



Zayo Group, LLC Reports Financial Results for the Quarter Ended March 31, 2010

Adjusted EBITDA of \$20.9 Million on Revenue of \$58.9 Million

LOUISVILLE, Colo., May 12, 2010 – Zayo Group, LLC (“Zayo Group” or “Zayo”), a leading provider of bandwidth infrastructure and network-neutral colocation and interconnection services, announced results for the three and nine months ended on March 31, 2010. Zayo Group consists of three business units which are reportable segments, Zayo Bandwidth, Zayo Enterprise Networks (“ZEN”) and Zayo Colocation (“zColo”).

Zayo generated revenue of \$58.9 million, which is an increase of \$0.7 million from the previous quarter, or a 5% annualized increase. The modest revenue growth (as compared to prior quarters) was largely the result of increased churn in Zayo Bandwidth, the company’s largest business unit. Average monthly churn for Zayo Bandwidth in the quarter was 1.7%, driven in part by the loss of less durable and lower Gross Profit margin off-net transport business inherited as part of the FiberNet Telecom Group, Inc. (“FiberNet”) acquisition. Monthly churn was at the upper end of the range of 0.9% to 1.8% experienced by Zayo Bandwidth over the previous five quarters, and 35 basis points higher than the average of 1.35% for the period.

Revenue increased \$20.5 million over the third quarter of 2009 as a result of both organic growth and the acquisition of FiberNet, which closed in September 2009.

Gross Profit was \$39.4 million for a margin of 67%, representing a sequential increase of \$1.0 million or 10% annualized increase and margin improvement of 100 basis points. The growth in Gross Profit outpaced revenue growth because on-net gross installed revenue replaced off-net churn.

Adjusted EBITDA¹ was \$20.9 million, which was \$1.3 million higher than the prior quarter, or a 27% annualized increase. Adjusted EBITDA margin expanded by 100 basis points to 35%. The strong EBITDA growth rate benefited from the high margin nature of net installed revenue for the period as well as the continued realization of SG&A synergies.

As compared to the third quarter of 2009, Adjusted EBITDA increased \$10.0 million, again due to both high margin organic growth and the Adjusted EBITDA contribution from the FiberNet acquisition.

For the quarter, Zayo Bandwidth invested \$16.1 million in capital expenditures. Of the \$16.1 million in capital expenditures, \$7.9 million was associated with Fiber to the Tower projects.

On March 5th, Zayo completed an offering of \$250 million of senior secured notes due 2017 with a coupon of 10.25%. In conjunction with the bond offering, Zayo entered into a 4-year \$75 million revolving credit facility.

The company ended the quarter with \$81.5 million in cash and \$0 outstanding on the revolving credit facility. The cash balance reflects Free Cash Flow² generation of approximately \$4.3 million for the quarter and the net impact of the notes proceeds and senior debt repayment.

¹Adjusted EBITDA is defined by the company on page 1 of the earnings release supplement and reconciled in Figure 1.12 and Figure 1.13 herein.

²Free Cash Flow is defined by the company on page 2 of the earnings release supplement and reconciled in Figure 1.14 and Figure 1.15 herein.

At the time of the notes offering, Zayo also completed the tax-free spinoff of its subsidiary Onvoy, Inc (“Onvoy Voice Services” or “OVS”) to an unrestricted parent holding company. As a result of this spinoff, OVS’ pre-March 12, 2010 results have been reported as discontinued operations in Zayo Group’s annual and quarterly consolidated financial statements. The pro forma tables shown herein include adjustments to Zayo’s results to present Zayo as if the spinoff had occurred at the beginning of the quarter.

On March 23, 2010, Zayo entered into a definitive agreement to acquire AGL Networks, LLC (“AGL Networks”), a wholly owned subsidiary of AGL Resources. AGL Networks has been operating fiber networks and providing dark fiber services since its inception in 2001. AGL Networks provides these services to a mix of carrier, wireless, media/content, financial, enterprise, government, and education customers. AGL Networks primarily provides services in three markets: Atlanta, Phoenix and Charlotte. Over time, AGL Networks has continued to expand and grow its fiber footprint by adding new rings and connecting new buildings to these networks. In aggregate, AGL Network’s fiber-rich networks cover nearly 800 route miles and connect to 275 buildings.

Like Zayo, AGL Networks is focused on providing telecommunications and internet infrastructure services. Akin to the role that towers play in a wireless carrier’s network, AGL Network’s dark fiber services are essential building blocks in its customers’ underlying networks. Subject to regulatory approvals, the company expects the transaction to close in the summer of 2010.

Zayo Group

Three Months Ended March 31, 2010 and 2009 Financial Results

In the three months ended March 31, 2010 and 2009, Zayo had \$58.9 million of revenue and \$20.9 million of Adjusted EBITDA.

Figure 1.0

Zayo Group Summary Results

(\$ in millions)

	Three months ended		Annualized Growth
	March 31,	December 31,	
	2010	2009	
Revenue	\$58.9	\$58.2	5%
Gross Profit	39.4	38.4	10%
Gross Profit %	67%	66%	
Adj. EBITDA	20.9	19.6	27%
Adj. EBITDA Margin	35%	34%	
Income (loss) from continuing operations	(11.7)	2.5	
Discontinued operations net of tax	0.9	1.6	
Net (Loss) Income	(10.8)	4.1	
Net (Loss) Income Margin	-18%	7%	
Capital Expenditures	16.6	10.1	
Free Cash Flow	\$4.3	\$9.5	

Figure 1.1

Zayo Group Summary Results

(\$ in millions)

	Three months ended		Annualized Growth
	March 31,	March 31,	
	2010	2009	
Revenue	\$58.9	\$38.4	53%
Gross Profit	39.4	26.5	49%
Gross Profit %	67%	69%	
Adj. EBITDA	20.9	10.9	92%
Adj. EBITDA Margin	35%	28%	
Income (loss) from continuing operations	(11.7)	(0.9)	
Discontinued operations net of tax	0.9	2.3	
Net (Loss) Income	(10.8)	1.4	
Net (Loss) Income Margin	-18%	4%	
Capital Expenditures	16.6	15.4	
Free Cash Flow	\$4.3	(\$4.5)	

Management believes the presentation of financial results by business unit provides useful insight on the overall financial performance of Zayo.

Figure 1.2

Zayo Group Consolidating Results

(\$ in millions)

	Zayo					Zayo Group
	Zayo Bandwidth	Enterprise Networks	zColo	Corporate	Interco Elim	
Revenue	\$45.5	\$8.8	\$6.9	-	(\$2.3)	\$58.9
Gross Profit	32.1	4.7	3.6	-	(1.0)	39.4
Gross Profit %	71%	53%	52%	-	43%	67%
Adj. EBITDA	17.5	1.5	2.4	-	(0.5)	20.9
Adj EBITDA Margin	0.4	0.2	0.3	-	0.2	0.4
Income (loss) from continuing operations	4.8	0.2	0.4	(16.5)	(0.6)	(11.7)
Discontinued operations net of tax	-	-	-	0.9	-	0.9
Net Income (Loss)	4.8	0.2	0.4	(15.6)	(0.6)	(10.8)
Net Income (Loss) Margin	11%	2%	6%	-	26%	-18%
Capital Expenditures	16.1	0.4	0.1	-	-	16.6
Free Cash Flow	\$1.4	\$1.1	\$2.3	-	(\$0.5)	\$4.3

Three Months Ended March 31, 2010 and 2009 Pro Forma Financial Results

On a pro-forma basis, adjusted to reflect the related party revenue received from and expenses paid to OVS as if it had been a related party rather than a discontinued operation for the whole period, Zayo had \$59.8 million of revenue and \$21.4 million of Adjusted EBITDA.

Figure 1.3

Zayo Group Summary Results

Pro Forma

(\$ in millions)

	Three months ended		Annualized Growth
	March 31,	December 31,	
	2010	2009	
Revenue	\$59.8	\$59.4	3%
Gross Profit	39.8	39.0	8%
Gross Profit %	67%	66%	
Adj. EBITDA	21.4	20.3	22%
Adj. EBITDA Margin	36%	34%	
Income (loss) from continuing operations	(11.1)	3.1	
Discontinued operations net of tax	0.0	0.0	
Net (Loss) Income	(11.1)	3.1	
Net (Loss) Income Margin	-19%	5%	
Capital Expenditures	16.6	10.1	
Free Cash Flow	\$4.8	\$10.2	

Figure 1.4

Zayo Group Summary Results

Pro Forma

(\$ in millions)

	Three months ended		Annualized Growth
	March 31,	March 31,	
	2010	2009	
Revenue	\$59.8	\$38.8	54%
Gross Profit	39.8	27.8	43%
Gross Profit %	67%	72%	
Adj. EBITDA	21.4	12.4	73%
Adj. EBITDA Margin	36%	32%	
Income (loss) from continuing operations	(11.1)	0.6	
Discontinued operations net of tax	0.0	0.0	
Net (Loss) Income	(11.1)	0.6	
Net (Loss) Income Margin	-19%	2%	
Capital Expenditures	16.6	15.4	
Free Cash Flow	\$4.8	(\$3.0)	

Figure 1.5

Zayo Group Consolidating Results

Pro Forma

(\$ in millions)

	Zayo Bandwidth	Zayo Enterprise Networks	zColo	Corporate	Interco Elim	Zayo Group
Revenue	\$45.5	\$8.8	\$6.9	-	\$1.4	\$59.8
Gross Profit	32.1	4.7	3.6	-	0.6	39.8
Gross Profit %	71%	54%	52%	-	44%	67%
Adj. EBITDA	17.5	1.5	2.4	-	-	21.4
Adj. EBITDA Margin	38%	17%	34%	-	-	36%
Income (loss) from continuing operations	4.8	0.2	0.4	(16.5)		(11.1)
Discontinued operations net of tax	-	-	-	-		-
Net Income (Loss)	4.8	0.2	0.4	(16.5)	-	(11.1)
Net Income (Loss) Margin	11%	2%	6%	-	-	-19%
Capital Expenditures	16.1	0.4	0.1	-		16.6
Free Cash Flow	\$1.4	\$1.1	\$2.3	\$0.0	\$0.0	\$4.8

Fiscal year 3Q 2010 Invested Capital

Figure 1.6

Zayo Group Invested Capital³

(\$ in millions)

	Zayo Bandwidth	Zayo Enterprise Networks	zColo	Corporate ⁴	Zayo Group
Members interest	\$248.0	\$38.0	\$56.0	(\$126.0)	\$216.0
Capital lease obligations	13.4	-	-	-	13.4
Long-term debt	-	-	-	247.0	247.0
Less Cash Balance	(6.7)	(1.7)	(1.0)	(72.1)	(81.5)
Net Indebtedness	6.7	(1.7)	(1.0)	174.9	178.9
Total Invested Capital	\$254.7	\$36.3	\$55.0	\$48.9	\$394.9

³ Invested Capital is defined by the company on page 2 of the earnings release supplement and reconciled in Figure 1.16 herein.

⁴ \$48.9 million comprised of; \$35.5 million of interest and amortized debt acquisition cost, \$8.6 million of unamortized debt acquisition cost and \$4.7 million of deferred tax assets.

Select Operational Data

Figure 1.7

Key Operational Statistics

as of March, 31 2010	
Fiber Route Miles	20,172
Fiber Miles	532,428
Total Markets Connected ⁵	141
Metro Markets ⁵	53
Buildings On-Net ⁶	2,258
Cellular Towers On-Net	914
Towers Under Construction	552
Average Tenants served per Tower	1.6
zColo Cabinet Equivalent Utilization ⁷	83%

⁵ Distinct geographic areas served by Zayo fiber with add/drop capabilities.

⁶ Includes 914 operational, on-net cellular towers; does not include 552 cellular towers under construction.

⁷ Calculation based on total utilized cab equivalents (25 sq ft) divided by total cab equivalent capacity.

Conference Call

Zayo Group will hold a conference call to report fiscal year third quarter 2010 results at 2:00 p.m. EST tomorrow, May 13, 2010. The dial in number for the call is (800) 374-2502, and the conference ID is 8658422. An accompanying presentation can be accessed through the investor relations section of Zayo's website at <http://www.zayo.com/about/investor-relations>. Please allow time to download the presentation before the call starts. The call and presentation will be archived in the investor relations section of Zayo's website for 90 days.

About Zayo Group

Based in Louisville, Colorado, Zayo Group (<http://www.zayo.com/>) is a provider of bandwidth infrastructure and network-neutral colocation services. Zayo provides its services over an approximately 20,000 route mile fiber network that spans 141 markets and 23 states. Zayo Group's equity is privately held.

Non-GAAP Financial Measures

We have included certain financial measures in this earnings announcement that are not defined under generally accepted accounting principles in the United States, or GAAP, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered in isolation or as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities as measures of our liquidity.

We use EBITDA and Adjusted EBITDA to evaluate our operating performance and liquidity and these financial measures are among the primary measures used by management for planning and forecasting of future periods. We believe the presentation of EBITDA and Adjusted EBITDA is relevant and useful for investors because it allows investors to view results in a manner similar to the method used by management and makes it easier to compare our results with the results of other companies that have different financing and capital structures. EBITDA and Adjusted EBITDA have limitations as analytical tools, and should not be considered in isolation from, or as substitutes for, analysis of our results as reported under GAAP. For example, Adjusted EBITDA:

- does not reflect capital expenditures, or future requirements for capital and major maintenance expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the significant interest expense, or the cash requirements necessary to service the interest payments, on our debt; and
- does not reflect cash required to pay income taxes.

Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate Adjusted EBITDA in the same fashion.

In addition to EBITDA and Adjusted EBITDA, the company uses the following additional non-GAAP financial measures in the earnings announcement and related material:

- Free Cash Flow; and
- Invested Capital.

All of the non-GAAP financial measures are further defined and reconciled in our supplement to the earnings release.

Forward Looking Statements

Statements made in this press release that are not historical in nature constitute forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. We cannot assure you that the future results expressed or implied by the forward-looking statements will be achieved. Such statements are based on the current expectations and beliefs of management and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the company's financial and operating prospects, current economic trends and recessionary pressures, future opportunities, the company's exposure to the financial services industry, and strength of competition and pricing. The company's business could be materially adversely affected and the trading price of the company's notes could decline if these risks and uncertainties develop into actual events. The company cautions you not to place undue reliance on these forward-looking statements, which speak only as of their respective dates. The company undertakes no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events. A more detailed discussion of factors that may affect the company's business or future financial results is included in the company's offering memorandum, including, but not limited to, those described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Supplemental Information

A supplemental presentation of information complementary to the information presented in this release has been made available on the Investor Relations portion of the company's website (www.zayo.com).

Consolidated Financial Information

Zayo Group

Consolidated Statements of Operations

Unaudited

Figure 1.8

Consolidated Statement of Operations

(\$ in thousands)

	Three months ended		Nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2010	2009	2010	2009
Revenue	\$58,912	\$38,399	\$162,640	\$110,359
Operating costs and expenses				
Operating costs, excluding depreciation and amortization	19,536	11,898	53,739	36,577
Selling, general and administrative expenses	18,726	15,564	54,496	44,481
Stock-based compensation	11,831	403	13,275	1,353
Depreciation and amortization	10,630	7,498	30,257	20,712
Total operating costs and expenses	60,723	35,363	151,767	103,123
Operating income/(loss)	(1,811)	3,036	10,873	7,236
Other income (expense)				
Interest expense	(4,449)	(3,455)	(11,259)	(12,358)
Other Income	1,000	81	1,006	225
Loss on extinguishment of debt	(5,881)	-	(5,881)	-
Total other expense, net	(9,330)	(3,374)	(16,134)	(12,133)
Loss from continuing operations before income taxes	(11,141)	(338)	(5,261)	(4,897)
Income Tax Expense	525	519	4,149	233
Loss from continuing operations	(11,666)	(857)	(9,410)	(5,130)
Earnings from discontinued operations, net of tax	880	2,321	4,278	7,138
Net earnings/(loss)	(\$10,786)	\$1,464	(\$5,132)	\$2,008

Zayo Group
Consolidated Balance Sheet

Unaudited

Figure 1.9

Consolidated Balance Sheet

(\$ in thousands)

	March 31,	June 30,
	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$81,513	\$38,781
Restricted cash, current	6,259	-
Trade receivables, net of allowance of \$2,274 and \$1,151 as of March 31, 2010 and June 30, 2009, respectively	11,066	4,755
Due from related parties	30	30
Other receivables	412	158
Prepaid expenses	5,402	2,625
Deferred income taxes	2,652	800
Debt issuance costs, net	1,485	1,176
Assets of discontinued operations	-	40,793
Total current assets	108,819	89,118
Property and equipment (net of accumulated depreciation of \$49,112 and \$28,379 as of March 31, 2010 and June 30, 2009, respectively)	286,528	216,583
Intangible assets, net of accumulated amortization of \$25,632 and \$16,038 as of March 31, 2010 and June 30, 2009, respectively	64,675	30,243
Goodwill	68,851	68,751
Deferred income taxes	7,338	4,145
Restricted cash, non-current	-	245
Debt issuance costs, net	7,147	3,536
Other assets	3,563	3,071
Total assets	\$546,921	\$415,692
Liabilities and members' equity		
Current liabilities		
Accounts payable	\$8,788	\$6,279
Accrued liabilities	16,620	11,469
Capital lease obligations, current portion	1,916	1,959
Due to related parties	5,962	-
Long-term debt, current portion	-	1,350
Deferred revenue, current portion	11,498	2,602
Liabilities of discontinued operations	-	4,969
Total current liabilities	44,784	28,628
Capital lease obligations, net of current portion	11,462	13,204
Long-term debt, net of current portion	246,971	134,975
Deferred revenue, net of current portion	18,589	18,724
Common unit liability	17,640	4,760
Other long term liabilities	1,034	2,382
Total liabilities	340,480	202,673
Members' equity		
Members' interest	216,027	217,473
Accumulated deficit	(9,586)	(4,454)
Total members' equity	206,441	213,019
Total liabilities and members' equity	\$546,921	\$415,692

Zayo Group
Consolidated Statements of Cash Flow
Unaudited

Figure 1.10

Consolidated statements of cash flows
(\$ in thousands)

	Nine months ended	
	March 31, 2010	March 31, 2009
Cash flows from operating activities		
Net income/(loss)	(\$5,132)	\$2,008
Earning from discontinued operations	4,278	7,138
loss from continuing operations	(9,410)	(5,130)
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities		
Depreciation and amortization	30,257	20,712
Loss on extinguishment of debt	5,881	-
Bad Debt Expense	2,611	932
Amortization of deferred financing costs	1,206	869
Stock based compensation	13,275	1,353
Interest rate swaps	(1,017)	(2,410)
Deferred taxes	5,433	725
Changes in operating assets and liabilities, net of acquisitions		
Receivables	(2,102)	(2,652)
Prepaid expenses	(546)	(1,633)
Restricted Cash	(6,014)	230
Other assets	(709)	(905)
Accounts payable and accrued liabilities	(3,338)	(460)
Payables to related parties	5,960	-
Deferred revenues	1,505	6,399
Other liabilities	(1,347)	80
Net cash provided by operating activities	41,643	18,110
Cash flows from investing activities		
Purchases of property and equipment	(38,138)	(53,391)
Acquisition of FiberNet Telecom Group, Inc., net of cash acquired	(96,571)	-
Acquisition of Columbia Fiber Solutions LLC, net of cash acquired	-	(12,091)
Acquisition of Voicepipe Communications, Inc. ("Voicepipe")	-	(15)
Acquisition of Citynet Fiber Network, LLC ("Citynet")	-	(36)
Acquisition of Northwest Telephone, Inc. ("NTI")	-	(160)
Net cash used in investing activities	(134,709)	(65,693)
Cash flows from financing activities		
Equity contributions	37,000	36,286
Proceeds from borrowings	246,948	47,000
Principal repayments on debt obligations	(136,325)	(10,370)
Principal repayments on capital lease obligations	(1,541)	(1,817)
Deferred financing costs	(10,983)	(1,671)
Net cash provided by financing activities	135,099	69,428
Cash flows from discontinued Operations		
Operating activities	1,539	8,451
Investing activities	(781)	(1,303)
Financing activities	-	-
Cash provided/(used) from discontinued operations	758	7,148
Net (decrease) / increase in cash and cash equivalents	42,792	28,993
Cash and cash equivalents, beginning of period	38,781	4,555
Decrease/(increase) in cash and cash equivalents of discontinued operations	(60)	(666)
Cash and cash equivalents, end of period	\$81,513	\$32,882

Gross Profit Reconciliation

Figure 1.11

Gross Profit Reconciliation (\$ in millions)	Three months ended		Nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2010	2009	2010	2009
Zayo Bandwidth				
Revenue	\$45.5	\$32.9	\$128.8	\$93.7
Operating costs, excluding depreciation	13.4	8.1	36.8	25.1
Intercompany eliminations	(1.5)	(2.0)	(5.4)	(6.1)
Gross Profit	\$30.6	\$22.8	\$86.6	\$62.5
Zayo Enterprise Networks				
Revenue	\$8.8	\$6.6	\$24.6	\$19.9
Operating costs, excluding depreciation	4.1	3.6	12.1	10.4
Intercompany eliminations	0.9	0.7	2.9	1.8
Gross Profit	\$5.7	\$3.7	\$15.4	\$11.3
zColo				
Revenue	\$6.9	\$0.0	\$15.7	\$0.0
Operating costs, excluding depreciation	3.3	-	7.5	-
Intercompany eliminations	(0.5)	-	(1.2)	-
Gross Profit	\$3.1	\$0.0	\$7.0	\$0.0
Consolidated gross profit	\$39.4	\$26.5	\$108.9	\$73.8

Adjusted EBITDA Reconciliation

Three months ended March 31, 2010

Figure 1.12

Adjusted EBITDA Reconciliation (\$ in millions)	Zayo					Zayo Group
	Zayo Bandwidth	Enterprise Networks	zColo	Corporate	Interco Elim	
Earnings/(loss) from continuing operations	\$4.8	\$0.2	\$0.4	(\$16.5)	(\$0.5)	(\$11.6)
Interest expense	0.3	-	-	10.0	-	10.3
Tax expense	-	-	-	0.5	-	0.5
Depreciation/amortization expense	7.6	1.0	2.0	-	-	10.6
EBITDA	12.7	1.2	2.4	(6.0)	(0.5)	9.9
Gain/(Loss) on sale of assets	-	-	-	-	-	-
Transaction costs	0.2	-	-	-	-	0.2
Other income	-	-	-	(1.0)	-	(1.0)
Deferred compensation	4.6	0.3	-	7.0	-	11.9
Adjusted EBITDA	\$17.5	\$1.5	\$2.4	(\$0.0)	(\$0.5)	\$20.9

Nine months ended March 31, 2010

Figure 1.13

Adjusted EBITDA Reconciliation (\$ in millions)	Zayo					Zayo Group
	Zayo Bandwidth	Enterprise Networks	zColo	Corporate	Interco Elim	
Earnings/(loss) from continuing operations	\$18.9	\$0.3	\$1.4	(\$27.7)	(\$2.3)	(\$9.4)
Interest expense	0.8	-	-	16.3	-	17.1
Tax expense	-	-	-	4.1	-	4.1
Depreciation/amortization expense	23.7	2.8	3.8	-	-	30.3
EBITDA	43.4	3.1	5.2	(7.3)	(2.3)	42.1
Gain/(Loss) on sale of assets	-	-	-	-	-	-
Transaction costs	0.9	-	-	-	-	0.9
Other income	-	-	-	(1.0)	-	(1.0)
Deferred compensation	4.6	0.4	-	8.3	-	13.3
Adjusted EBITDA	\$48.9	\$3.5	\$5.2	(\$0.0)	(\$2.3)	\$55.3

Free Cash Flow Reconciliation

For the three months ended March 31, 2010

Figure 1.14

Free Cash Flow Reconciliation (\$ in millions)	Zayo Enterprise		zColo	Corp	Interco Elim	Zayo Group
	Zayo Bandwidth	Networks				
Adjusted EBITDA	\$17.5	\$1.5	\$2.4	-	(\$0.5)	\$20.9
Purchases of PP&E	(16.1)	(0.4)	(0.1)	-	-	(16.6)
Free Cash Flow, as defined	1.4	1.1	2.3		(0.5)	4.3
Acquisitions, net of cash acquired	-	-	-	-	-	-
Interest expense	-	-	-	(4.4)	-	(4.4)
Tax expense	-	-	-	(0.5)	-	(0.5)
Depreciation/amortization expense	(7.6)	(1.0)	(2.0)	-	-	(10.6)
Gain/(Loss) on extinguishment of debt	-	-	-	(5.9)	-	(5.9)
Transaction costs	(0.2)	-	-	-	-	(0.2)
Other (income)/expenses, net	-	-	-	1.0	-	1.0
Deferred compensation	(4.6)	(0.3)	-	(7.0)	-	(11.9)
(Income)/loss from continuing operations	(4.8)	(0.2)	(0.4)	16.5	0.5	11.6
Net cash used in investing activities	(\$15.8)	(\$0.4)	(\$0.1)	(\$0.3)	\$0.0	(\$16.6)

For the nine months ended March 31, 2010

Figure 1.15

Free Cash Flow Reconciliation (\$ in millions)	Zayo Enterprise		zColo	Corp	Interco Elim	Zayo Group
	Zayo Bandwidth	Networks				
Adjusted EBITDA	\$48.9	\$3.5	\$5.2	-	(\$2.3)	\$55.3
Purchases of PP&E	(37.0)	(1.0)	(0.1)	-	-	(38.1)
Free Cash Flow, as defined	11.9	2.5	5.1		(2.3)	17.2
Acquisitions, net of cash acquired	(96.5)	-	-	-	-	(96.5)
Interest expense	(0.8)	-	-	(16.3)	-	(17.1)
Tax expense	-	-	-	(4.1)	-	(4.1)
Depreciation/amortization expense	(23.7)	(2.8)	(3.8)	-	-	(30.3)
Gain/(Loss) on extinguishment of debt	-	-	-	-	-	-
Transaction costs	(0.9)	-	-	-	-	(0.9)
Other (income)/expenses, net	-	-	-	1.0	-	1.0
Deferred compensation	(4.6)	(0.4)	-	(8.2)	-	(13.2)
(Income)/loss from continuing operations	(18.9)	(0.3)	(1.4)	27.7	2.3	9.4
Net cash used in investing activities	(\$133.4)	(\$1.0)	(\$0.1)	\$0.1	(\$0.0)	(\$134.5)

Invested Capital Reconciliation

Figure 1.16

Invested Capital

(\$ in millions)

	<u>March 31,</u>	<u>June 30,</u>
	<u>2010</u>	<u>2009</u>
Members interest	\$216.0	\$217.5
Capital lease obligations	13.4	15.2
Long-term debt	247.0	136.3
Less Cash Balance	(81.5)	(38.8)
Net Indebtedness	178.9	112.7
Total Invested Capital	<u>\$394.9</u>	<u>\$330.2</u>

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