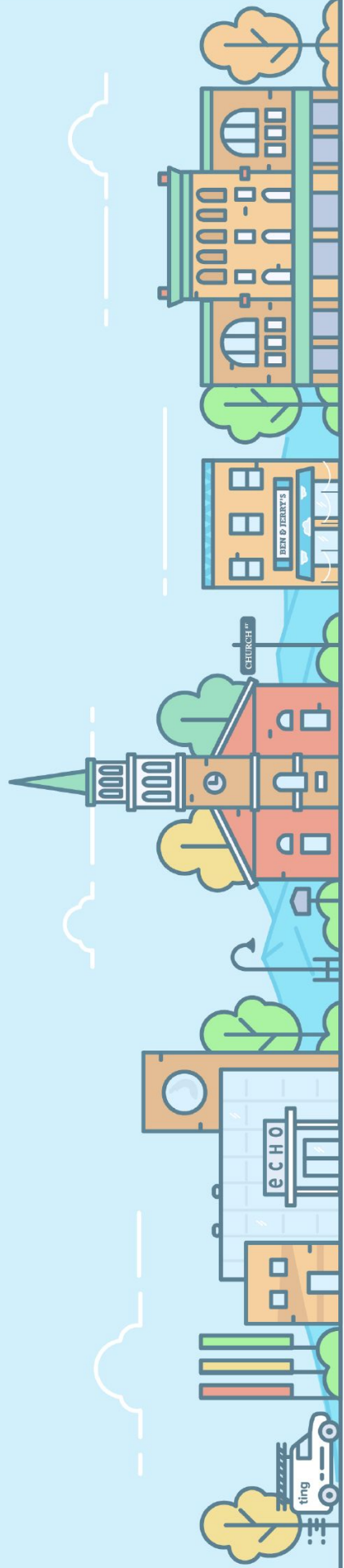


# Hey, Burlington!

A great town deserves great Internet.



September 2017

# About Tucows and Ting

## ting About Tucows and Ting



# tucows

### About Tucows

- Ting's parent company
- Founded 1993, public since 2001 (Nasdaq: TCX)
- 500+ employees
- \$280m yearly revenue
- U.S. offices: Kirkland, WA; Charlottesville, VA; Starkville, MS; Westminster, MD; Holly Springs, NC
- Headquartered in Toronto, Canada

## ting About Tucows and Ting

The logo for 'ting' is written in a bold, lowercase, blue sans-serif font.

### About Ting

- 280k mobile devices across the USA
- Provider of all-fiber, symmetrical gigabit

Internet in several markets:

- Charlottesville, VA (live)
- Westminster, MD (live)
- Holly Springs, NC (live)
- Sandpoint, ID (starting construction)
- Centennial, CO (starting construction)



# ting We Believe in Local Presence, Community Engagement



## To us, community is key.

A thriving community is beneficial to both the City and Ting as a potential local partner. We support local initiatives that:

- Close the digital divide
- Foster entrepreneurship, innovation and education
- Support local non-profits

# Ting's Offer: Key Terms

## ting Offer: Key Points



### \$28.8 million (total value)

- **\$27.5 million cash payable on closing**
- **Additional \$0.5 million** if BT reaches **\$4.25 million** in FY 2018 EBITDA
- Tucows will be responsible for moving out of the Memorial Auditorium data center, an estimated **\$800,000 cost**
- Subject to final negotiation and a Definitive Agreement



## ting Offer: Key Points



Unmatchable City. Unmatchable Internet.

### \$250k on BTV Ignite, free community advertising and other programs like:

- Free co-working space
- Zones with free gigabit-powered wifi
- Free service to select, local non-profits
- Sponsorship of local events and programs
- Low-income Internet service subsidies
- Internship programs
- Public, educational and government access channels
- Small business (“shark tank”) challenges

## ting Offer: Key Points



Unmatchable City. Unmatchable Internet.

### Minority interest available

- A percentage of the offer's value can be made available to the City for a stake in the operation.
- The City can later divest this interest if it so chooses.

## ting Offer: Key Points



### Investment guarantee

- Cash generated by the business will first be invested to support BT's expansion plans:
  - Completing New North End and Downtown
  - Completing remaining areas identified by BT within City
  - Embarking on expansion beyond Burlington
- This is detailed further later in this document

# Our Track Record and Our Commitment

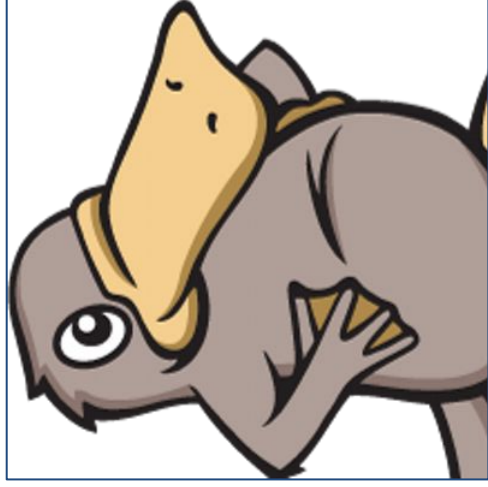
## ting Our Commitment to BT and the City of Burlington

### We believe actions speak louder than words.

- We are an Internet company whose history spans three decades.
- During this time, we've acquired companies of various sizes and types.
- We have a **proven track record** of investing in these companies, keeping them local, and providing growth opportunities for employees.
- **Very few strategic buyers** have our history of maintaining and growing acquisitions; we don't set timeframes on returns that other groups, such as financial institutions, may have.
- **We've never subsequently sold an asset we've acquired.**

## ting Example: Boardtown Corporation

### Originally acquired: 2004 Starkville, MS | [ispbilling.com](http://ispbilling.com)



- Boardtown developed Platypus, an ISP billing solution. We have hundreds of ISP clients today.
- In 2014, we leveraged the Platypus invoice printing and mailing operation to serve as our worldwide logistics hub for mobile and phone operations.
- Today, this office manages **all mobile and fiber inventory and shipping** across our organization.
- **One of the original support staff now manages Hover, our \$20 million retail domain operation.**

## ting Example: EPAG Domainservices GmbH

**Originally acquired: 2011**  
Bonn, Germany | [epag.de](http://epag.de)

**epag** Domain  
Services

- EPAG was acquired to help us grow our international domain name business.
- EPAG's Bonn office now serves as our hub for international domain registrar operations, and EPAG's systems power all of our international domain extensions.
- Our \$100 million registrar operation, which is second largest worldwide, **is run by EPAG's original Managing Director.**

## ting Example: Blue Ridge Internetworks (BRI)

### Originally acquired: 2015 Charlottesville, VA | bri.works



- BRI was acquired to help grow our FTTH business.
- Since purchase, we have **doubled the network size** and **tripled the number of staff**.
- Many team members have grown their roles and responsibilities. Examples include:
  - **BRI's lead programmer now works on large corporate initiatives on a national level.**
  - **Support staff in Charlottesville work on supporting both local and national markets.**



**ting** Example: eNom

**Originally acquired: 2017**  
Kirkland, WA | [enom.com](http://enom.com)

- This acquisition grew our domain business to second largest in the world, second only to GoDaddy.com.
- Since the acquisition closed in January:
  - **eNom’s head of product now leads a critical, worldwide systems initiative for us.**
  - **eNom’s payroll manager now leads our entire U.S. payroll/benefits operation (for approximately 150 employees).**

**enom**

**ting** Our Commitment to BT and the City of Burlington

Bringing Ting to town is bringing an innovative,  
growing national employer to town!

**WE'RE  
HIRING!**

Our Guarantee to  
Keep BT Local

## ting Keeping BT Local

### A fiber business needs to be “hyper-local” to thrive.

- We believe a deeply local operation is key to any successful ISP.
- We want to make sure the jobs, operations and facilities in Burlington not only remain, but grow.
- We believe BT is solid operationally, leaving no reason to make drastic organizational changes.
- We want to retain all team members who are driven and interested in the future of BT.

## **ting** Keeping BT Local

### **Sales, support and account management staff**

- Technical support for BT customers will continue to be provided by local staff in Burlington.
- Sales and account management will also continue to be provided by local staff in Burlington.
- In addition, staff will have the opportunity to support other markets, while being based locally in Burlington, as we expand the scope of our operation and introduce extended support hours to match national support levels.

## **ting** Keeping BT Local

### **Outside plant (OSP), installation and engineering staff**

- All Ting OSP functions are performed by local employees of Ting. We do not outsource any positions. We will not change this in Burlington.
- All BT plant installation and construction will remain in Burlington.
- Network design and engineering will continue to be led from Burlington.
- Staff will have access to support and resources available from our national OSP, installation and engineering teams.

## ting Keeping BT Local

### Finance and marketing

- Finance positions will remain in Burlington, focused on the BT business but also supporting the larger organization as necessary.
- Marketing will remain in Burlington, focused on growing the BT business, with **additional financial and operational resources** to market locally.
- All local facilities and stores will continue to be locally operated and maintained in Burlington.

## ting Our Pricing Commitment

### We will guarantee customer rates for 30 months.

- Customers on existing pricing/packages will have those honored for a minimum of four years, with **no price increase** (aside from any TV programming cost increases).
- Our long term view is generally that technology developments drive pricing **downward** and not **upward**.
- We have not raised prices in the history of our mobile and fiber businesses.

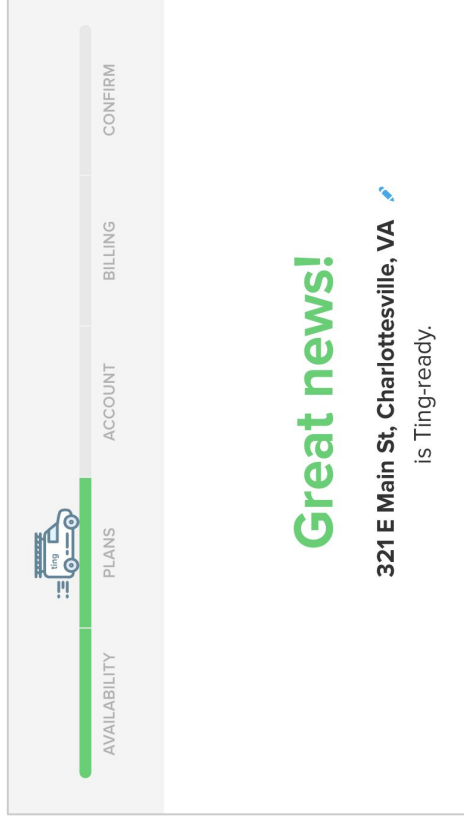


# Operational Improvements

## ting Provide Enhanced, Integrated Services

We will improve ease of doing business with BT.

- Our much-heralded user experience will be expanded to Burlington.
- Unlike many providers and companies, this is a position of strength for Ting, and we constantly strive to better our online tools.



The image shows a screenshot of the Ting website's navigation menu. The menu items are: AVAILABILITY, PLANS, ACCOUNT, BILLING, and CONFIRM. The 'PLANS' item is highlighted with a green bar and a small icon of a car with the Ting logo. Below the navigation menu, the text reads: **Great news!** 321 E Main St, Charlottesville, VA is Ting-ready.

# ting Provide Enhanced, Integrated Services

## BT customers will benefit from our attention to detail.

- BT customers will be able to perform many new functions, including:
  - Checking service availability online.
  - Ordering online.
  - Managing their account (billing, etc.) online.

**Account settings**  
Need to update your address? Subscribe to Ting news or device alerts? Change your password or cancel your account? You're in the right place.

**Details**

Account number	9588973210
Name	Adam Elsner
Contact number	416-535-0123
Email	adam@ting.com

**Billing**

Name on card	
Credit card	
Expiry date	/

**Emails and updates**

Ting news	On
Device alerts	On
Ting satisfaction surveys	On

## **ting** Expand Support Hours and Tools

### **Support services will be expanded.**



- We will complement existing phone support with Ting's additional tools (such as web forums).

Our Commitment to  
Network Growth

## ting Expansion Strategy

**Our commitment is to fund BT's efforts to reach more parts of Burlington, and beyond.**

- We have the ability and capacity to build large areas/neighborhood “footprints” at once, as opposed to small areas or individual streets (when applicable).
- We employ a full field operations project team that can assist, in co-ordination with local BT staff, on each, where local staff would be responsible for managing pipeline, strategy and build.

## **ting** Expansion Strategy

### **Goal 1: Support ongoing BT construction projects, building “footprints” where applicable.**

- We pledge to continue to support and ensure completion of BT’s builds in New North End and Downtown in accordance with BT’s proposed schedule.

## ting Expansion Strategy

### Goal 2: Continue building to new neighborhoods and buildings in key areas identified by BT.

- The City has identified an additional ~1,190 addresses that could potentially be serviced. We would fund this build, and support BT's proposed timelines for completion.
- We would support additional MDU opportunities, new builds, multi-year projects, greenfield areas, etc. as they present themselves.



## ting Expansion Strategy

### Goal 3: Support expansion projects beyond the City.

- Our goal would be to also build key projects identified by the City, including:
  - Winooski
  - Essex
  - Williston
  - Chittenden County
- We can provide financial and operational resources and help to concurrently support these builds.
- Further evaluation of costs and methodologies will be necessary.

# The Burlington Telecom Brand

## ting Maintaining the BT Brand

**We know the BT brand is meaningful to Burlingtonians.**  
We will combine and communicate the best that each brand brings.

**BT** Burlington  
Telecom

Powered  
by Ting

### **Accountability**

Familiar faces, local presence and insight, years of easy (human) access and interactions, dedication and great service

### **Usability**

Modern online tools for ordering and management, expanded support channels, improved product features

# Documentation and Links

## ting Links and Contact Information



**tucows**

- Hello Burlington video: [www.bit.ly/hellobt](http://www.bit.ly/hellobt)
- Tucows website: [www.tucows.com](http://www.tucows.com)
- Ting Internet website: [www.ting.com/internet](http://www.ting.com/internet)
- Ting YouTube channel: [www.youtube.com/user/ting](http://www.youtube.com/user/ting)
- Contact us: [burlington@ting.com](mailto:burlington@ting.com)



September 18, 2017

Stephen Barraclough  
General Manager  
Burlington Telecom  
200 Church Street Burlington, VT 05401

Terry Dorman  
Dorman & Fawcett  
PO Box 1370  
Quechee, VT 05059

Dear Stephen & Terry:

Tucows (“We” or “Buyer”), through a wholly owned subsidiary of our choice, wishes to acquire through (the “Transaction”) all of the assets of City of Burlington d/b/a Burlington Telecom (“BT”), together with all of the Burlington Telecom System assets the City of Burlington conveyed to and then leased back from Blue Water Holdings, LLC (together, the “BT Business”).

We will providing total consideration of \$28.8m as follows:

- \$27,500,000, payable in cash upon the closing of this transaction.
- An additional \$500,000, should EBITDA of the BT Business reach \$4,250,000 by its fiscal year end on June 30, 2018.
- Tucows will be fully responsible for the eventual move of data center facilities from Memorial Auditorium to another location that is estimated to cost \$800,000.

For clarity, this offer is for all of the assets required for the current operations of Burlington Telecom.

We understand that given the unique history of BT and the City’s stake in BT’s future, that the City of Burlington may desire to retain a continuing interest in the BT Business. We are very comfortable to have the City remain as a minority partner. Subject to discussion, The City would have the ability to retain a minority interest (the “Minority Interest”) of the transaction value up to the pro rata percentage of the proceeds that the City is entitled to receive on the closing date. This Minority Interest would be subject to typical commercial terms associated with such an interest, including a Right of First Refusal.



In the event that the City chooses to take a Minority Interest and subject to discussion and agreement, the City will have the right to sell all, but not less than all, of their Minority Interest to the Buyer at a valuation equal to a discount of the multiple paid by the Buyer at the time of closing (the "Put Right"). The discount and the time frame will be subject to negotiation.

We also agree to a limited resale restriction on Tucows in the event of a subsequent sale of its equity or the BT Business assets purchased in the Transaction, without the written consent of the City, and to a buyer who is a then-existing telecom provider in the Burlington, Vermont market, if, after such transaction, that party's market share in Burlington exceeds 75 per cent.

This offer to purchase is an expression of intent only, does not express the agreement of the Parties and is not meant to be binding on the Parties now or at any point in time in the future. The Parties acknowledge that the points set forth in this Letter of Intent ("Letter"), as well as points beyond the scope of this Letter, are subject to the completion of negotiation and execution of a final and binding "Definitive Agreement," which is satisfactory to each Party in its sole discretion. Accordingly, the Parties do not intend to be bound until they enter into a Definitive Agreement regarding the subject matter.

We believe BT is solid operationally, leaving no reason to make drastic organizational changes. Due to the significant local dependencies of operating a successful fiber-to-the-home network, we anticipate seeking to retain the majority of current BT Business employees if we are the prevailing bidder - and would expect the BT management team to use its reasonable best efforts to assist us in interviewing and retaining these employees. Additionally, as part of the nationwide and rapidly-growing Ting Internet organization, employees would have access to expanded career options and the City would bring a successful and growing employer to Burlington.

We are also comfortable working towards an arrangement with the City, as part of a final agreement, that supports the City's efforts on Smart City initiatives.

Tucows is also committed to expanding the network footprint, and believe our resources and ability to execute concurrent builds will expedite completion of the network within Burlington, and potentially expand to outlying areas. Specifically, Tucows commits to completing the existing BT expansion plan that includes:





- Finishing New North End/downtown
- Finishing approximately 1,200 addresses within Burlington identified by the City
- Focusing sales and expansion efforts on multi-tenant units and businesses

We will also review plans for expanding into neighboring areas, including Winooski, Essex, Williston and South Burlington, and build there if warranted.

Tucows has built its reputation by providing our customers with fairly priced, competitive services backed by proactive and attentive customer support that is consistently ranked best-in-class. We believe our approach is extremely compatible with Burlington's customer-centric orientation, and that together we can integrate product, pricing and support platforms to deliver a world-class experience to BT customers.

We recognize that affordability of services is extremely important to Burlington residents. Our long term view is that technology developments drive pricing downward and not upward. In the history of our Ting mobile and fiber businesses, we have never raised prices. In line with that philosophy and history, Tucows agrees to maintain all core BT Internet VOIP pricing for 30 months, and restricts television price increases to content-driven costs only. To simplify the process of purchasing service from BT, some of the current packages may be streamlined.

Ting's work in Westminster, Maryland, Charlottesville, Virginia and Holly Springs, North Carolina shows that we manage our business and satisfy our customers at a local level. This work also demonstrates that we operate, communicate, sell and support at a hyper-local level. Local staff are available on a face-to-face basis, to the people living in these communities to answer questions, hear their feedback, explain our services, address concerns and outline upcoming construction phases and service improvements. Our focus on the people, homes, neighborhoods, and local business - and our effort to participate in, and support these communities - is our greatest advantage over the national incumbents and the only way for us to succeed.

As part of our hyper-local approach, we pledge to support initiatives that are deemed important by each community. We would like to make a specific commitment of **\$250,000** to programs in Burlington that support municipal, economic development and entrepreneurship. This commitment includes:





- \$60,000 per year to maintain the City's commitment to BTV Ignite
- \$50,000 per year to free TV advertising for local startups and community events

The remainder would go to programs developed with local community involvement such as:

- Free co-working space
- Zones offering free gigabit-powered, state-of-the-art wifi
- Free service to select, local non-profits
- Sponsorship of local events and programs
- Low-income Internet service subsidies
- Internship programs
- Additional public, educational and government (PEG) access channels
- Small business ("shark tank") challenges

We recognize that the consent of State and Federal government bodies may be required to consummate the Transaction and the parties agree to use commercially reasonable efforts to obtain such approvals.

In the event that Tucows is the prevailing bidder, we will assume responsibility for our own internal costs and legal, accounting and other professional fees and expenses incurred in connection herewith, the negotiation, preparation and execution of the Definitive agreement, or otherwise relating to the proposed transaction. Tucows shall not incur any obligation for any finder's, broker's or agent's fee in connection with the transaction contemplated hereby.

This Letter shall be governed exclusively by applicable laws of the United States of America and the State of Vermont and all actions arising out of the subject matter of this Letter shall be brought and adjudicated solely in the courts of the State of Vermont or the federal court for the District of Vermont.

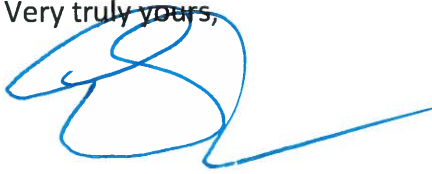
We are very excited about the opportunity to partner with the City of Burlington and grow the business in a way that honors the home-grown legacy of BT. We hope that you share our view that Ting's operational experience, track record, and progressive way of doing business would make for a compelling fit with Burlington Telecom and its customers, and meet the needs of all our respective stakeholders. If you have any questions on the content of this letter, please do not hesitate to contact me at (416) 538-5494. We are delighted to have the opportunity to work with you and look forward to a successful transaction.

Tucows Inc.

96 Mowat Avenue  
Toronto ON  
Canada M6K 3M1



Very truly yours,



---

Elliot Noss  
President, CEO, Tucows Inc.

Accepted by:

---

Stephen Barraclough  
General Manager, Burlington Telecom

---

Terry Dorman  
Partner, Dorman & Fawcett