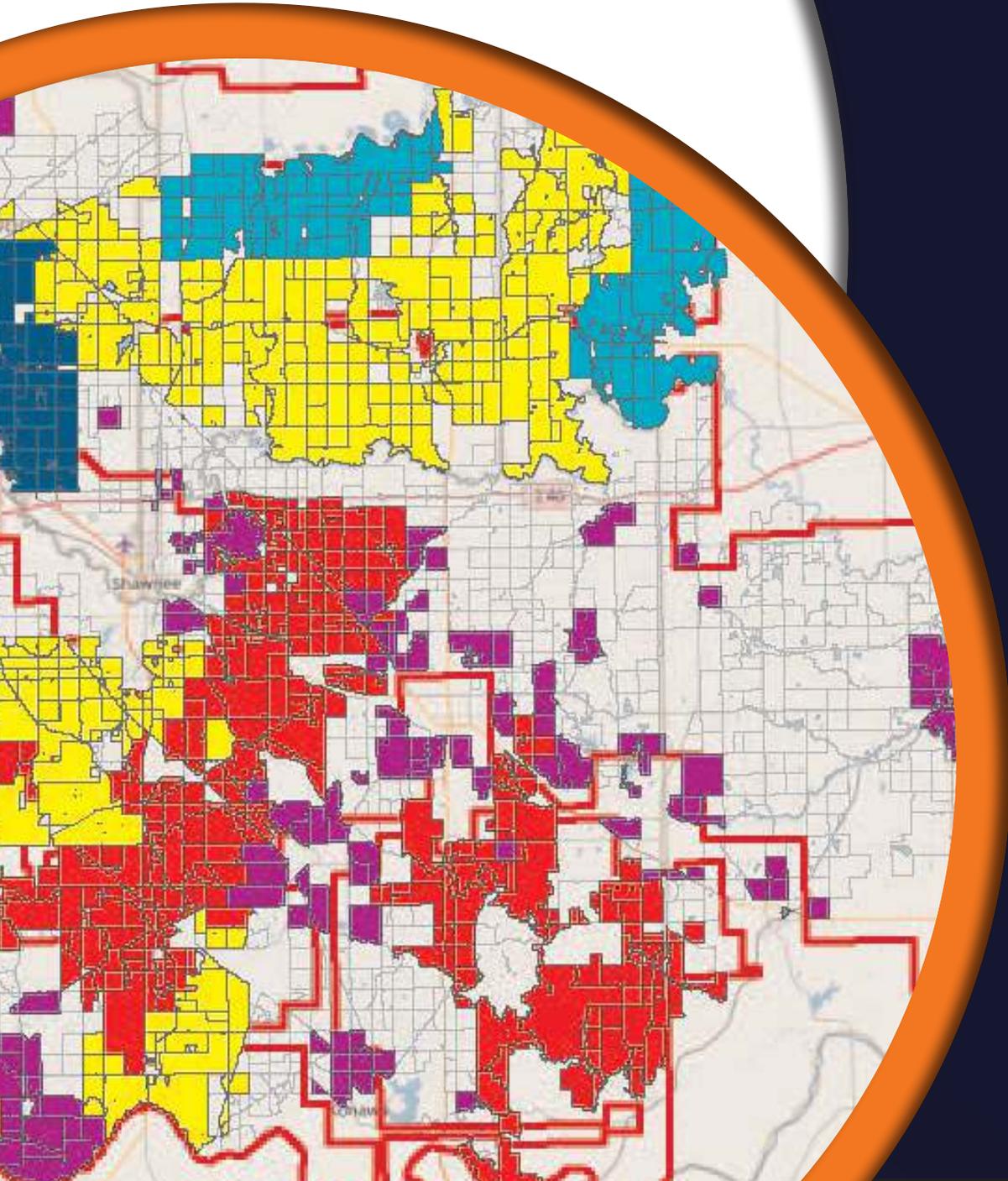


Feasibility Planning and Funding



Connecting Rural America

Powering Cooperative Success with Feasibility and Financing





"We were trying to figure out where we wanted to go when at a CEO conference, Jonathan Chambers gave a talk about Conexon, its co-op experience and its approach to fiber. We decided to take one more look at whether a fiber build-out was feasible on our system. That led to a feasibility study delivered by Conexon that ultimately brought CVEC's broadband efforts full circle – the decision to serve members with our own high-speed data network." -Gary Wood, President & CEO - Central Virginia Electric Cooperative (CVEC) - CAF II Award - \$28.6 Million

We believe the only way to ensure broadband across rural America is through electric cooperatives. Committed to improving lives, serving members and bettering their communities, electric co-ops across the country are demonstrating their willingness to invest the time, money and intellectual resources to deploy broadband in their areas. Our goal is to help co-ops like yours accomplish this, with resources for every step of the way – from proving out business feasibility to securing federal funds for deployment, designing your network, managing construction and much more.

Feasibility/Business Plan Analysis

A comprehensive, accurate and realistic feasibility plan is the critical first step for any broadband deployment. Conexon's team of professionals – many of them co-op veterans – takes a holistic and thorough approach to assessing your co-op's ability to successfully deploy a fiber-to-the-home (FTTH) network. We look at every aspect of your infrastructure, operations and business model to first determine if broadband makes sense for your co-op, and if so, how to deploy and operate in the most efficient way. Some of what our feasibility study delivers:

- Long-term (20 year) financial forecast to determine project viability (based on latest cooperative financial statements and budgets and forecasts)
- Determination of build-out based on financing needs, including competitive map overlay and analysis of Connect America Fund obligations (or other funding mechanism) and build-out requirements by incumbent carriers
- Analysis of all service offerings including broadband, television and telephone and recommended end-user bundling options
- Demographic and economic analysis of your served counties compared to other successful cooperative fiber projects
- Inclusion of smart grid network connections in network capacity and design cost analysis
- Recommended architecture and technology selection for financial projection
- Expert recommendations to improve the likelihood of success including financing, architecture, additional services, or areas to supplement density
- Advice on federal regulatory issues

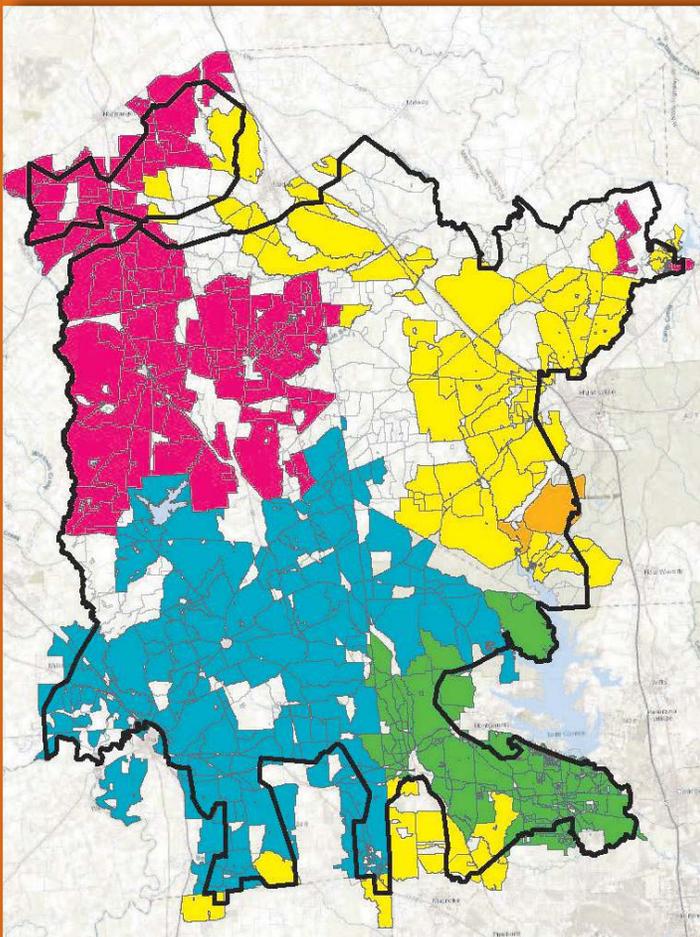


Figure 1. (Left Diagram) Analysis of Telco Providers in Study Area

In 2018, the Federal Communications Commission (FCC) awarded more than \$186 million in broadband funding to a consortium of electric cooperatives to build out Gigabit-capable networks. It was the largest and most successful bidding consortium in FCC history – one assembled, designed and led by Conexon.

"That before and after review demonstrated what the auction meant to our co-op. The results of the CAF II award mean we will not be subsidizing the build-out from the electric side, which is important for us. We had no idea of the magnitude of the auction, but Conexon did and that's part of the value they bring to a partnership." -Tim Smith, CEO & General Manager, East Central Oklahoma Electric Cooperative - CAF II Award - \$22.2 Million

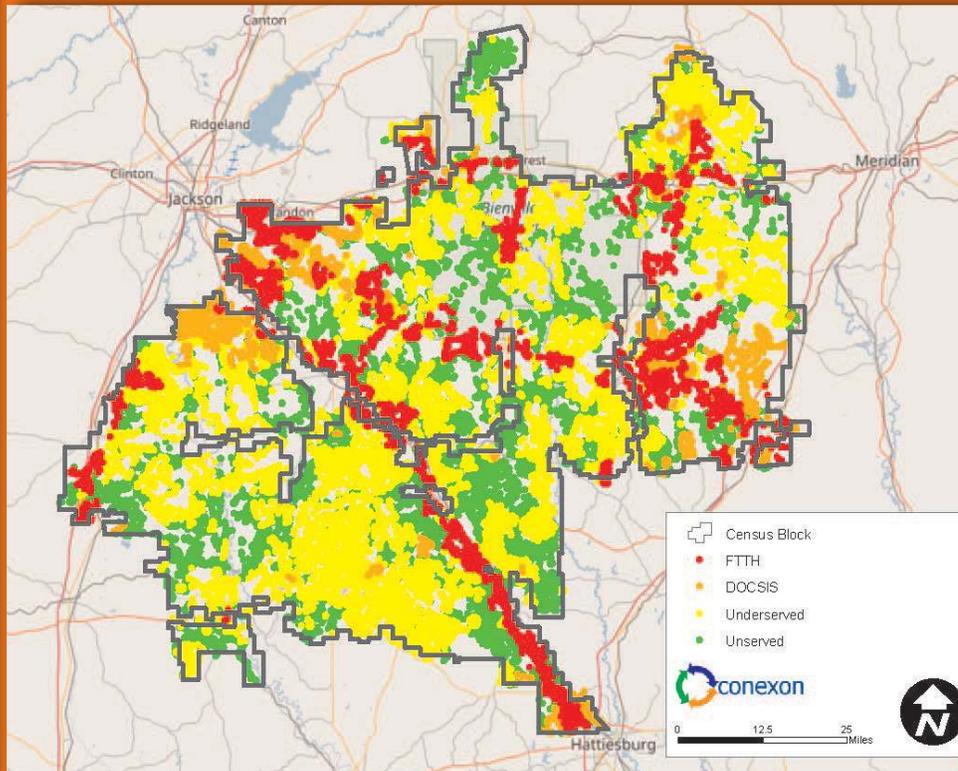


Figure 1. (Above Diagram) Analysis of FTTH Availability in Study Area

Investing in Your Co-op!

When we say we're invested in your success, we mean that literally. Conexon is prepared to do what no other consultant is willing to do – invest in a fiber-to-the-home broadband network in your community. Alternately, we will give you our business plan for you to invest in yourselves.

Why? Because we are confident in our approach and ability to build fiber networks in the most economically efficient way and, in keeping with the cooperative spirit, serving 100 percent of your members.

We are able to do this by removing the co-ops' largest barrier to entry, the uncertainty of member broadband take rates and total build-out cost.

Conexon is willing invest in your co-op's infrastructure and build out to 100 percent of the co-op's members. With our model, your co-op will have partial ownership as well as visibility into member take rates and the option to buy back for full ownership of the network.

We are willing to stand behind our numbers, give the co-op a fixed purchase price for the system and guarantee fiber service availability to all members. We are confident in our business model, willing to take on the financial risk on behalf of your co-op. We give your co-op all rights to obtain full ownership in the network at a fixed cost and most importantly ensuring your members have the best quality of service.

Funding Expertise

Conexon's funding and regulatory initiatives, led by the former chief of the Office of Strategic Planning for the Federal Communications Commission, are unmatched in successfully identifying and securing available public broadband funds. We have helped our co-op clients secure more than \$200 million in federal and state funding.

US Government Grant Programs

The government has been investing rural telecommunications infrastructure for decades. There are current and future programs offering billions in grants and loans for broadband connectivity and rural communities. Our experts can help you navigate the current and future funding opportunities and help prepare your application. The "scoring" you receive on applications will determine the level of funding you receive. The applications drafted by us have consistently earned high scores which translated into optimum funding for our clients.

Rural Digital Opportunity Fund

The FCC has begun distributing public funds for rural broadband by reverse auction, starting with the Connect America Fund (CAF) II auction. In 2018, Conexon successfully led the Rural Electric Cooperative Consortium, a bidding group that secured funding for Gigabit-capable networks. The FCC has announced a new Rural Digital Opportunity Fund, which will be a super-sized CAF auction of \$20.4 billion in 2020. We have already begun to prepare and encourage you to join us



Connecting Rural America

Conexon works with Rural Electric Membership Cooperatives to bring fiber-to-the-home to rural communities. We analyze economic feasibility, secure financing, design networks, manage construction, train employees, optimize business performance and determine optimal partnerships.

Our team believes the electric cooperative approach to fiber-to-the-home is unlike that of a telephone company or a cable company. There is a method for building to and serving rural communities that is unique to rural electric cooperatives. We understand the steps a co-op must go through to deploy broadband because we've actually done it ourselves. Our team has both built and operated fiber networks for electric co-ops and connected more members across the country than any other. Our commitment is to be with you from a project's conception all the way through to its long-term sustainability.

"This was truly a seminal moment in electric cooperative history. Kudos to these early co-op leaders and Conexon for bridging the gap and bringing fiber-to-the-home gigabit service to rural areas everywhere in Co-op Nation. Many thanks, Jon Chambers. It was a great and extraordinary event. It felt like a history-making or acknowledgement of a watershed moment in the history of rural broadband. Much credit to you for envisioning it before others and now proof of concept! I tip my hat to you."

-Tim Johnson, CEO, Otsego Electric Cooperative

CO-OP PROJECTS UNDERWAY

more than

90

co-ops

more than

150,000

miles of fiber

more than

200,000,000

government grant
dollars invested

more than

2,000,000,000

dollars invested in
rural America

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