



## **ZAYO GROUP SECURES NEW EQUITY FINANCING**

### **Morgan Stanley Alternative Investment Partners joins existing equity group to raise a combined \$128M**

(Louisville, Colo.) March 3, 2009 – Zayo Group, a regional provider of fiber based bandwidth, telecom and wholesale voice solutions, announced today that Morgan Stanley Alternative Investment Partners (Morgan Stanley AIP) has joined in a second closing to complete its recently announced Series B round of equity financing. In total, \$128M of new equity was associated with the first and second closings.

The first closing for the round of equity financing was announced on February 12<sup>th</sup>. Charlesbank Capital Partners led the Series B round and, as part of the first closing, all of Zayo's existing equity investors increased their investment in Zayo. Zayo's equity syndicate now consists of Battery Ventures, Centennial Ventures, Charlesbank Capital Partners, Columbia Capital, M/C Venture Partners, Morgan Stanley AIP, and Oak Investment Partners.

Zayo's revenue is approximately \$200M and its EBITDA is approximately \$60M. Zayo is net income positive and, beginning in 2Q09, is expected to be free cash flow positive. Prior to the Series B round, Series A equity was \$186M. The Series B round consisted of an additional Series A investment of \$33M, bringing the total amount of the Series A facility to \$219M. The size of the Series B facility is \$95M. This capital will be drawn into Zayo only as needed. Zayo has \$137M of bank debt and drawn revolver. With a cash balance of approximately \$37M, Zayo's net debt is approximately \$100M.

"We are delighted that Morgan Stanley AIP wanted to participate in providing the financial resources to help Zayo's continued success" said Ken desGarennes, CFO of Zayo Group. "Our current business is predictable and growing, so we will not need these funds to operate our business. However, these additional funds can support strategic acquisitions of other telecom companies and major expansions to assist our current and future customers."

Dan Caruso, CEO of Zayo Group, explained: "Having Morgan Stanley AIP join our existing equity group is a significant step for Zayo Group. Just as individuals are known by the company they keep--so companies are known by their investors. Our investment equity group, now including Charlesbank Capital Partners and Morgan Stanley AIP, provides Zayo Group with a unique opportunity to accomplish acquisitions and mergers during this volatile economic period. We appreciate our equity group's confidence in our business model and in our future growth. We also appreciate the ongoing support we are receiving from our debt sponsors."

Caruso added: "Today's success is a testament to a year of effective work by every member of the Zayo team. I personally want to thank our team members for making service to our customers our first priority. Additionally, I want to thank our customers for their continued support which has enabled us to exceed our business goals during the last year."



## **About Zayo Group**

Based in Louisville, Colo., Zayo Group ([www.zayo.com](http://www.zayo.com)) is a regional provider of telecom services – including bandwidth, voice and managed services – to carrier, enterprise, SME and government customers. Zayo Group provides its service over a fiber network that spans 129 markets in 23 states. Zayo Group consists of three complimentary business units: [Zayo Bandwidth](#), [Zayo Managed Services](#) and [Onvoy Voice Services](#).

## **About Morgan Stanley Alternative Investment Partners**

Morgan Stanley Alternative Investment Partners (Morgan Stanley AIP) is the fund of funds division of Morgan Stanley Investment Management. The Morgan Stanley AIP Private Equity Fund of Funds team manages assets across a full spectrum of private equity strategies, including buyouts, growth equity, venture capital, and special situations, through primary funds, co-investments, and secondary interest purchases. Morgan Stanley AIP has offices in West Conshohocken, Pennsylvania; New York; London and has recently opened an office in Hong Kong.

## **About Charlesbank**

Charlesbank Capital Partners is a middle-market private equity investment firm managing approximately \$1.8 billion of capital. Charlesbank focuses on management-led buyouts and growth capital financings, typically investing \$25 million to \$100 million per transaction in companies with enterprise values of \$50 million to \$750 million. The firm seeks to partner with strong management teams to build companies with sustainable competitive advantages and excellent prospects for growth. For more information, visit [www.charlesbank.com](http://www.charlesbank.com).

## **About Battery Ventures**

Since 1983, Battery has been investing in technology and innovation worldwide. The firm partners with entrepreneurs and management teams across technology sectors, geographies and stages of a company's life, from start-up and expansion financing, to growth equity and buyouts. Battery has supported many breakthrough companies around the world. From offices in Boston, Silicon Valley and Israel, Battery currently manages nearly \$3B in committed capital. For more information, visit [www.battery.com](http://www.battery.com).

## **About Centennial**

Centennial Ventures is a venture capital firm investing in network companies and related enabling software and technology enterprises, with the potential to be market leaders. Our investment focus is on early and later-stage opportunities. Centennial Ventures VII, a \$341 million partnership, is our most recent fund being invested. For more information, visit [www.centennial.com](http://www.centennial.com).

## **About Columbia**

Columbia Capital is a venture capital firm specializing in the communications, media and information technology industries. Founded in 1989, Columbia Capital has helped establish more than 120 early stage ventures and currently manages more than \$2 billion in capital. For more information, visit Columbia Capital at [www.colcap.com](http://www.colcap.com).



**About M/C Venture Partners**

M/C Venture Partners is a venture capital firm focused exclusively on the communications, media, and information technology sectors. The firm has invested over \$1.8 billion into nearly 100 companies in those sectors. The firm has strong institutional backing from leading pension funds and endowments as well as a long track record of success. M/C Venture Partners has offices in Boston and San Francisco. For more information, visit [www.mcventurepartners.com](http://www.mcventurepartners.com).

**About Oak Investment Partners**

Oak Investment Partners is a multi-stage venture capital firm with a total of \$8.4 billion in committed capital. The primary investment focus is on high growth opportunities in Broadband Internet and Wireless Communications, Information Technology and Software Outsourced Services, Consumer Internet/New Media, Financial Services Technology, Healthcare Information and Services, Clean Energy, and Retail. Over a 30-year history, Oak has achieved a strong track record as a stage-independent investor funding more than 481 companies at key points in their lifecycle. Oak has been involved in the formation of companies, funded spinouts of operating divisions and technology assets, and provided growth equity to mid- and late-stage private businesses and to public companies through PIPE investments. For more information, visit Oak Investment Partners at <http://www.oakinv.com>.

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