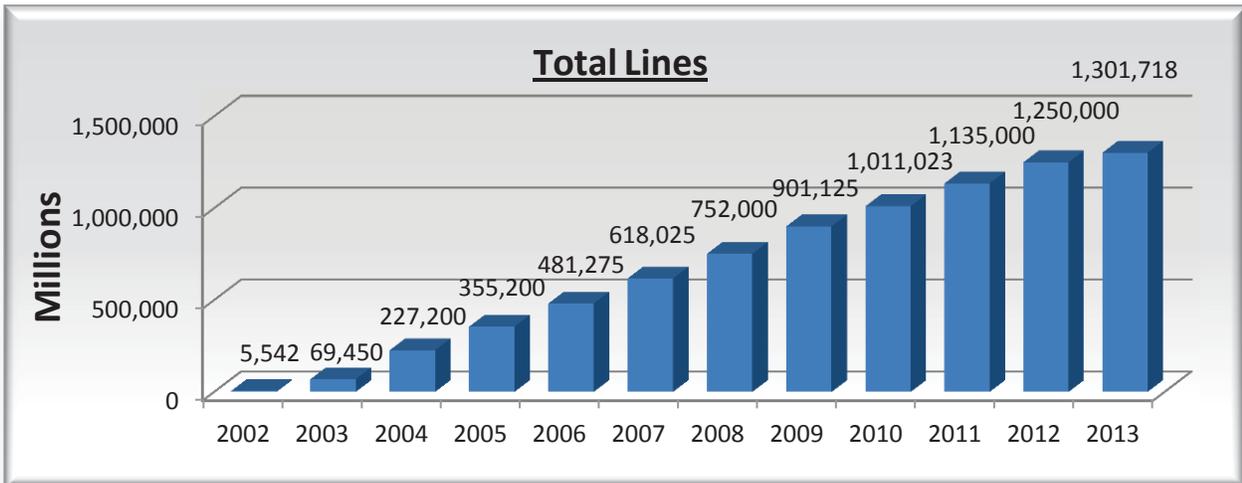
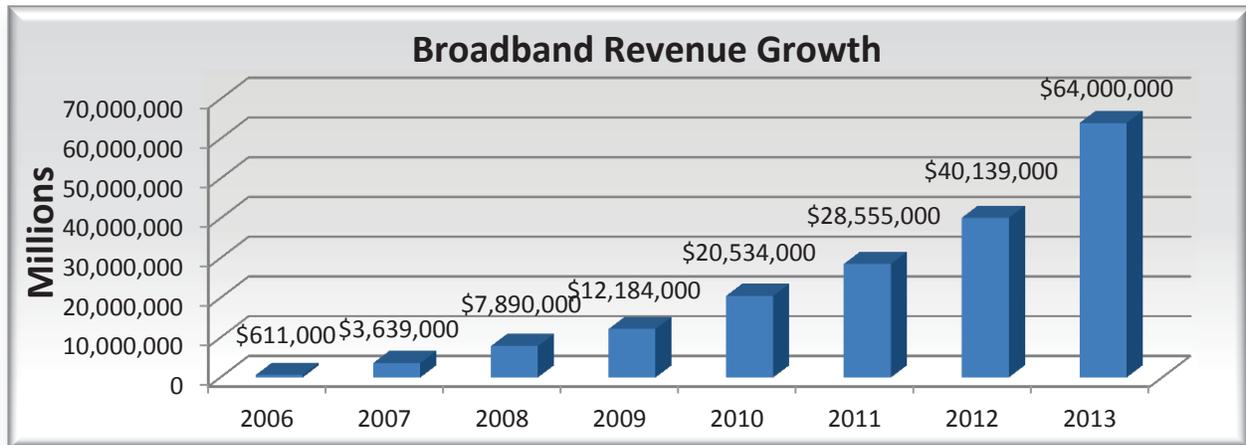
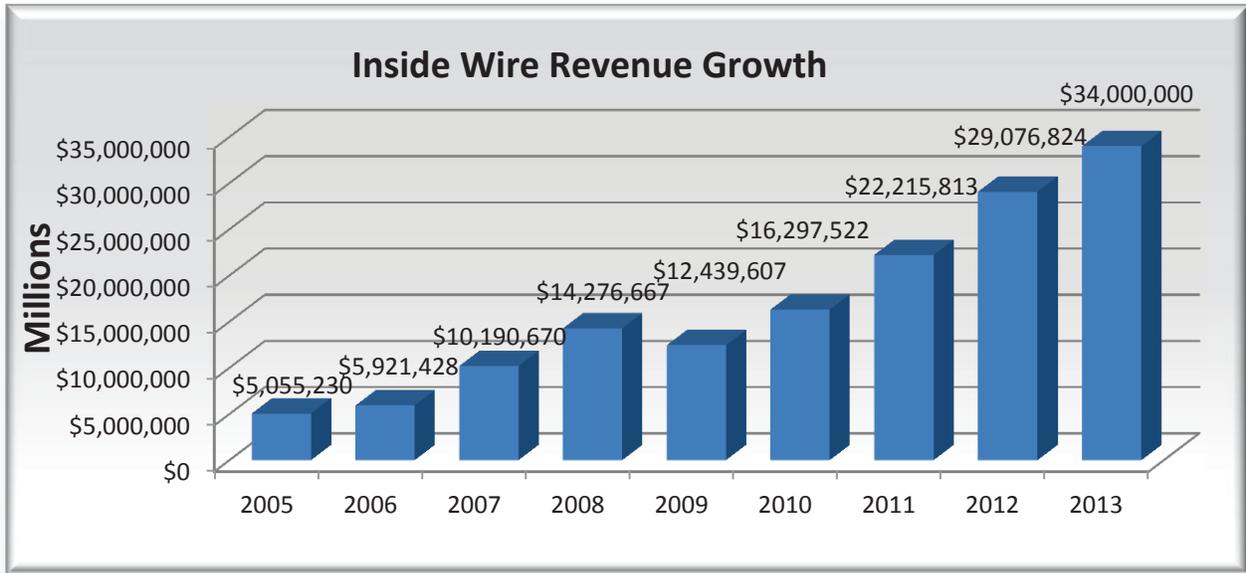
- Communications management company for businesses
 - Serves more than 13,500 multi-site businesses nationwide at over 240,000 locations
 - No residential services
- For over a decade, Granite has experienced explosive growth; 2013 annual revenue exceeded \$865 million and project to exceed \$1 billion in 2014
- Granite manages more than 1,300,000 business phone lines (POTS), 68,000 Broadband lines, and 10,000 T-1s
- Granite is a private company with headquarters in Boston, MA and offices throughout America Purchased corporate-owned campus, exceeds 300,000 square feet of office space
- Over 1,100 employees and nationwide network of over 8,000 wire and cabling contractors
- Granite's tremendous growth is matched by its client retention; both are industry leading
- Industry leading web tools with unique reporting that is customizable to customer's needs

1.2 Recognition

<p>Ernst and Young <i>Entrepreneur of the Year</i> (2010)</p>	
<p>BBJ <i>Top 20 Charitable Contributor of the Year in Massachusetts</i> (2009, 2010, 2011, 2012)</p>	
<p>Inc. 500/5000 <i>Top 10 in Revenue/ Fastest Growing Private Companies</i> (2007, 2008, 2009, 2010, 2011, 2012)</p>	
<p>BBJ <i>Top 20 in Revenue with Private Companies in Massachusetts</i> (2009, 2010, 2011, 2012)</p>	
<p>BBJ <i>Top 20 Fastest Growing Private Companies in Massachusetts</i> (2006, 2007, 2008, 2009, 2010, 2011, 2012)</p>	
<p>USPS <i>Supplier Excellence Award</i> (2011)</p>	
<p>BBJ <i>Top 3 Most Healthiest Employers</i> (2012)</p>	
<p>CTEMS <i>#1 Wireline Supplier in the US</i> (2012)</p>	

1.3 Granite Since 2002





NATIONAL PRODUCTS & SERVICE

Products

- Voice: Local, long distance, SIP and dedicated lines
- Broadband & Data: DSL and other broadband products (T-1s, Ethernet) with speeds from 1.5 Mbps through gigabit ethernet
- Inside wire support: new builds, remodels, roll outs, and voice systems
- Alarm monitoring service: fire and burglar
- Own VoIP and MPLS networks

Service

- Granite consolidates services from across the US and Canada on multiple ILEC / ITOC footprints
- Single customized bill file, compatible with Oracle, JP Edwards, SAP and many others
- Single National Account Team with single point of contact for entire country
- Single National Account Rates

2.1 North American Voice Consolidation

- North American consolidation of support and savings
- Customers include 18 of top 20 US retail companies and two thirds of Fortune 100
- Electronically bonded to 14 of the largest local carriers

2.2 Structured Cabling and Systems

- Structured Cabling Installations: Design and installation of voice, data and video cabling for business customers nationwide
- Partners - Avaya, Nortel, Samsung, Talk Switch, Leviton, Mohawk, Cisco, Shoretel, Systimax, and Novar

2.3 Broadband Solutions

- Nationwide Broadband Service (68,000 lines managed)
- Broadband, cable, wireless and satellite
- One point of contact for ordering provisioning and management
- Scalable solutions
- 24/7/365 Broadband support
- Single consolidated invoice

2.4 High Capacity Data Services

- Speeds from 1.5 Mbps through Gigabit Ethernet
- Ethernet over Copper (EoC)
- Flexibility to Scale Bandwidth
- Integrated T1's
- VoIP – SIP-Trunking
- Mesh MPLS
- Private IP Network
- Cloud Hosted IP PBX
- Data Aggregation Unit (DAU). WAN virtualization technology that combines multiple connections from multiple providers to deliver maximum uptime and higher QoS than other competitively priced products

IMPACT OF TRIALS ON GRANITE CUSTOMERS

3.1 Customer Description

- Multi state business spanning multiple ILEC footprints
- Granite primarily serves locations with 3 to 15 POTS lines & 1 DSL or other low bandwidth broadband connection (i.e., retail locations)
- Customers' profile / requirements are similar to single location small businesses, though most of Granite's customers operate nationally
- Granite's customers value
 - Excellent service quality, reliable products
 - National coverage
 - Cost savings for required functionality
 - Responsive customer support
 - Choice of suppliers / products / services
- Alternatives to wireline?
 - Wireless
 - Coverage, service quality, reliability
 - Support essential business products, such as fax lines, elevators, alarm lines that businesses receive from Granite and other competitive carriers?
 - Technical requirements? Hunt for lines, blocking, etc.
 - Existing mobile phone service not an option for retail businesses
 - Cable
 - Cable footprint was not built out to serve businesses
 - Prohibitively costly to install cable, especially at hundreds or thousands of sites
 - Even when cable "passes by" business, it may cost thousands to build out service

- Business market is fundamentally different than residential market
 - Business customers rely on sophisticated features not offered by residential offering (e.g., call hunting, message waiting, failover, Centrex features).
 - Business customers generally rely on more dedicated customer support / larger back offices.
 - Requirements for segment of business marketplace that Granite serves may not economically justify CLEC fiber construction
 - Call quality and reliability is of paramount concern
 - FCC has recognized differences in other proceedings, including the *Qwest Phoenix Forbearance Order*.

3.2 **Risks to Business Customers from Regulatory Proposals**

- ILECs have the only last mile connection at many customer locations
- Competitors are dependent on reasonably priced last mile connections to provide underlying services
- At most locations, competitors need access to bottleneck last mile connections regardless of underlying technology
- Without those connections at locations where the ILEC controls the only last mile connection, competition and national one-stop shopping would be eliminated and customer service and savings would be jeopardized
- Competitors' access to last mile connections will reduce prices, increase investment and jobs and will speed broadband expansion
- Rules encourage innovation and new technology

3.3 Ground Rules for Trials

- Retail customers should be able to retain the functional equivalent of the present service at its current price, regardless of the underlying technology used.
- Retail customers should continue to have choice of service providers
 - Competitors using wholesale inputs obtained from ILECs should continue to have wholesale access to underlying facilities or their functional equivalent on rates, terms and conditions similar current access, regardless of the transmission medium.
- Fair selection process of trial sites
 - Not dictated exclusively by ILEC
 - Sites that are representative of broader ILEC territory in terms of geography, climate conditions, population density, mix of residential and businesses, mix of incumbent and competitive providers
 - Duration long enough that trial can be predictive of how technology works during all four seasons of the year and under infrequent conditions, such as weather events and power outages
- Customers should not be required to purchase additional CPE to maintain functionality
- Establish criteria for evaluating trials
 - Set benchmarks that include: customer experience, service quality, public safety, preserves or increases competition, increases broadband availability and penetration, reliable model for implementing future technology / regulatory transition
- Trials should preserve and encourage competition.