



Provo Announces Sale of City's Fiber Optic Network

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Mayor Lewis K. Billings today announced the sale of Provo's citywide fiber optic system to Broadweave Networks, a local fiber optic services provider. Billings announced the iProvo privatization plan during his annual budget presentation to city employees at the Covey Center for the Arts.

Provo's pioneering fiber optic network, named iProvo, is the largest municipally owned fiber-to-the-premises network in the U.S., reaching all 36,000 residences and businesses within the city. The iProvo fiber optic network connects homes, businesses, government buildings, schools and traffic signals at speeds up to 1,000 times faster than cable or DSL. Broadweave will purchase the fiber optic network for \$40.6 million, which is enough to retire outstanding bonds incurred by Provo to build the system.

"This is a tremendous opportunity for Provo, which comes as the culmination of many months of hard work and deliberation," said Billings. "Our city gains the full advantage of the sale, while continuing to enjoy the benefits of this advanced infrastructure."

Under the terms of the deal, which is subject to municipal council approval, the city retains a license to use the network to connect city buildings, schools and power infrastructure. Broadweave will operate as both the network owner and the service provider. In 2003, Broadweave was the first carrier to deploy a single IP network that support primary-line services. Broadweave delivers telephone, TV, and internet under its "Triple-Weave" brand of services.

Broadweave's board of directors includes notables such as Fraser Bullock, COO of the highly successful 2002 Salt Lake Winter Olympics and Robert Frankenberg, former chairman, president and CEO of Novell. Sorenson Capital, a private equity firm headquartered in Salt Lake City, intends to invest in Broadweave Networks in order to make the purchase possible. This transaction is scheduled to close in June 2008.

"As a single entity operating both the fiber optic network and the services racing over the network, Broadweave will be able to offer an even higher level of service quality, reliability and customer satisfaction," said Steve Christensen, CEO of Broadweave. "Our primary goal is to make the transition as smooth as possible for existing customers." Customers should notice an increase in services and support. Christensen added, "Soon we will add more HD channels, upgrade set-top boxes and provide more broadband services to our customers."

Christensen said that Broadweave will also sharpen its focus on business subscribers. "Broadweave will be investing heavily in network upgrades in order to increase capacity, features, and performance for both residential and commercial customers. We are taking an already great system to the next level."

In April 2007, Provo City issued a request for proposals inviting private sector companies to submit offers to provide telecommunications services on the network, opening the door for new service providers and entities interested in privatizing the network. In late 2007, Broadweave contacted the city expressing interest in the network. The city and Broadweave entered into a non-disclosure agreement allowing them to begin their due diligence process. Months of work and negotiation on the part of both parties has culminated in the signing of the asset purchase agreement.

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