



COMPANY
BACKGROUND

COMPANY BACKGROUNDER

COMPANY AT A GLANCE

DynamicCity is the catalyst for the digital revitalization of metro markets across America. It creates community-based open access networks that deliver true broadband connections, service provider independence, and life-enhancing services to residents and businesses.

Founded in 2000, DynamicCity enables communities to obtain and offer affordable advanced communications services essential to economic development in the 21st Century. As an Open Access Architect, DynamicCity delivers unmatched expertise in designing, financing, building, and managing transformational fiber-to-the-premise projects.

DYNAMICCITY HIGHLIGHTS

- Developed the innovative business model validated by the buildout of the groundbreaking open access network, UTOPIA
- Architected the largest municipal fiber network project in the U.S.: UTOPIA includes 16 founding member cities and 175,000 potential subscribers throughout Utah
- Empowers local communities to provide businesses and residents with widely accessible, affordable, reliable and converged communications (voice, video and data) at unprecedented speeds from 100 Mbps to 1 Gbps and beyond
- Delivers comprehensive creative financing options
- Operates the network as an asset to maximize return on investment
- Provides a framework that enables competition and innovation from a range of competing content, commerce, communications and application service providers.
- Delivers a superior infrastructure for fostering economic growth and development within communities
- Designs unique dedicated standards-based fiber-to-the-home systems providing the highest broadband performance available to the business and home – upload and download speeds 400 to 4,000 times faster than DSL and upload speeds 5 to 50 times faster than typical passive fiber networks offers

MARKET ENVIRONMENT

“It is unacceptable that the United States ranks 15th in the world in broadband adoption. Here, in the country that invented the Internet, every child should have the chance to get online...because that’s how we’ll strengthen America’s competitiveness in the world.”

President Barack Obama
Internet Address
December 6, 2008

The appeal and legacy of the United States has always been economic prosperity founded, in part, on a solid nationwide infrastructure that enables a vibrant economy and a high quality of life. In recent years, however, America has fallen alarmingly behind in the deployment of the broadband infrastructure critical to our economy and standard of living in the digital age.

According to independent reports from the International Telecommunication Union (ITU), and the Organization for Economic Co-operation and Development (OECD) and The Brookings Institution, with each year that passes, the United States falls further and further behind the global leaders in broadband penetration. Our ranking is even worse when we realize that the U.S. is so dependent on “little” broadband (200 Kbps), while many countries are aggressively implementing 10, 20, 100 and even 1000 Mbps services.

Not only does the United States lag behind in broadband penetration; we also pay more for our broadband bandwidth in head-to-head match-ups than nearly a dozen other countries. Residents in parts of Japan have internet connections of gigabits per second (Gbps) for just over \$56 a month. Internet subscribers in France pay only \$3.70 per megabit, while U.S. consumers pay on average \$12.60/month for the same product.

Broadband consumers in the United States pay more for less and are denied true broadband access because they are subject to the control, limitations, and non-competitive prices of incumbent service carriers’ monopolies.

America’s communities are increasingly looking for dynamic solutions capable of delivering competitive world-class services that improve business productivity, accelerate economic growth and enrich the lives of residents. The benefits of such solutions to local communities are enormous. Forward-looking municipalities delivering advanced communications services improve the local tax base and attract new residents and businesses to their economy. These dynamic cities are seizing the initiative to build service provider-independent networks; they refuse to allow incumbent carriers and their monopolistic practices to control this next-generation infrastructure and be the sole source in determining the timing and pricing of true broadband services for their communities.

The number of homes in the United States connected directly to fiber is growing, but we still lag far behind what is required for us to compete effectively in a global economy. Until we make a commitment as a nation to broadband, we may continue in vain to maintain our position as a global economic power as we see opportunities, jobs, and prosperity go overseas.

DynamicCity, the architect and authority on open access fiber networks, is empowering a broad range of U.S. communities to fulfill the promise of becoming dynamic cities themselves by partnering with them and others to deliver life-enhancing, cost-effective broadband services and content. Starting with UTOPIA, the nation's largest municipal fiber network project, including 14 founding cities and 160,000 potential subscribers throughout Utah, DynamicCity assists communities to take control of their digital future. These community-owned fiber networks facilitate greater consumer choice along with breakthrough broadband services at significantly reduced cost, thereby helping America regain global broadband competitiveness.

“Broadband can help narrow the information gap between rich and poor, and urban and rural areas... Municipalities are trying hard to deliver those benefits to all their citizens and businesses despite private-sector opposition.”

OSPN MODEL & BENEFITS

DynamicCity's unique approach to open access networks, the Open Service Provider Network (OSPN™) model will fundamentally transform the broadband market landscape across the country. By working together with community partners and opening the network to competitive content and service providers, the OSPN model enables community-owned fiber networks with advanced, next generation communication services, with ample capacity for growth for decades.

The OSPN model overcomes the monopolistic tendencies inherent in historical approaches by creating true broadband infrastructures accessible to as many competing third-party service and content providers as possible. The outcome is not only greater consumer choice, but an ecosystem where capacity, availability and open competition foster innovation and new services at significantly reduced cost. DynamicCity's OSPN model provides an engine for economic growth and development in the form of high speed communications supporting the full range of converged services at attractive prices.

OSPN BENEFITS AT A GLANCE

Business & Residential Consumers

- True broadband – 100 Mbps to 1 Gbps connections and beyond
- Symmetrical service – faster data downloads and uploads
- Competition – better service, lower cost, greater choices
- Higher quality video experience
- New breakthrough services and content
- Converged voice, video, and data services
- A more empowered future

Communities

- A better infrastructure for economic growth and development (e.g. higher home values, better business environment, etc.)
- Enhanced lifestyle and improved interaction with family/friends
- More empowered community involvement
- Globally competitive community
- New revenue source
- Competitive services
- Ubiquitous coverage
- Future-proof communications – a dynamic city

Carriers, Partners, Content Providers

- An economically compelling, open and level playing field in which to compete for consumers
- A willing network partner with the best possible infrastructure
- A network owner that won't compete
- New, untapped networks and regions that might otherwise be uneconomical to reach
- Minimized capital entry costs
- Critical mass of subscribers
- Success-based pricing model

Real Estate Developers

- Value-added broadband services to attract home-buyers
- Alternative model to limited and proprietary service offerings
- Enhanced lifestyle and improved interaction with family/friends
- Increased land/home values to property owners
- Bundling/co-marketing opportunities for new fiber-ready homes
- Opportunity to differentiate among developers and capitalize on the new concept of “dynamic homes”

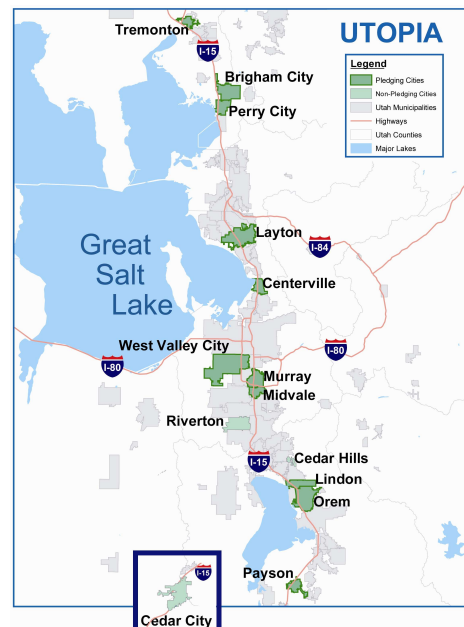
OSPN AT WORK

DynamicCity’s unique and innovative OSPN model is the basis of a landmark fiber-to-the-home project along Utah’s Wasatch Front. The Utah Telecommunications Open Infrastructure Agency (UTOPIA) is a group of Utah cities dedicated to accelerating economic development and quality of life in their communities by deploying a publicly owned advanced telecommunications Open Service Provider Network over the “last mile” to all homes and businesses.

The largest community fiber network project in the country, UTOPIA embraces 16 founding member cities and 175,000 potential subscribers throughout Utah. Approximately 60% of Utah’s population lives in cities adjacent to the members, suggesting opportunity for significant expansion.

Acting as an open access architect, DynamicCity plays a fundamental role in designing, financing, implementing, and managing this breakthrough fiber-to-the-premise project that is showcasing the power of the OSPN model. Having recruited multiple high-quality service providers and technology partners, DynamicCity empowered UTOPIA to offer homes and businesses generally accessible, affordable and reliable voice, video and data at unprecedented speeds from 100 Mbps to 1 Gbps and beyond. With speeds of up to 4,000 times faster than DSL, the potential for these Utah communities to attract providers who will offer their residents and businesses a wide variety of services such as distance education, tele-medicine, and video conferencing is becoming commonplace and affordable.

True to its name, UTOPIA is becoming a collection of dynamic cities taking control of their digital future and raising the bar for all communities across America. DynamicCity is working with other cities to replicate the initial success and value proposition of the UTOPIA project.



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