

2.0 Company Summary

Frontier Broadband is a new company that will initially provide wireless broadband Internet service to customers in the Richmond, Virginia metropolitan area and its surrounding regions, with an eventual expansion to the state of Virginia, the Mid Atlantic region and eventually provide a national presence.

Frontier Broadband will attempt to acquire the use of MMDS spectrum for wireless communications. This spectrum is licensed from the FCC. A licensed spectrum is important to the success of the company as it provides a medium upon which others cannot compete and adds enormous value to company.

Frontier Broadband will leverage new technologies in wireless communications in order to provide service to a wide range of business and residential customers. Frontier Broadband is inherently a communications company and is well positioned to enter the explosive competitive local exchange carrier (CLEC) market. Frontier Broadband will establish strategic relationships with the following entities:

- Regional DSL providers. This partnership will allow the providers the opportunity of extending their own networks to a larger customer base by carrying their traffic and data over our wireless infrastructure. This will allow DSL providers the reach of the quickly growing urban and rural markets.
- Multi-tenant unit owners and managers. This partnership will allow this group the opportunity of reselling high-speed Internet access to their residents, tenants and customers via in-house DSL equipment (owned and operated by Frontier Broadband) and the buildings' or complex's copper telephone wiring.
- Community developers and builders. This partnership will allow this group the opportunity to install high-speed wireless equipment without paying for the expense of constructing facilities, the laying of network cabling in each newly constructed house and the laying of expensive fiber optics lines within the proposed community.

2.1 Company Ownership

Frontier Broadband is a Virginia Limited Liability Company based in Richmond, Virginia. Its co-founders, Kory V. Mohr, Michael Sowers and Anthony Johnston own frontier Broadband in full. The company will convert to a Virginia S Corporation when appropriate. Once the conversion to a S corporation is complete, other stakeholders that will hold an equity stake of the company will include the majority of employees who will have started in the first three months as well as the investors in the company.

2.2 Start-up Summary

Frontier Broadband will finance its start-up in two phases, the seed and incubation phase. We initially estimate our pre-money valuation at \$3 million. The seed capital of \$250,000 will be used to acquire on office space, lease and obtain use of the MMDS wireless spectrum and construct a proof-of-concept, two tower wireless network upon which to build a beta network. The pilot network will provide service to several community business and government leaders free of charge to allow for the testing of the design and equipment. After a short testing period of two to three months, the pilot capital of \$935,000 will be raised. This second phase of financing will allow for the completion of the wireless network, operational funds, initial CPE inventory, purchase of a five-node very high-speed wireless infrastructure and construction of three more MMDS central servicing sites. The third phase of capital will total \$1,085,000. This will be used to provide our entire suite of services to our subscribers and customers.

Included in these funds are monies that are slated for the design and development of marketing materials, and other miscellaneous expenses such as insurance, utilities, etc. This amount of funding should be more than sufficient to ensure the success of Frontier Broadband and provide enough operating capital to survive the first year when cash flows may not always be positive.

Start-up Plan	
Start-up Expenses	
Legal	\$30,000
Stationery etc.	\$2,000
Brochures	\$2,000
Consultants	\$50,000
Insurance	\$6,000
Office Equipment	\$15,000
Office Build-out	\$15,000

Backbone access	\$25,500
Research and development	\$80,000
Marketing	\$35,000
Servers & Routers	\$60,000
Wireless Network equipment	\$600,000
Enterprise level wireless equipment	\$100,000
Tower leasing	\$30,000
Multi-tenant DSL equipment	\$60,000
Other	\$10,000
Total Start-up Expense	\$1,120,500

Start-up Assets Needed

Cash Requirements	\$150,000
Start-up inventory	\$500,000
Other Short-term Assets	\$0
Total Short-term Assets	\$650,000

Long-term Assets	\$500,000
Total Assets	\$1,150,000

Total Start-up Requirements:	\$2,270,500
Left to finance:	\$0

Start-up Funding Plan

Investment

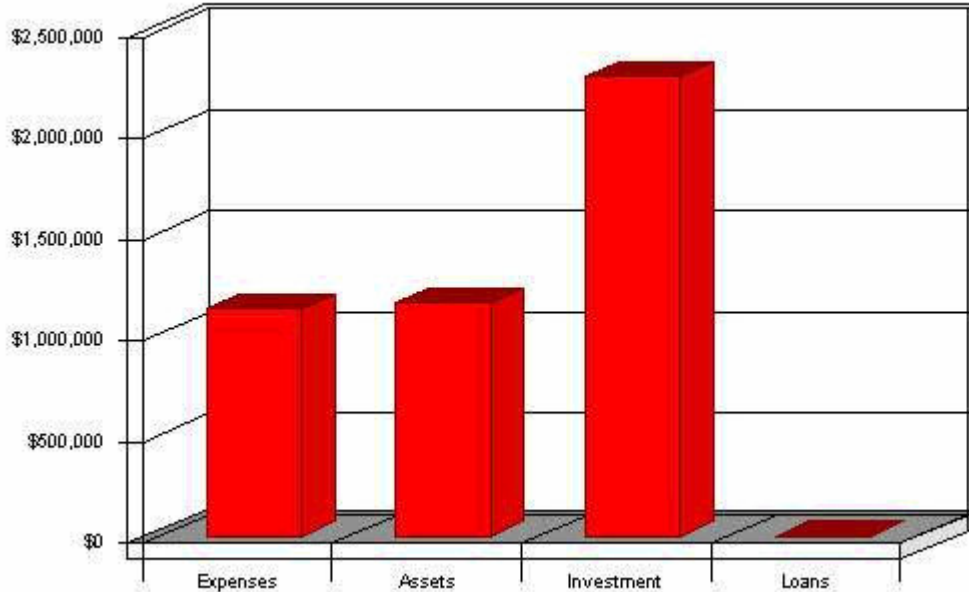
Seed Capital	\$250,000
Pilot Capital	\$935,000
Deployment Capital	\$1,085,000
Total investment	\$2,270,500

Short-term Liabilities

Unpaid Expenses	\$0
Short-term Loans	\$0
Interest-free Short-term Loans	\$0
Subtotal Short-term Liabilities	\$0
Long-term Liabilities	\$0
Total Liabilities	\$0

Loss at Start-up	(\$1,120,500)
Total Capital	\$1,150,000
Total Capital and Liabilities	\$1,150,000
Checkline	\$0

Start-up Chart



2.3 Company Locations and Facilities

Frontier Broadband will establish its corporate headquarters and main operations center within the city of Richmond, Virginia. As regional operations expand, several branch offices will be located throughout various cities and counties to provide our customers with a high level of customer service and an exceptionally quick response time.

The company's main connection to the Internet backbone will be through its office in Richmond. Several remote access points, based on antenna towers, will be strategically located on leased tower space, or towers owned by Frontier Broadband throughout the Richmond metropolitan area and any additional markets we will enter. These access points will be tied back to the corporate headquarters in Richmond through our own wireless infrastructure.

Initial Internet access will be provided through a fractional DS3 line, capable of delivering 6Mbps, with the capacity to expand up to 45Mbps within an hour's timeframe, should we require it. We will also utilize a T1 line as a redundant backup and burstable solution to activate when the demand on the fractional DS3 is too great. Additional connections will need to be provided over multiple DS3 lines to handle the large amounts of traffic we expect. Additional connections to additional carriers will be added to provide redundancy and load balancing as our customer base expands. We will anticipate a 6:1 to 8:1 subscriber ratio, which will be continuously monitored to prevent network saturation.

We are planning to utilize Western Multiplex's Tsunami solution for offering services to urban and rural areas, which may be initially beyond our current infrastructure. We have established a partnership with Western Multiplex that we plan to utilize when needed. Tsunami will allow us to carry up to 100Mbps of data and voice traffic from our NOC to a point up to 30 miles away. This is an unlicensed solution that will allow for quick and simple deployment at any given moment. We will consider demand for service and research value and profit potential prior to extending our service beyond our currently serviced region.

We will incorporate a network problem alarm feature that will allow the system to contact any one of the partners, system administrators and/or engineers by paging and/or email solutions. We will also incorporate dedicated access and monitoring solutions from these individuals' homes to allow for instant attention should emergency situations arise.