



Electric Lightwave: Transformation Reaches Critical Mass

August 2016

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OVERVIEW

- + Over the last 20 years, Integra has been a market leader in providing data and voice services to business customers throughout the Pacific Northwest
 - + Central to our mission is being customer-centric and using our fiber networks and talented employee base to differentiate Integra
- + There has been significant industry change since Integra's founding and the company has needed to evolve
 - + Electric Lightwave ("Electric Lightwave" or "EL"), which represents ~ 2/3 of company revenues, focuses on serving large enterprises, public institutions, carriers and webscale businesses where Integra's dense fiber networks and unique fiber routes serve as the company's "right to win"
 - + Integra, which has grown from the company's origins as a smart-build , SME-focused communications services provider, serves small- and medium-sized businesses where customer service and application integration are becoming important components to defend against price commoditization
- + Recognizing that the value proposition and what is required to "win" are increasingly diverging between Electric Lightwave and Integra, the company is separating the businesses
- + Electric Lightwave will be the premier fiber operator in the western United States
- + Integra, which remains a large, profitable business, will flourish as a standalone business with dedicated resources and its own strategic direction and focus



T I M E L I N E

- + 1996 – Integra Telecom founded and builds one of the most successful smart-build CLECs in the industry, focused on SME customers in the Pacific Northwest and Minnesota
- + 2006 - Integra acquires Electric Lightwave from Citizens Communications; utilizes robust fiber network largely for carrier business and to lower transport costs
- + 2007 – Integra acquires publicly-traded Eschelon Telecom, a SME-focused CLEC with overlapping footprint, effectively doubling size of the company
- + 2010 – Up-market strategic shift begins with overhaul of product portfolio and targeted sales focus, although SME-based sales activity continues
- + Late 2014 / Early 2015 – Bob Guth inserted as Interim CEO and transforms go-to-market strategy, including the creation of Electric Lightwave sales channel focusing on fiber-based solutions for enterprises and carriers
- + August 2015 - Appointment of tw telecom and Level 3 veteran Marc Willency as CEO
- + October 2015 - Acquisition of opticAccess substantially enhances Bay Area and West Coast footprint
- + August 2016 – Separation transaction establishes Electric Lightwave as a standalone fiber pure-play

SEPARATION

Electric Lightwave :

- + Enterprise/carrier-focused, pure-play fiber provider
- + Approximately 5,450 high-end customers and network assets within 8-state long-haul and metro fiber footprint
 - More than 8,000 long-haul and over 4,000 metro fiber miles
 - Customers generate >\$1,000 monthly recurring revenue (“MRR”) with Electric Lightwave and/or represent high growth potential accounts (based on assessment of size, industry vertical, telecom spend, etc.)
 - July 2017 EL ARPU = approximately \$4,750

Integra :

- + SME-focused communications services provider and Scott-Rice ILEC business
- + Competitive and incumbent network infrastructure in Minnesota, North Dakota and Colorado
- + Integra will serve customers in MN/ND/CO, and small- and medium-sized business customers in Electric Lightwave’s markets through arms-length wholesale arrangements

SEPARATION

- + Separation involves employees, customers and presently fully shared network and support infrastructure
- + Approximately 83% and 17% of employees will be EL and Integra dedicated, respectively
- + In connection with separation transaction and consistent with strategic focus of the company, parent corporate entity will be renamed Electric Lightwave

Intracompany arrangements:

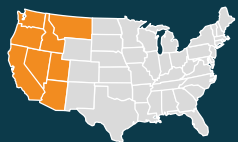
- + Integra will leverage certain centralized corporate functions (e.g., finance / accounting, legal, HR, technology) at Electric Lightwave
- + Wholesale network sharing arrangements for multi-location customers with locations in both Integra and EL footprints as well as for Integra SME customers in EL footprint

ELECTRIC LIGHTWAVE



12,000+ ROUTE MILES
with over 400,000 fiber miles

\$429 **MILLION**
Run Rate Revenue



8 STATE FOOTPRINT with major
metros connected by >8,000 route
mile long-haul fiber network

\$134 **MILLION**
Run Rate EBITDA



23 METRO MARKETS, including
6 of the top 25, served by >4,000
route mile metro fiber network

5,450 **CUSTOMERS**
across key growth segments



3,000+ ON-NET BUILDINGS
plus >125 on-net wireless towers
and >100 connected data centers

\$4,750 **ARPU**
driven by high-value clients

\$400+ **MILLION** Incremental
addressable market opportunity
(MRR) in fiber footprint

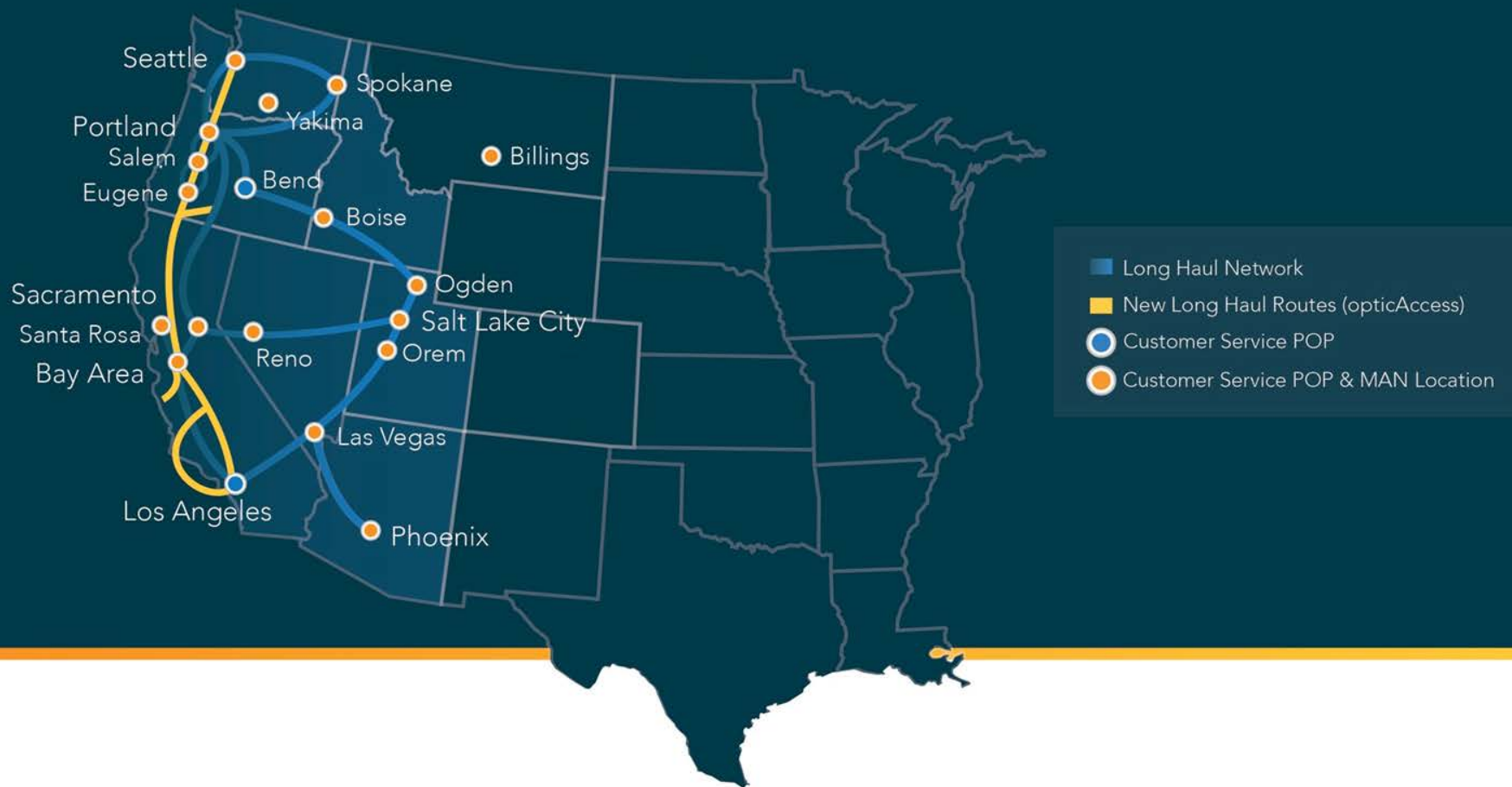


MULTI-LOCATION CUSTOMERS
generate over 85% of enterprise
MRR and 91% of total EL MRR

**Electric Lightwave is the largest and premier regional
fiber provider in the *western* U.S.**

INTELLIGENT INFRASTRUCTURE

ELECTRIC LIGHTWAVE delivers tailored solutions for all your data, business continuity and security needs.



THE LARGEST
regional fiber-based
provider in the West

8,000+ ROUTE MILES
of long haul fiber

4,000+ ROUTE MILES
of metro
network fiber

100+ DATA CENTERS
on our fiber;
3200+ Buildings

INTELLIGENCE
is in our DNA;
Choice-based network
architecture

OPTIC ACCESS

With the acquisition of opticAccess in October, Electric Lightwave almost doubled its fiber routes across the west. With the enablement of the opticAccess routes in the Bay area, it also established San Francisco as one of Electric Lightwave's largest sales markets.

A 40% INCREASE IN AVAILABLE ROUTE MILES

100+ DATA CENTERS NOW ON NET

**DENSE FIBER FOOTPRINTS IN THE
BAY AREA AND LOS ANGELES**

**DIVERSE, LOW LATENT, WEST COAST
ROUTE BETWEEN SEATTLE AND LA**

UNIQUE INTRASTATE CALIFORNIA ROUTES

STRONG WEST COAST SUBMARINE CABLE BACKHAUL CAPABILITY



SUBWAY MAP

The network infrastructure your business demands

LONGHAUL WAVE SYSTEM



Rev 22 • June 2016



Technology won't
be a barrier but
rather an enabler;
an intelligent
network that scales
with your business.

UNRIVALED NETWORK

We combine our uniquely dense and diverse fiber network with a full range of customized solutions. We have a culture of network development and a desire to invest in support of our customers needs.

DIFFERENTIATED SUPPORT MODEL

Our enhanced customer service provides you with a highly responsive, dedicated local account team that knows your business.

ENTERPRISE GRADE SOLUTIONS

We understand that every enterprise is unique. That's why our experts partner with each customer to build highly customized solutions that solve your most challenging technical needs.

ADAPTIVE ARCHITECTURE

We engineer our network architecture for **outstanding resiliency** with redundant routers (dual core and dual aggregation) to **reduce downtime**, standardize service delivery and **avoid traffic interruption** for upgrades.



NETWORK FEATURES

- Ubiquitous Ethernet Access
- Dedicated Virtual Circuits
- Redundant Router Design
- Inherent Failover

CUSTOMER BENEFITS

- Customized Network Planning
- Increased Reliability
- Improved Scalability
- Advanced Security

A regional network you can rely on.

CALIFORNIA



DIVERSE

Unique routes south from Bay Area to LA, north to Portland east to Sacramento and SE from SF to SLC. Not single threaded through 11 Great Oaks, PAIX & 200 Paul.



DENSE

Ethernet enabled services available to over 85k businesses* in California.



RELIABLE

All services terminate to two separate routers, dual core and aggregation routers, with inherent failover capabilities enabling resiliency in your network.



A regional network you can rely on.

OREGON



DIVERSE

Unique long haul routes south to Salem & Eugene. Not single-threaded through the Pittock building.



DENSE

Ethernet enabled services available for over 167k businesses* and 500+ fiber lit buildings in Oregon & SW WA alone.



RELIABLE

All services terminate to two separate routers, dual core and aggregation routers, with inherent failover capabilities enabling resiliency in your network.



A regional network you can rely on.

WASHINGTON

Seattle Area



DIVERSE

Unique route south. Not single-threaded through Westin, KOMO Plaza or Sabey buildings.



DENSE

More Ethernet enabled services available to over 105k businesses,* with access to 9 data centers.



RELIABLE

All services terminate to two separate routers, dual core and aggregation routers, with inherent failover capabilities enabling resiliency in your network.

*Based on Geo Results



ONE PROVIDER

A FULL RANGE OF ENTERPRISE SOLUTIONS



RELIABLE AND SECURE CONNECTIVITY

- ✓ Dense Enterprise Class Fiber Network
- ✓ Resilient Architecture
- ✓ Robust Security Portfolio



CUSTOM BUILT NETWORKS

- ✓ Diverse, Resilient Architecture
- ✓ Industry Standard SLAs & 24x7 NOC
- ✓ Business Continuity Specialists



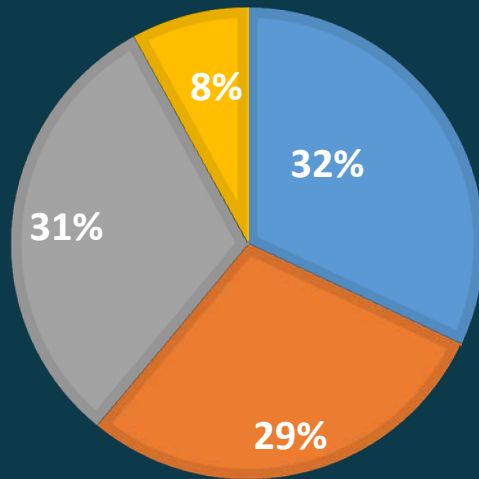
HIGH BANDWIDTH ACCESS

- ✓ Up to 100 Gbps Connections
- ✓ Direct Connections to 100+ Data Centers
- ✓ Unique Express Routes for Wavelengths

EL CUSTOMER P R O F I L E

- + 91% of Electric Lightwave's monthly recurring revenues are generated from multi-location enterprise, wholesale (including content providers) and government and education customers
- + Nearly 75% of MRR sold year-to-date is to a fiber-connected, on-net EL location, signaling the breadth and coverage of the EL network and the company's focus to fiber-driven selling

EL June 2016 Monthly Recurring Revenue



■ Premier (>\$5,000 enterprise)

■ Wholesale

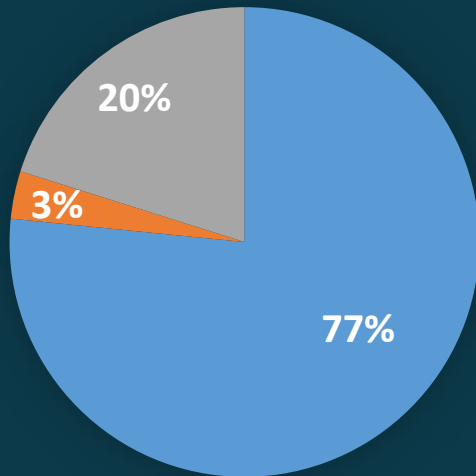
■ Business (\$1k - \$5k enterprise)

■ Government / Education

EL PRODUCT MIX

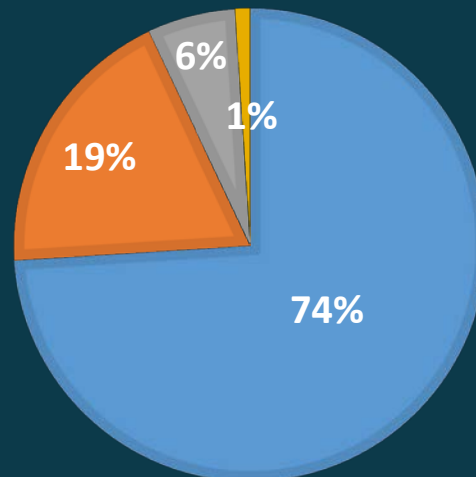
- + Electric Lightwave's revenue mix resembles tw telecom at the time of its acquisition by Level 3 in 2014, reflecting a value-added network services portfolio sold to an enterprise customer base over an access (fiber) -based sales strategy

Electric Lightwave



■ Data ■ Fees ■ Voice

tw telecom (Q2 2014)



■ Data / Internet / Network ■ Voice
■ Taxes ■ Intercarrier Comp

I N T E G R A

- + Integra will operate competitive and incumbent businesses in Minnesota, North Dakota and Colorado, as well as manage all small business customers throughout all markets
- + Value proposition will continue to focus on differentiated, industry leading service and customized solutions for business customers
- + High-end, valuable and loyal customer base – nearly 50% of Integra's competitive MRR base is for multi-location customers averaging approximately \$750 per month of ARPU
 - Remainder of competitive MRR from over 29,000 single-location customers averaging approximately \$250 per month of ARPU
- + Strong free cash flow generation
- + Led by general manager Brady Adams
 - Currently SVP of Business Development at Integra, previous experience as CEO of opticAccess and CTO of 360Networks

FINANCIAL OVERVIEW

- + Both EL and Integra enjoy strong operating margins and significant scale in their network footprints

(\$ in millions)

	Pro Forma	
	Electric Lightwave	Integra
Recurring Revenues	\$ 396	\$ 192
Other Revenues	33	18
Total Revenues	429	210
Cost of Goods Sold (Network Costs)	(156)	(120)
Gross Profit	274	91
Pro Forma SG&A	(140)	(29)
Adjusted Pro Forma EBITDA	\$ 134	\$ 62
Margin %	31.2%	29.5%

- Revenue and Gross Profit above reflects annualized actual results for six months ended June 30, 2016.
- Pro forma SG&A reflects run rate estimated SG&A at December 31, 2016 upon full completion of separation.
- Consolidated Revenues and Cost of Revenues not equal to sum of EL and Integra results given intracompany wholesale arrangements. Gross Profit and Pro Forma Adjusted EBITDA totals are not impacted by these network arrangements.
- SG&A includes an assumed \$6 million annual charge for corporate support services provided by EL to Integra (net of charge for services provided by Integra to EL).