Electric Lightwave: Transformation Reaches Critical Mass

August 2016
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+ 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
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 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 is the largest and premier regional fiber provider in the **western** U.S.
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
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.
The network infrastructure your business demands
Technology won’t be a barrier but rather an enabler; an intelligent network that scales with your business.

**UNRIVALLED 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.
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.

**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.

**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.

**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
+ 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)
- Business ($1k - $5k enterprise)
- Wholesale
- Government / Education

8% 31% 32% 29%
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.

<table>
<thead>
<tr>
<th>Product Mix</th>
<th>Electric Lightwave</th>
<th>tw telecom (Q2 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data</td>
<td>77%</td>
<td>74%</td>
</tr>
<tr>
<td>Fees</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Voice</td>
<td>3%</td>
<td>19%</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Intercarrier Comp</td>
<td></td>
<td>1%</td>
</tr>
</tbody>
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Source: tw telecom Supplemental Earnings Information Q2 2014.
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.
Both EL and Integra enjoy strong operating margins and significant scale in their network footprints.

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Pro Forma</th>
<th>Electric Lightwave</th>
<th>Integra</th>
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<tbody>
<tr>
<td>Recurring Revenues</td>
<td>$396</td>
<td>$33</td>
<td>$192</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$33</td>
<td></td>
<td>$18</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$429</td>
<td></td>
<td>$210</td>
</tr>
<tr>
<td>Cost of Goods Sold (Network Costs)</td>
<td>(156)</td>
<td></td>
<td>(120)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$274</td>
<td></td>
<td>$91</td>
</tr>
<tr>
<td>Pro Forma SG&amp;A</td>
<td>(140)</td>
<td></td>
<td>(29)</td>
</tr>
<tr>
<td>Adjusted Pro Forma EBITDA</td>
<td>$134</td>
<td>$31.2%</td>
<td>$62</td>
</tr>
</tbody>
</table>

- 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).