

Axia Fiber to the Premise Model for Western Massachusetts

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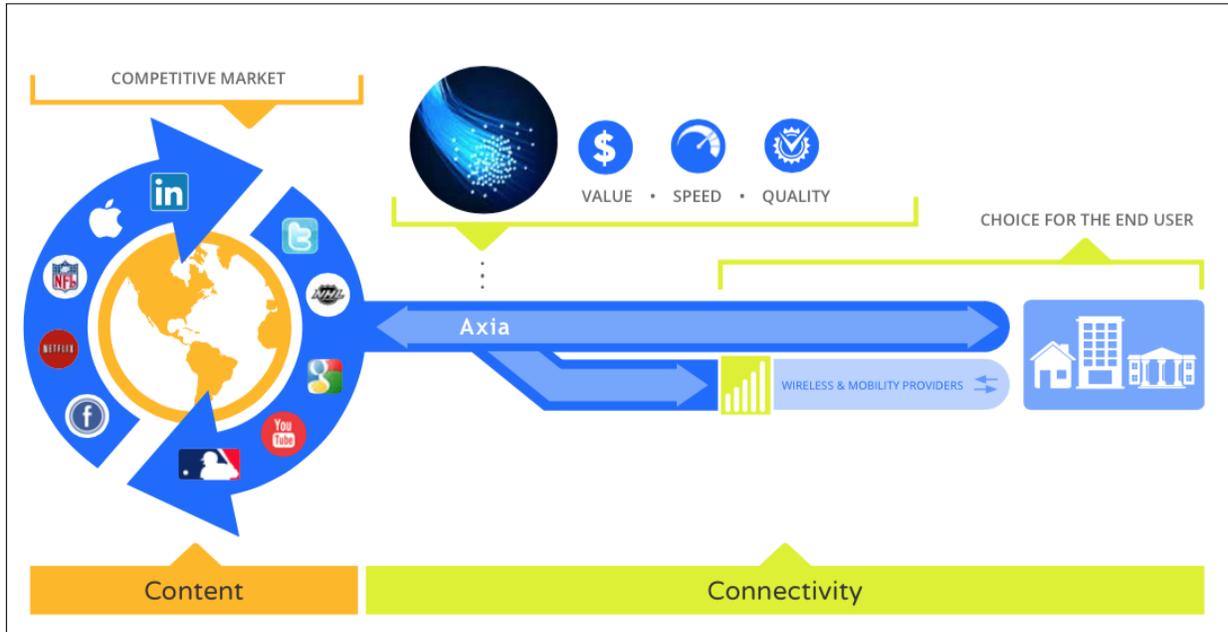


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1 Background

Axia is a leader in providing high performing connectivity services across all customer bases. Axia's unique business model underpins competition while augmenting choice for customers. The following illustration depicts the Axia value chain:



2 The Sustainable Fiber to the Premise Solution

Customers want the capability to choose the content and connectivity services that uniquely fit the needs of their family and business. With Axia's approach, the end customer benefits with unencumbered access to both global content and Cableco/Telco bundles if they so choose. The solution is sustainable with the best in class end-to-end fiber design, providing a dedicated fiber to each customer.

Axia's unique approach is to build the Fiber-To-The-Premise (FTTP) infrastructure in a community and then either offer unbundled world-class internet service directly to homeowners or alternatively, we offer wholesale access to individual fiber strands to other providers so that a homeowner can have the provider of their choice. By applying Axia's business model it provides a single comprehensive fiber grid offering globally competitive Web Services and the traditional bundlers competing for customers (i.e. Comcast, DirecTV, Verizon and Dish).

If a community selects the traditional route where the bundling provider must own its infrastructure, the result is one provider with compromised access to Web Services and other bundlers content. If multiple providers enter the market, network costs are duplicated and ultimately passed on to the end user.

Axia's key facets of success in offering FTTP services are based on sustainable investment and customer experience.

Sustainable Investment:

- Leading industry cost structure for fiber and electronics investments in any community deployment.
- Efficient installation of distribution fiber and organized program oriented drops to customers within the selected communities upon ordering a service.
- Scalable platform that allows Axia to grow in bandwidth and sophistication of services over the short, medium and long term.
- Highly reliable network design with targeted and streamlined management capabilities to ensure network availability and performance.

Customer Experience:

- Service offerings that provide substantially more value for equivalent rates available in the market today paid by Internet customers.
- Provide Internet services as part of the core offering and allow customers to purchase additional value added services from Axia's ecosystem, providing the benefit of choice and ease of purchasing decisions.
- Intuitive and simple online experience, allowing customers to intuitively review their bills, acquire new services and easily pay with credit card..

3 Axia's Services

Axia's service model provides the ultimate flexibility in local access fiber infrastructure, ensuring powerful competition and ultimately choice for end customers.

Axia's service portfolio is comprised of two elements:

Internet Service

All of Axia's Internet Services have symmetrical dedicated bandwidth, are Wi-Fi enabled, have no usage fees, and are comprehensively managed from the Gateway Service all the way to the premise. Axia's Business Internet services provide more proactive management as well as router flexibility for the extension of Wi-Fi in a business setting.

- Axia's Residential Internet Services Monthly Rates (2 Year Term):
 - 100 Mbps Service: \$49
 - 1 Gbps Service: \$69
- Axia's Business Internet Services Monthly Rates (2 Year Term)
 - 50 Mbps: \$99
 - 100 Mbps: \$199
 - 1 Gbps: \$299

As part of Axia's Internet services, any IP provider (VoIP, IPTV, MoIP, Cloud) can interconnect with Axia's network to provide their suite of services directly to the end customer at no additional cost from Axia.

Fiber Access Service – Dark Fiber Option for Third-Party Wholesale Providers

A distinct and differentiating feature of Axia's approach to building FTTP networks is that we allow third-party wholesale access to the fiber in our networks. Whereas most Telco and Cableco providers have yet to convert their networks to Internet Protocol (IP) standards and want more overall control of the network to limit the offer of Voice, Video and Data bundles to their own offerings, Axia offers wholesale access to its fiber grid so that these Telco and Cableco companies can provide their services and content over our fibre network. To facilitate the ease of service deployment for the sale of third-party bundles over Axia's network, Axia would provide a wholesale fiber access service.

Details of Axia's wholesale fiber access service are as follows:

- A single strand of fiber from the customer premise to the aggregation point (MBI Network)
- The service is available on an individual customer basis.
- Axia will provide regularly scheduled and break/fix maintenance.
- One time cost (\$500) to the Service Provider for Axia to perform the initial fiber drop from the distribution fibre to the end customer.
- One time change/modification fee (\$25) in the event the end customer selects a different provider, following their initial install.
- \$30 Monthly fiber access fee to the Service Provider for the period of time the end customer purchases their service.

The combination of Axia's Internet Service and Fiber Access service provides the ultimate in choice and value for the marketplace. Early adopters and the early majority will purchase the Internet Service, while the late majority and late adopters will likely pursue the traditional bundle, moving to the Internet Service over time as more content continues to be available online.

4 Axia's Solution for Western Massachusetts Un-Served Communities

Axia's methodology for Fiber-to-the-Premise is to cover the community with a distribution "fiber grid" providing access to the network for any customer within 100 meters of the distribution fiber. Once the distribution fiber is complete, Axia performs "drops" to the premise of any customer that orders Axia's Services.

4.1 Axia's Role

As part of the solution for any Massachusetts community Axia provide the following:

Design

- Select the coverage zone (in collaboration with the community) to ensure each customer has access to the network within that zone.
- Design the distribution fiber grid; ensuring home run fiber capacity is available for 100% of the coverage zone. The distribution fiber would home run to the MBI demarcation in each community, to ensure optimal performance of services and sustainability.

Capital Investment

- Invest up front capital of \$600 per premise for the distribution fiber, providing quality assurance and comprehensive testing to ensure all required specifications are met.
- Invest in and install electronics to make the distribution fiber available for service.
- Invest in and install "fiber drops" and a customer device to each premise when a customer orders a service.
- Purchase backhaul services on MB123 to enable FTTP services.

Ongoing Network Management and Services

- Provide affordable world-class internet services directly to home owners and businesses on the network.
- Provide wholesale fibre access services to other carriers and service providers.
- Customer support for all service and transactional elements of the service.
- Management of all network elements (break fix, regular maintenance, network monitoring, capacity management) on a 24/7/365 with Axia's expert NOC and support experts.

4.2 Possible MassTech Participation

Axia is proposing to MassTech that they continue with their plans to facilitate FTTP networks throughout Western Massachusetts, but that they allow communities to bring forward individual or joint plans that allow the communities to engage other third-party partners such as Axia to facilitate the creation of FTTP networks in their communities. MassTech would provide the following benefits across Western Massachusetts by going down this path:

- Provides an open access distribution fibre platform, leaving the drop costs to be funded by the customer and the provider who has won the service.
- Harnessing private expertise and capital ensuring the appropriate incentive structure and sustainability.
- Clean and direct funding flow, enhancing community value and ensuring market responsiveness.
- Accelerated comprehensive rollout across 40 communities in contrast with a single monolithic rollout approach.
- Drives immediate value on the MB123 network in the form of backhaul services and FTTP viability..
- Delivers an implementation that is consistent with the open access level playing field policy adopted for the middle-mile network.

4.3 The Community's Role

In conjunction with Axia's investment in the FTTP network, the community would:

- Underwrite the remaining capital necessary (after Axia's investment and any possible MassTech funding participation) to build the distribution fiber based on Axia's design and the agreed to coverage zone for the initiative.
- Create a valuable community infrastructure asset and maintain ownership of the distribution fibre network for the useful life of the fiber.

- Provide an IRU to Axia for the useful life of the fiber (e.g. 20 years with a 20 year renewable option) ensuring unencumbered use of the distribution fiber for all commercial activities relating to Axia's services.
- Ensure that critical broadband services are available to residents and businesses in the community at better prices than those available in most metro markets.

This model allows the community to benefit from Axia's investment, global experience in FTTP and a service platform that provides commercial viability to any entity wanting to flexibly provide high value services to customers. In exchange for the community funding to cover the remaining distribution fibre they improve their balance sheet and are able to grow the attractiveness of their economy.

5 Advantages of the Axia Approach

In summary, Axia's approach to building FTTP networks in Western Massachusetts offers the following key benefits:

- Creates critical communications infrastructure within the community while allowing the community to maintain ownership of this strategic asset.
- Leverages Axia's private sector investment and expertise to create an FTTP network in Western Massachusetts' communities.
- Delivers the ultimate in choice to residents and businesses by offering world-class broadband services direct from Axia or wholesale access to other providers and carriers to provide their own service bundles if they so choose.
- Does not require communities to underwrite or financially support the ongoing operation or maintenance of the network.
- Fully leverages the Commonwealth's investment in creating last-mile broadband solutions in under-served communities through Western Massachusetts.