



# Towerstream

## The Company

Towerstream (NASDAQ: TWER) is a U.S.-based wireless Internet service provider delivering high-speed, wireless Internet access via WiMAX™ to businesses. Founded in 2000 in Rhode Island, Towerstream has established broadband networks in ten markets - New York City, Boston, Philadelphia, Los Angeles, Chicago, the San Francisco Bay Area, Miami, Seattle, Dallas-Fort Worth, and the greater Providence area; and has plans for continued expansion. It operates its WiMAX network in the 3.65 GHz spectrum band, which is subject to light licensing requirements by the U.S. government.

As a WiMAX service provider, Towerstream's goal is to bring reliable and fast Internet access to U.S. businesses for less than the cost of traditional carrier services. It had originally tested IEEE 802.16-2004 WiMAX equipment when it first became available. However, the company waited on its deployment until 802.16e-2005 WiMAX Forum Certified™ equipment was ready. This will enable Towerstream to take advantage of mobility in later stages of development and to future proof its network for an eventual transition to IEEE 802.16m. IEEE 802.16m, the next leap forward in 4G technology, will be fully backwards compatible with 802.16e technologies.

## WiMAX Broadband Services Offered

Towerstream uses its WiMAX network to offer broadband Internet access to businesses of all sizes (from SMB to enterprise), across a wide variety of verticals including healthcare, hospitality, education and media. The company originally saw WiMAX as the perfect replacement technology for T-1 lines. Towerstream uses its platform to offer services at a range of speeds in symmetrical bandwidth to its business customers with prices starting at U.S. \$299 a month.

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### Towerstream Service Pricing

T-1	\$299/mo + Free Installation
5 Mbps	\$599/mo + Free Installation
8 Mbps	\$799/mo
T3/DS3	\$999/mo
10 Mbps	\$1299/mo

Towerstream's network supports a wide array of business applications. With WiMAX-enabled high-speed broadband access, Towerstream's customers are able to enjoy VoIP, video conferencing, streaming video and audio, and other customer-specific business applications.

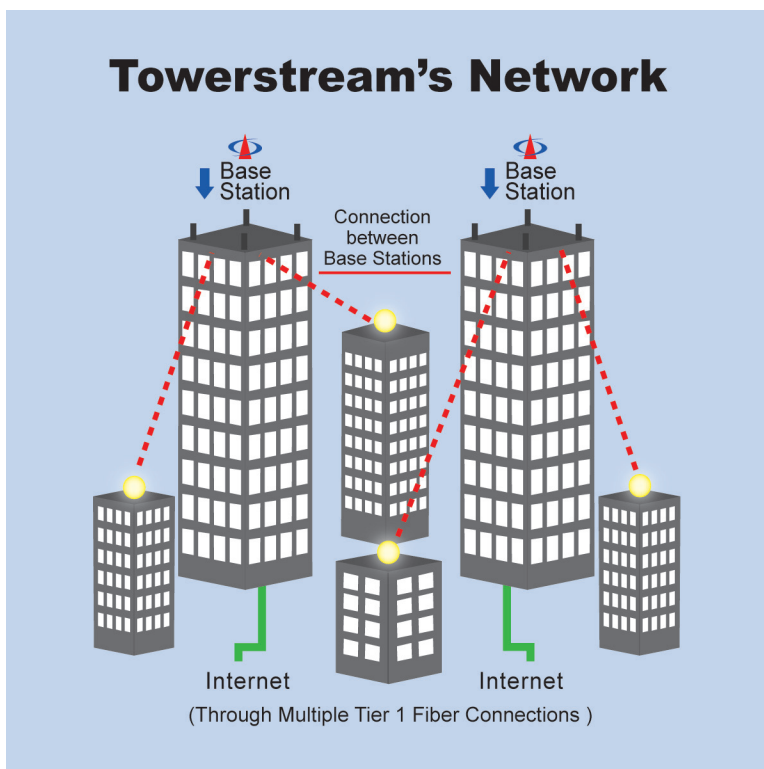
With a sole focus on pleasing business customers, Towerstream offers a competitive series of packages. Towerstream lists the following as the benefits to its service:

- **Rapid installation:** Installation takes only 3-5 business days, compared with approximately 30 days with wireline solutions.
- **Discount:** 25-40% discount to embedded landline base.
- **Single solution:** TDM, Voice, Data and Video over a single connection.
- **Speed and scalability:** Can offer bandwidth from 512k to 1 Gbps.
- **Reliability:** Guaranteed 99.999% network uptime.
- **Customer Service:** 24/7 live technical support.

## The End to End Network

Towerstream has built WiMAX networks in 10 major markets as of December, 2009: Boston, Chicago, Dallas-Fort Worth, Los Angeles, Miami, New York City, Providence/Newport, San Francisco, Seattle and most recently, Philadelphia. It typically strives to cover businesses across the entire metropolitan area; however, the exact size and population density covered varies from market to market.

Towerstream uses 802.16e Mobile WiMAX equipment supported by a variety of backhauling methods. The company has ensured that in each case it builds in primary and secondary redundancy, with a tertiary layer added when needed. These generally consist of microwave backhaul links including 6 GHz, 11 GHz, 18 GHz, 23 GHz, 24 GHz, 60 GHz and 80 GHz when distance allows. These radios are capable of up to 3.2 gigabytes of data throughput, and are expected to carry even more capacity coming in the near future. While each network is built to support gigabits of capacity in the



core infrastructure, Towerstream is able to easily add base stations in a modular fashion as the need arises.

While Towerstream's service is currently available in 10 markets, it continues to analyze new cities for expansion. Each new city expansion can be done relatively rapidly, with a projected build cycle of six months for a facility followed by four to five months for site acquisition and a final month for the physical build.

## Market Opportunity and Company Vision

Towerstream's motto is "Better – Faster – Cheaper." This speaks directly to its potential customer base, many of which retain broadband services from the traditional telecommunications providers in each city. Towerstream believes that enabling businesses to save money and increase productivity is its greatest competitive differentiator – and key to this success is its WiMAX network. Because of the low-cost business model enabled by its technology, Towerstream's customers are able to have more bandwidth at a lower price, enabling them to do more, be more productive and cut costs, all with one service.

In each market Towerstream operates in, there are thousands of businesses – the vast majority of which need high-speed Internet to operate on a daily basis. This represents a large addressable market, which Towerstream has detailed below:

City of Operation	Businesses per Market
Boston	37,453
Providence/Newport	16,627
New York	181,923
Miami	144,276
Chicago	68,653
Dallas	103,335
San Francisco	68,293
Seattle	59,640
Philadelphia	64,250
Los Angeles	142,947

Towerstream's vision is simple: to bring reliable and fast broadband to businesses for less than the cost of traditional carrier services. With its proven, future proof WiMAX technology and a large addressable market, Towerstream is confident of its ability to fulfill that mission.