



## Company Background

---

Launched in 2006, Zayo Group, LLC consists of 4 business units, each with a core competency and focus in a specific area of telecom and Internet infrastructure.

- **Zayo Bandwidth**
- **Zayo Fiber Solutions**
- **Zayo Colocation (aka zColo)**
- **Zayo Enterprise Networks**

Zayo provides its services over a fiber network that spans 142 markets and 28 states. Carrier customers include telecom, wireless, cable TV, LECs and Internet service providers. Enterprise customers include web-centric businesses, technology companies, government, education, financial services, healthcare providers and SME entities. Zayo's product set includes private line, Ethernet, dark fiber, wavelength, Internet, and network-neutral collocation.

All Zayo businesses are centered on five key business principals

- Responsiveness – solid turnaround times on quotes and service issues
- Simplicity – straight-forward service purchasing
- Reliability – dependable service
- Stability – financially strong and focused on the long term
- Growth – continue to acquire fiber-based networks and grow our service offerings across the networks

Since May of 2007, Zayo has completed acquisitions of fourteen businesses including NTI, Citynet Fiber Network, Memphis Network, PPL Telcom, Indiana Fiber Works, Onvoy, VoicePipe, Columbia Fiber Solutions, 5 CenturyTel CLEC markets, FiberNet Telecom Group and AGL Networks. Zayo also acquired network assets from the Adesta Secured Creditor Trust and additional assets from Citynet, and recently announced a definitive agreement to purchase American Fiber Systems Holding Corporation. Each of these companies operated a highly reliable network used to offer a variety of network services.

**Founded** Zayo Group, LLC was founded in November 2006

**Ownership** Privately held

**Funding** Zayo Group has strong financial backing from seven experienced telecom and Internet investors: Battery Ventures ([www.battery.com](http://www.battery.com)), Centennial Ventures ([www.centennial.com](http://www.centennial.com)), Charlesbank Capital Partners ([www.charlesbank.com](http://www.charlesbank.com)), Columbia Capital ([www.colcap.com](http://www.colcap.com)), MC Venture Partners ([www.mcventurepartners.com](http://www.mcventurepartners.com)), Morgan Stanley ([www.morganstanley.com](http://www.morganstanley.com)) and Oak Investment Partners ([www.oakinv.com](http://www.oakinv.com)). \$216 million in equity has been invested in Zayo Group, and an additional \$57 million of equity is committed.

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.

**Employees** 382

**Headquarters** Louisville, Colorado

**Web Site** [www.zayo.com](http://www.zayo.com)



## Target Verticals

---

- Wireless
- Carrier
- ISP
- PTT
- RLEC
- Media/Content
- Enterprise
- Public Sector

## Network Metrics

---

Zayo's fiber network consists of 20,172 route miles and 532,428 fiber miles, and 2,258 on-net buildings.

Zayo On-Net Buildings		on March 31, 2010
% Building Type	Cell Site <sup>2</sup>	40%
	Enterprise	38%
	Carrier Point of Presence ("PoP")	5%
	Local Serving Office ("LSO")	5%
	Carrier Hotel/Data Center	3%
	Zayo Hut	3%
	Wireless Mobile Switching Center ("MSC")	3%
	Zayo Point of Presence ("PoP")	2%
	CATV Head End	0%

## Market Opportunity

The demand for broadband services continues to grow. According to the Telecommunications Industry Association (TIA) report, 2007 Telecommunications Market Review and Forecast, demand for broadband has driven the highest telecom industry growth since 2000. The report states that overall U.S. telecom industry revenues grew 9.3 percent in 2006, while the worldwide market grew a robust 11.2 percent. The annual review cites demand for broadband and high-speed services as driving factors for this growth as carriers invest in new fiber, new IP technology and new wireless infrastructure to provide state-of-the-art voice, video and data services.

## Core Product Offerings

---

### Private Line

TDM and SONET based transport services in a full range of speeds and offered within a metro or regionally between markets. Private line services are protected and ride diverse fiber routes. Point-to-point and point-to-multipoint configurations are supported. Zayo Bandwidth provides enterprise customers and network operators with powerful bandwidth with unmatched reliability to transport mission-critical telecommunications traffic.

### Ethernet

Ethernet transport services in a full range of speeds (50Mb-1G). Offered within a metro or regionally between markets, Ethernet services are offered in point-to-point and point-to-multipoint configurations. Zayo Bandwidth's Dedicated Ethernet services ride Zayo Bandwidth's SONET ring infrastructure and boast SONET-like restoration times while utilizing the familiar and flexible Ethernet protocol. Shared Ethernet services are also available and is a cost effective alternative to TDM based transport.



### **Wavelength**

In 2.5Gig and 10Gig speeds, wavelengths are typically purchased unprotected. Zayo Bandwidth's Wavelength Service is a point-to-point, unprotected, bi-directional circuit, which provides a cost-effective and flexible alternative to dark fiber and high bandwidth traditional capacity services. With limited upfront investment – without the expense of owning and operating an optical network infrastructure – Zayo Bandwidth's regional and metro wavelength service offer customized solutions for businesses to quickly supplement existing networks. By shifting the technology burden to Zayo Bandwidth, network providers and enterprise customers can avoid the high cost of frequent and continuous upgrades to optical equipment and concentrate efforts on growing core business.

### **Dedicated Internet Access (IP)**

Zayo Bandwidth's Dedicated Internet Access (DIA) services provide dedicated Internet access connectivity at speeds ranging from 10Mb to 1G. DIA is designed to meet the needs of mid- to large-sized businesses and institutions—including educational facilities, hospitals, and Internet service providers. Lower speed options are available either as a standalone Internet Access or as part of an integrated voice and data solution.

### **Network-Neutral Colocation**

Zayo's colocation services allow growing businesses and forward-thinking network providers to interconnect without the major cost of construction, equipment and maintenance. Zayo offers a secure, controlled infrastructure for networking communications equipment, a solid front-locking cabinet, and a host of bandwidth and connectivity options, allowing for expansion and reconfiguration at a fraction of the cost.



## Zayo Group Management Team

---



**Dan Caruso**  
**Co-Founder, President and Chief Executive Officer, Zayo Group**

Dan is currently President and CEO of the Zayo Group ([www.zayo.com](http://www.zayo.com)) and Chairman of Envysion ([www.envysion.com](http://www.envysion.com)). As part of his Zayo Group responsibilities, Dan also oversees Onvoy Voice Services ([www.onvoy.com](http://www.onvoy.com)). He is a board member of GTS Central Europe ([www.gtsce.com](http://www.gtsce.com)) and, until recently, sat on the board of New Global Telecom ([www.ngt.com](http://www.ngt.com)). NGT was sold to Comcast in February 2010.

Between 2004 and 2006, Dan was President and CEO of ICG Communications. In 2004, he led a buyout of ICG and took it private. ICG, at the time, had about \$100M of debt and was burning their remaining \$30M of cash at a rate of \$8M a month. Columbia Capital and M/C Venture Partners, who backed the buyout, invested a total of \$8.7M. In 2006, ICG was sold to Level 3 for \$170M, resulting in a total distribution to the buyout group and management of over \$225M and a total return on investment of 25x.

Dan was one of the founding executives of Level(3) Communications; from inception in 1997 through ~2000, Dan was responsible for Level 3's engineering, construction, and operations organizations; between 2001 and 2003, most of Level 3's lines of business and marketing functions were his responsibility. Prior to Level 3, Dan was a member of the MFS Communications senior management team. He began his career at Illinois Bell/Ameritech.

Dan has an MBA from the University of Chicago and a BS in Mechanical Engineering from University of Illinois. He is a board member in Colorado Uplift, a charity that helps Denver's inner city youth stay focused on school and personal development.



**John Scarano**  
**Co-Founder and Chief Operating Officer, Zayo Group**  
**President, Zayo Bandwidth**

John Scarano has 20 years of experience in the wireline and wireless communications industries. John co-founded and is currently COO of Zayo Group, focusing most of his efforts in support of Zayo Bandwidth. Zayo Bandwidth leverages its network footprint to support the high-capacity bandwidth needs of its customers.

Previously, John was EVP of Corp Development and Operations of ICG responsible for business development, acquisitions and divestitures and various other sales and marketing operations. ICG was one of many telecom entities that had developed a robust network infrastructure across a US footprint, but not a sustainable business. John's efforts in M&A and operations oversight helped turn ICG into a cash-flow positive, customer focused entity. ICG was sold to Level 3 Communications in 2006.

With Level 3 Communications since its inception in 1997, John was initially responsible for the development and build-out of Level 3's North American intercity backbone network, local networks and facilities which were completed ahead of schedule within 33 months for \$6.2B. John then founded and led the company's Global Business Development group, closing more than 30 transactions valued at approximately \$1.6B.

John has also held various executive and staff positions in global operations, regulatory, marketing, product and business development at MFS Communications (acquired by WorldCom) and at AT&T. While at AT&T, John was responsible for the commercial delivery of the first digital air-to-ground communications system. John was an elected Town Board member in Orange County, NY for 7 years, holding the elected offices of Councilman and Deputy Supervisor. John earned a combined degree in Business Administration and Computer Science from the State University of NY at Albany in 1987.



**Ken desGarennes**  
**Chief Financial Officer, Zayo Group**

Ken desGarennes has 13 years of experience in technology and communications, most recently as the CFO of Wire One Communications. Wire One, the largest international provider of videoconferencing solutions in the market, was created through the acquisition and integration of three videoconferencing properties. In addition to leading the acquisition and integration efforts, Ken was responsible for raising debt and building a world class finance organization.

Prior to joining Wire One, Ken was a Senior Director at the Gores Group, a technology focused private equity firm. While at the Gores Group, Ken led the financial due diligence and negotiations on numerous acquisitions in both the telecom and technology market. Ken started his career as a commercial banking officer with First Union Bank before moving to Accenture where he worked for 6 years in a corporate development role.

Ken received his BS in finance from the University of Maryland in College Park.



**Scott Beer**  
**General Counsel, Zayo Group**

Scott Beer has 17 years of experience in the legal field, with an emphasis on telecommunications. He most recently worked for Level 3 Communications as VP of Carrier Relations, responsible for vendor relations covering \$1.8 billion in network expenses. Prior to Level 3's acquisition of ICG Communications, Scott was VP and General Counsel of ICG, overseeing all legal and regulatory matters for the company. Scott started with ICG as Director of Government Affairs handling all state and federal regulatory matters and providing legal support to new product development.

Before starting with ICG, Scott was in house counsel at MCI WorldCom supporting the Mass Markets Finance Department for three years. He began his legal career as an associate attorney for a Denver law firm, where he was a commercial litigator and represented several large communication companies.

Scott holds a Juris Doctorate from Detroit College of Law at Michigan State University. He earned his B.A. from Michigan State in Communications and Pre-law.



**Scott Reardon**  
**Vice President, Corporate Development, Zayo Group**

Scott Reardon is head of Corporate Strategy & Investor Relations for Zayo Group. In his current role, Scott has responsibility for M&A activities, analyst relations (equity, debt and corporate) and general business strategy and analysis for Zayo Group. In addition, Scott is actively involved in any future debt or equity funding rounds. Prior to Zayo, Scott held a variety of roles at Level 3 Communications including corporate development, financial planning & analysis and network development functions and also pursued an entrepreneurial venture. Scott began his career in the investment banking division of Salomon Smith Barney focused on mergers and acquisitions within the financial institutions vertical. Scott received his B.S. in International Economics from Georgetown University and pursued an MBA at the Tuck School of Business at Dartmouth before deferring to take a full-time position at Level 3.



**Glenn Russo**  
**President, Zayo Enterprise Networks**

Glenn Russo has 20 years of telecommunications, IT and related services experience both as a communications service provider and corporate IT executive. Glenn was most recently Senior Vice President at Level 3 Communications responsible for Transport and Infrastructure services. In this role, he managed annual revenues in excess of \$1.5B. He was responsible for services across North America and Europe and for establishing Level 3's channel partner program to expand the company's distribution to enterprise customers.

In his 8 years at Level 3, Glenn led a broad range of businesses including fiber, transport, colocation, voice, IP, data and professional services. In those leadership positions, he was responsible for overall business performance, integration of numerous acquisitions, product development and management, and major customer network projects.

Prior to joining Level 3, he was a senior executive at Bridgeworks, a regional network services company in Texas. His responsibilities included sales, service delivery and consulting. Glenn also spent 16 years with ExxonMobil's global chemical product division in a range of IT, sales and finance leadership positions. As an IT manager he oversaw data center operations, application services, telecommunications and user support for headquarters, manufacturing and technology locations. He also held several positions in advanced polymers sales and financial management across two major business units. Glenn earned his Engineering degree from Cornell University in Ithaca, New York.



**Matt Erickson**  
**President, Zayo Fiber Solutions**

Matt Erickson has 12 years of experience in finance and communications and is currently President of Zayo Fiber Solutions (ZFS). Matt was part of the day one executive team at Zayo and has held several roles at Zayo since its inception. Prior to heading up ZFS, Matt has held various roles including SVP of Corporate Strategy and Development.

Prior to Zayo, Matt was at ICG Communications where he was Vice President of Marketing & Product Management. Matt was a member of the senior team that successfully sold ICG to Level 3 Communications. Prior to ICG, Matt was at Level 3 Communications where he held various roles including Internet, transport and infrastructure product management and corporate strategy/development roles. Matt began his career at Price Waterhouse in the audit and financial advisory services groups.

Matt received his B.S. (Summa Cum Laude with Honors) in Accounting from Colorado State University.



**David Howson**  
**President, Zayo Colocation (zColo)**

David has 17 years telecommunications experience and was most recently Senior Vice President of Customer Service Management at Level 3 Communications. In this role David oversaw customer and network operations of all of Level 3's services including colocation, his responsibilities included customer service, security, network monitoring and maintenance. He was also responsible for the design and build of more than 15 Colocation Centers totaling more than 300,000 sq ft of space. Prior to that, David held a number of leadership roles where he was responsible for access management, M&A integrations, network and infrastructure planning and development, and network and facility construction in Asia, Europe, and North America. David earned his Engineering Degree with Honors from Oxford Brookes University in 1993.