

Rural Broadband, LLC

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Overview - Rural Broadband, LLC (“Rural Broadband”) is wholly owned subsidiary of Coastal Asset Management, LLC, a Savannah, Georgia, based company directly responsible for the management of a diverse portfolio of business interests in the telecommunications, real estate, and banking sectors. Rural Broadband also provides outsourced support services associated with the provisioning of broadband, video, and telecommunications services to various entities such as government entities, telephone companies, and electric utility companies engaged in developing new broadband networks and service offerings including: (a) project capitalization, (b) system operations management, (c) content procurement, (d) network project development, (e) vendor selection, (f) acquisition and dispositions, (g) strategic planning, (h) feasibility and business plan development, (i) franchising, and (j) sales and marketing. Rural Broadband supports the development and operation of business opportunities associated with the provisioning of IPTV, cable television services, high-speed data and Internet access, and telecommunications services on behalf of companies in a support capacity and may also maintain an ownership or service provider interest in the projects that it helps to develop.

Since 1982, Rural Broadband and affiliated companies have provided support services to over two hundred (200) entities in the assessment, evaluation and implementation of broadband services provisioning opportunities. For over twenty-five years, Rural Broadband and predecessor affiliated companies have participated in the construction and/or development of broadband systems providing service throughout the U.S. and Caribbean. Rural Broadband and affiliated companies have also held ownership interests in a number of broadband systems it has developed and operated.

Over the past twenty-eight (28) years, Rural Broadband has evaluated and developed broadband network-based opportunities including:

1. Supporting the development of new start-up ventures with corporate entities, electric utilities, and municipalities.
2. The assessment, evaluation, and/or development of broadband services based start-up ventures in over 100 service areas including facility based competitive broadband system deployments and more service areas incorporating a fiber-to-the-premise (“FTTP”) architecture that any other U.S. firm.
3. Assisted in securing over \$1 billion in project capitalization.
4. Successfully closed numerous acquisitions and dispositions.

Support Services – Rural Broadband is available, at the sole direction of a Rural Broadband client’s management team, to assist with the following:

1. Business Case Development or Validation - Rural Broadband will work with management to develop or validate a broadband services business case by providing information derived from existing Rural Broadband supported broadband services projects. Rural Broadband will develop or evaluate all key operating and capital assumptions including but not limited to:
 - a. Proposed service offerings and projected costs
 - b. Residential and commercial market and service area sizing
 - c. Service penetration
 - d. Service pricing strategy and rate schedules
 - e. Marketing and sales expenses
 - f. Operating expenses including all categories of general and administrative, technical, service based operational

expenses, and outsourced functions

- g. Cash flow statement
 - h. Capital expenditures including: (i) schedules of required fixed equipment with current pricing; (ii) schedules of variable equipment costs with current pricing; and (iii) plant construction labor and materials
 - i. Project capitalization plan
2. Service Definition - Rural Broadband will assist in finalizing broadband services offerings, tiers, and rates, including the strategic placement of broadband services designed to:
- a. Position a Rural Broadband client as the premier broadband service provider among all competing broadband services options
 - b. Maximize broadband services revenues per customer through customer satisfaction with client delivered products and services
 - c. Maximize ease of use for customers
 - d. Increase frequency of a la carte options such as video-on-demand, and event buys
 - e. Minimize recurring programming costs and copyright fees
 - f. Maximize launch incentives
3. Regulatory/Franchise Guidance - Rural Broadband provides clients with guidelines and a defined course of action to position our clients to obtain the legal authority to provide broadband services in the most efficient and strategically advantageous manner possible.
4. Investigation (teleconference and/or site visit, meeting(s)/

discussion with staff)/Acquire base information to conduct assessment.

- Review current operations
- Evaluate existing system infrastructure
- Evaluate current service offerings
- Assess local market conditions
- Review the historic financial information, budgets, financial projections and business plan
- Determine/discuss other data/information needs

5. Provide an opinion on the over-all merits (financial and general) of opportunities available.

- Investment in development of the Network
- Video service provisioning opportunities
 1. HDTV
 2. On-Demand Services
 3. PVRs
 4. IPTV
 5. Whole house solutions
- Data and Internet provisioning opportunities
 3. Enhanced service tiers
 4. Expanded customer utilization
 5. Home networking
- Telephone service provisioning opportunities
- Competition, and growing the customer base
- Value to rate payers

6. Infrastructure and Architecture – Rural Broadband will assess and recommend the type of Fiber-to-the-Premise (“FTTP”) broadband infrastructure and architecture to be capitalized in the ten (10) year pro forma financial projections. Rural Broadband will develop and recommend a conceptual design of a FTTP broadband infrastructure with capacity sufficient to potentially allow the provisioning of video services, high-speed data and Internet access, telephony, automated meter reading, electric load management, SCADA, metropolitan area network, and/or other services.

7. Service Area Analysis - Rural Broadband will provide market potential, need, and demand for broadband services including an estimation of total service unit included in the broadband plan. Rural Broadband will also evaluate potential end-user segments including residential customers, utilities, government, education, and businesses, to ascertain broadband needs to enable Rural Broadband to provide recommendations on the type of broadband services that should be offered to existing end-user segments in order to satisfy service requirements while: (a) maximizing economic development opportunities; (b) ensuring return on investment; and (c) maintaining efficiency and effectiveness of broadband network operations. Rural Broadband will also discuss and review the types of potential relationships which might be engage in with service providers to provision services to end-users and the advantages and disadvantages of the different models and options.
8. Industry Review - Rural Broadband will analyze current industry-wide trends and discuss factors that would support or detract from the potential success of the various technologies and business models presented. Rural Broadband will obtain reliable consumer information from existing data and additional research within the market regarding communications needs, the factors that determine the acceptance of various service offerings, willingness to pay, spending limits, etc. Rural Broadband will supply a business analysis of the potential subscriber community and a financial risk analysis, including possible actions which may be taken by competitors.
9. Economic Analysis and Financial Projections - In anticipation of the development of the Network and provisioning of the services, Rural Broadband will develop a phased in pro-forma business model and financial projections including: (i) details provided for the first twenty-four months monthly; (ii) details provided for each year of the first ten (10) years annually; and (iii) a ten (10) year financial summary.

The financial projections provided by Rural Broadband will be based upon verifiable assumptions to allow qualified decisions to

be made based upon a sound and thorough assessment of the feasibility and risk of the proposed project and associated business. The financial projections will set forth service offerings, service penetration, and service rates sufficient to pay operating costs and debt service. Rural Broadband will provide comparable information from similar projects to substantiate these and other categories of assumptions.

The financial projections will include inputs from all critical elements of the Business Plan, including but not limited to the following:

- Residential and commercial market and service area sizing
 - Service penetration
 - Aerial and underground plant miles assumptions
 - Service pricing strategy and rate schedules
 - Marketing and sales expenses
 - Detailed income statements including all categories of general and administrative, technical, service based operational expenses, and outsourced functions
 - Detailed cash flow statement
 - Detailed capital expenditures statement including: (i) schedules of required fixed equipment with current pricing; (ii) schedules of variable equipment costs with current pricing; and (iii) plant construction labor and materials
 - Make ready and right-of-way costs
 - Detailed schedule of all key assumptions and proposed network reference information
 - Financing plan based upon the capitalization of similar projects
10. Regulatory Analysis, Filings, and Permits - The Business Plan will identify pertinent State and Federal regulations and proposed legislation that could impact the project and outline steps for gaining compliance with all regulations.
11. Conclusions/Recommendations - Rural Broadband will provide

conclusions and recommendations intended to guide service providers toward making the proper decision concerning the development of fiber optic broadband networks.

12. Content Acquisition - Through Rural Broadband's extensive and ongoing work associated with acquiring video content for services providers in numerous markets, Rural Broadband assists clients in acquiring content associated with providing:

- a. Off-air broadcast services
- b. Linear SD and HD satellite programming services
- c. IPTV rights management
- d. PPV, VOD, and SVOD programming services

13. Video Content Acquisition Process:

- a. Review of Aggregator and Transport Options – Rural Broadband assists clients in assessing video programming aggregator and transport options. Decisions made by a Rural Broadband client's management team associated with the selection of an aggregator or transport provider will determine the extent of Rural Broadband provided support services required associated with the additional following elements necessary to complete the acquisition of programming services required to be obtained by a Rural Broadband client to complete its video services offering.
- b. Direct Agreement Process Overview – Rural Broadband currently maintains a database of over 300 total channels, 183 networks, and 58 programmers. The Rural Broadband database identifies all programming service, ownership, and contact information. Rural Broadband also maintains active detailed records associated with the programming agreement negotiating process including timelines and comments.

- c. Direct Agreement Procurement Process – Rural Broadband will initially contact the responsible programmer affiliate representative to request a carriage agreement while providing pertinent information to the programmer about the project. The programmer may then request additional information associated with the project or network platform prior to sending out an agreement.
- d. Contract Negotiations – Once the agreement is in hand, Rural Broadband will proceed to negotiate the best carriage rates possible based upon current and past experience in negotiating similar agreements, applicability of regulatory rules, and terms and conditions recently negotiated with the programmers on behalf of other Rural Broadband clients. Coupled with experience from other projects, Rural Broadband can bring added value to a client’s programming procurement process through negotiating the best carriage rates possible utilizing a well established, efficient process developed from over 20 years of experience in negotiating programming carriage agreements.

Terms of Engagement: The terms of the engagement by clients for Rural Broadband’s providing support services follow.

1. Support services provided by members of the Rural Broadband team are defined by a scope of work and an associated not to exceed fee. For on-site work requiring travel, Rural Broadband has a five (5) hour minimum per day billed for consulting services while traveling to or working at client locations or attending meetings on behalf of clients. Rural Broadband will invoice clients for reimbursable expenses associated with travel but does not invoice clients for meals.
2. Regarding any additional service required by clients, Rural Broadband provides the Rural Broadband support services and specific task to which it is assigned at the sole and exclusive direction of authorized representative(s).

3. Rural Broadband invoices on a biweekly basis for services rendered in providing the Rural Broadband support services.
4. Rural Broadband clients and their authorized representative(s) retain the sole and exclusive right to assign tasks to Rural Broadband.
5. Rural Broadband's arrangement with clients do not reflect binding agreements between the parties other than as it may apply to Rural Broadband support services requested solely by clients from time to time and rendered by Rural Broadband and the compensation due from clients to Rural Broadband associated with providing said services and the client's sole and exclusive right to assign said tasks and services.
6. Rural Broadband clients retain the sole and exclusive right to terminate their agreement with Rural Broadband for any and all services provided by Rural Broadband at any time without cause or prior notice.