Grande Communications®

Digital Convergence Initiative

Who is Grande Communications®?

We are the premier broadband service provider for Texas.

- **We deliver:**
  - High-speed Internet access
  - Local and long-distance telephone service
  - Digital Cable television service
  - Metro Area Network and wholesale communication services
- **We serve residential and business customers with a "deep-fiber" network**
- **We were founded in 1999; headquartered in San Marcos**
- **We have over 900 employees/owners**
- **We have secured 49 franchises representing 2.4mm homes in and around:**
  - Austin
  - Corpus Christi
  - Communities NW of Metro Dallas
  - Houston
  - Midland
  - Odessa
  - San Antonio
  - San Marcos
  - Waco

Company Snapshot as of September 2004

- **Bundled services for residential and Enterprise customers in Texas**
  - Cable – 81,642 RGUs
  - Telephone – 108,418 RGUs
  - Internet – 51,476 RGUs
- **Critical mass**
  - 297,697 marketable homes
  - 120,243 subscribers; 241,536 RGUs

- **Strong demonstrated operating metrics**
  - High customer penetration and ARPU
  - EBITDA positive $17.6 million year-end 2003
  - Fully funded
- **Scaled business targeting 1.4 million franchised homes**
- **Network Services growing and amplifying retail performance**
- **Value-driven company focused on employees & local communities**

Company Snapshot as of September 2004
(continued)

- $508 million invested equity
- Over 20 institutional equity investors
- 80%+ participation in all follow-on rounds
- Experienced and diverse Board of Directors
- $136 million HY debt offering complete March 23, 2004, due in 2011
- $75.4 million cash on hand at end of Q3 2004

Our Values

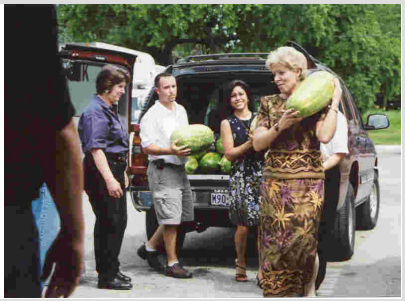
Grande's Value System forms the basis for our dedication to our customers, our communities and the people with whom we do business.

We will Individually and as a Team:

- Work cooperatively delivering what we said we would
- Be honest and truthful showing respect for others
- Be easy to do business with internally and externally
- Serve our customers and communities with passion & commitment
- Have fun!

Serving with Passion and Commitment

The Passion & Commitment Investment Club is a company-matching, philanthropic program in which employees donate a percentage of their salary and time to local charities.



- **Operated and managed by Grande employees**
- **More than 50% of our employees participate**
- **Donations totaling more than $720,000 to date**
- **Focus on basic human needs and digital divide issues**

What We Do

Grande Communications® provides bundled broadband services to residential, enterprise and wholesale clients.

We are building a new, deep-fiber network to bring Texas residents and enterprise businesses **bundled**:

- High-speed Internet service
- Local and long-distance telephone service
- Digital Cable television service

We provide a variety of telephony and data services to:

- National and competitive telecommunications companies
- National and competitive Internet Service Providers (ISP)

Broadband Services

Internet

- **High-speed access – Cable modem, DIA-DS-N/OC-N**
- **ATM Backbone**
- **Tier I Peering**
- **Ethernet, VPN & LAN**
- **Long haul/Metro dedicated capacity - DS1, DS3 & OC-N, point to point**

Phone

- **PBX Trunk, DID Trunk**
- **PRI's**
- **Enhanced calling features (voicemail)**
- **Network Solutions**
- **Long haul/Metro dedicated capacity - DS1, DS3 & OC-N**

Cable (on-net only)

- **Entertainment**
- **Non-entertainment**
- **Bulk rates**

Grande's Broadband Advantages

- **State of the art network**
  - Bandwidths ranging from dial-up to 4.0MB
  - Reliability – always accessible
- **Building brand**
  - Passion & commitment
  - Quality products and service
  - Hometown service that extends throughout the state
- **Bundled services**
  - One install
  - One bill
  - One service provider
- **Discount on price/enhancement of product**
  - More content
  - More speed for the money
- **Customer intimacy**
  - Exceeding customer's expectations with "make you smile" service

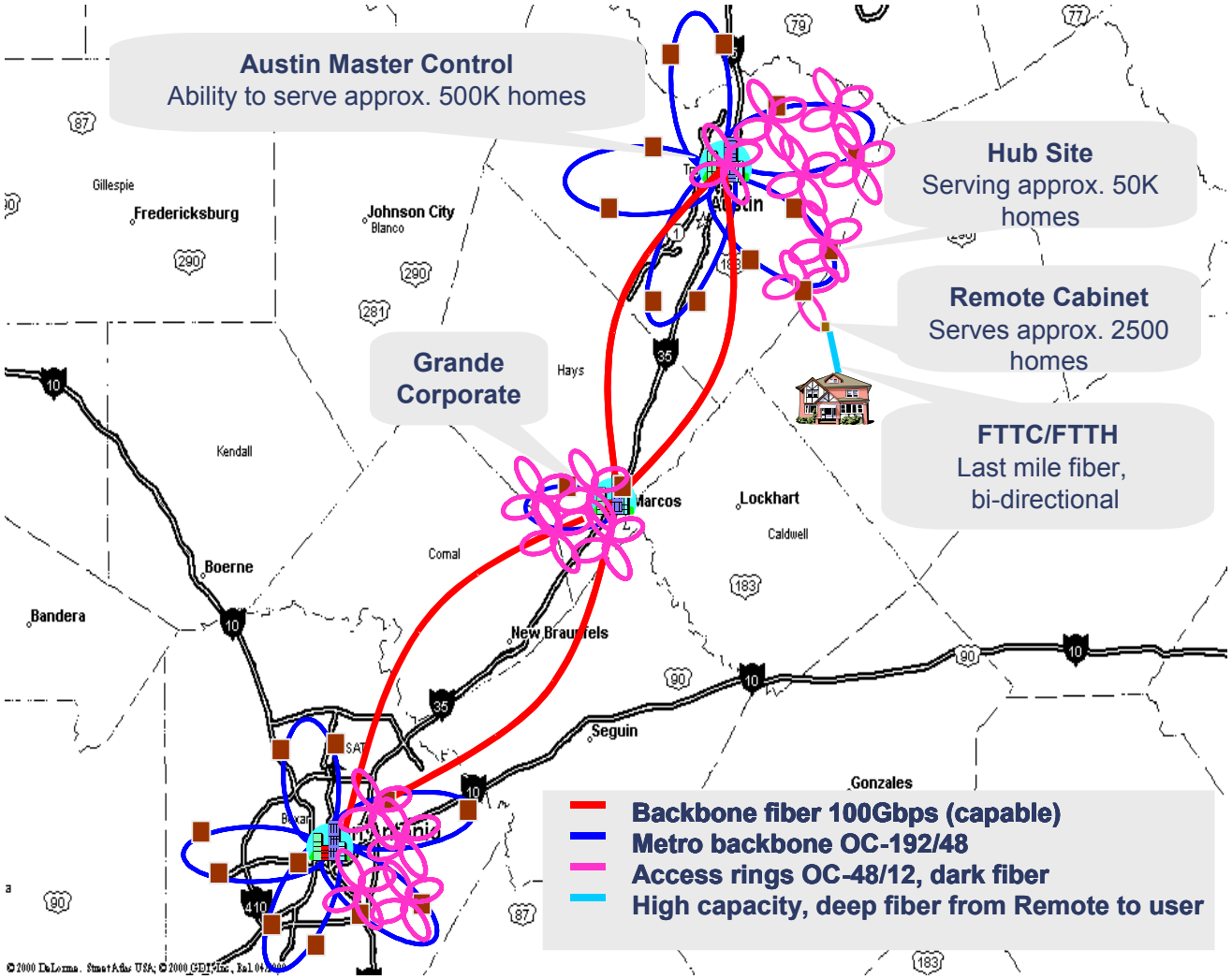
Advanced Network Capabilities

- NOCC – Network Operations Control Center
- SONET Based – Long haul/Metro fiber networks
- 24 x 7 Real Time Monitoring
- Redundant Network
- SONET based fiber network
- DMS 500/ Lucent 5E switch platforms
- Juniper Routers
- ATM Backbone
- Fiber to the home network architecture
- IP Transport
- Reliable Network with Redundancy

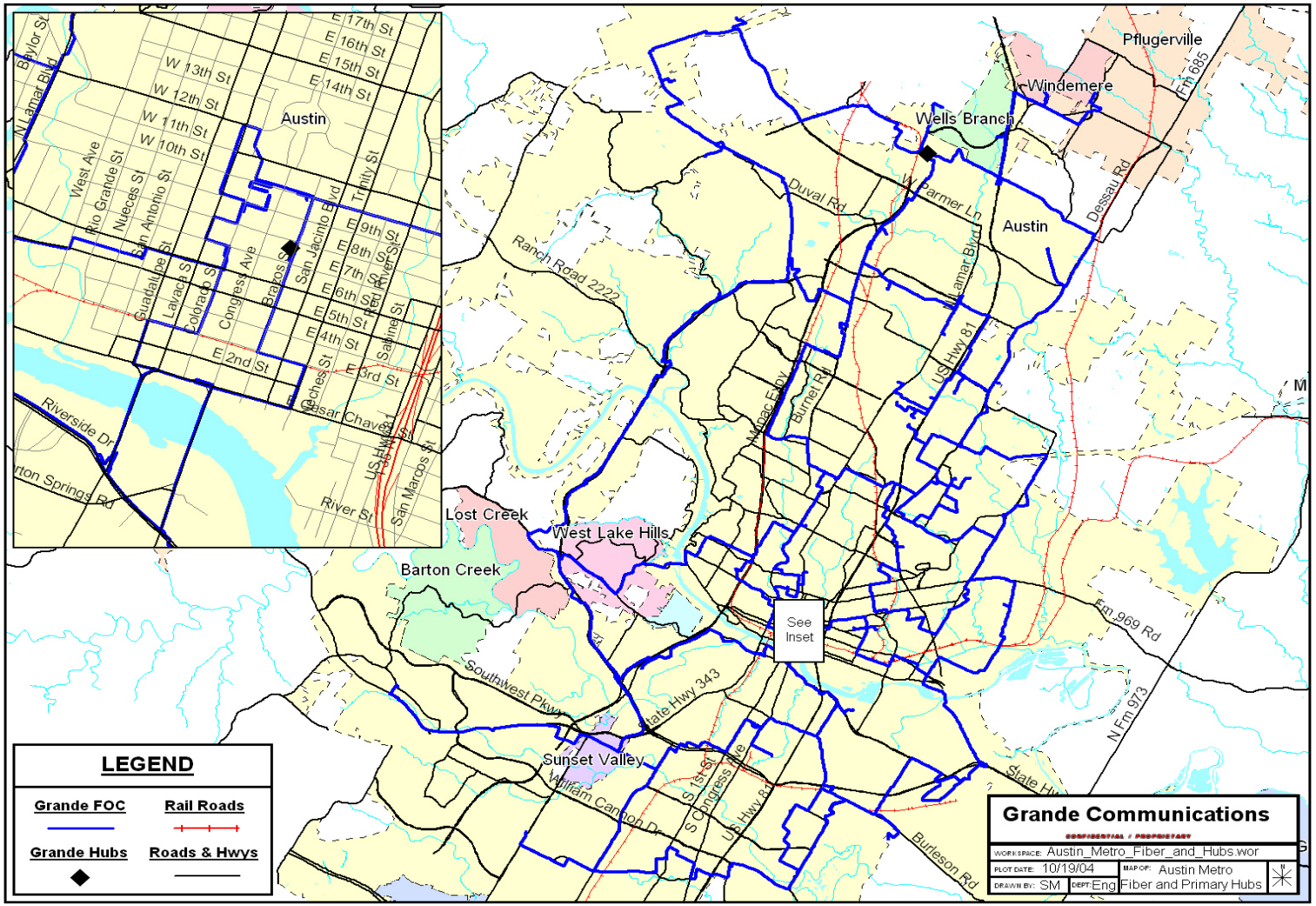
Texas Focus

- **1.4 million franchised marketable homes**
  - 5x current footprint growth opportunity
- **Building and operate a new network in 8 Texas markets:** Austin, Corpus Christi, Midland, Odessa, San Antonio, San Marcos, Waco and Communities NW of the Metro-Dallas and Houston.
- **Founded, managed and operated in Texas by Texans.**
- **3000 miles of inter city fiber**

Grande's Presence in the Central Texas Corridor

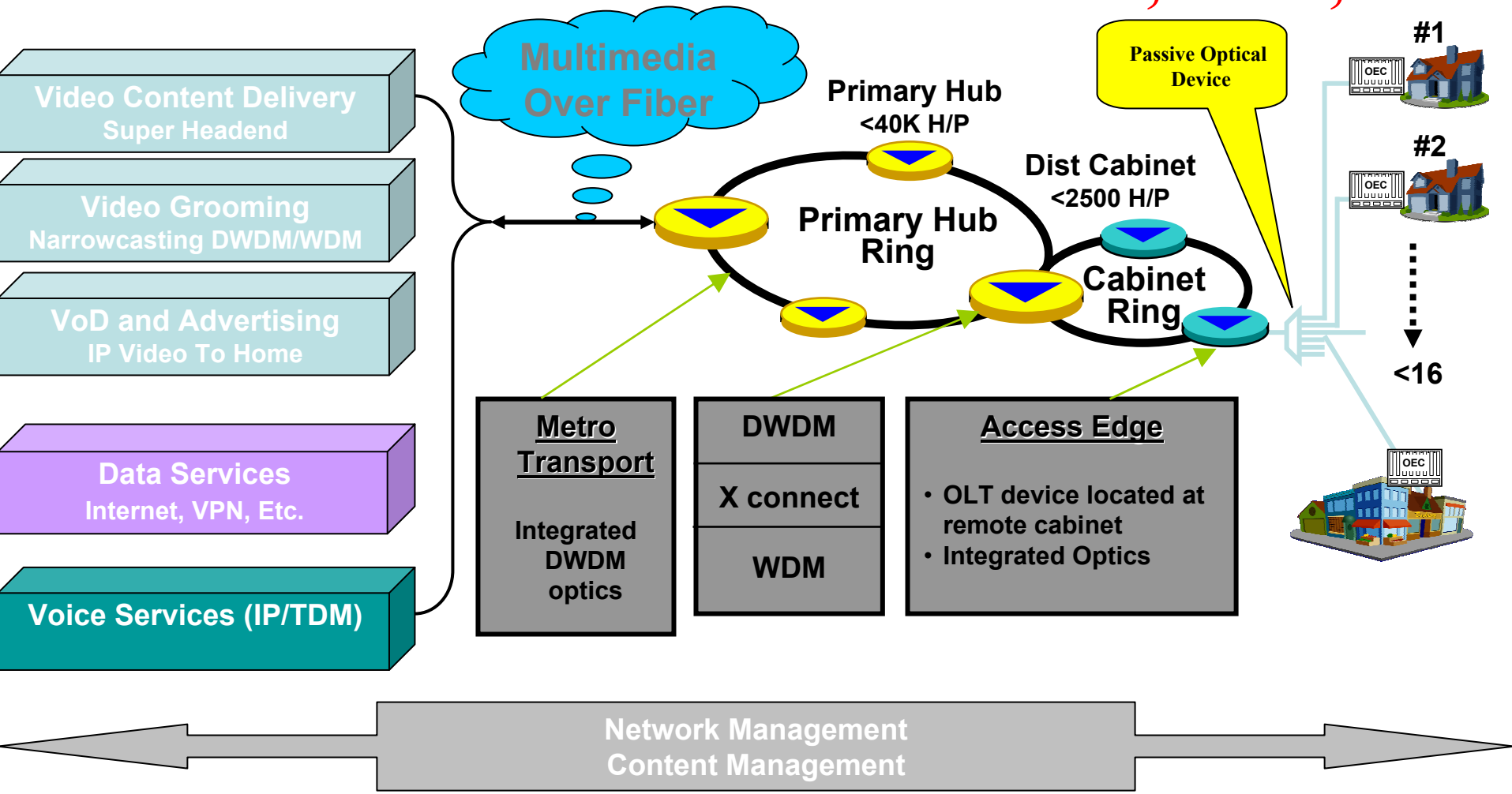


Grande's Presence in Austin



Grande Communication's Solutions

FTTH/FTTU "First Mile Fiber" Video,Voice,Data



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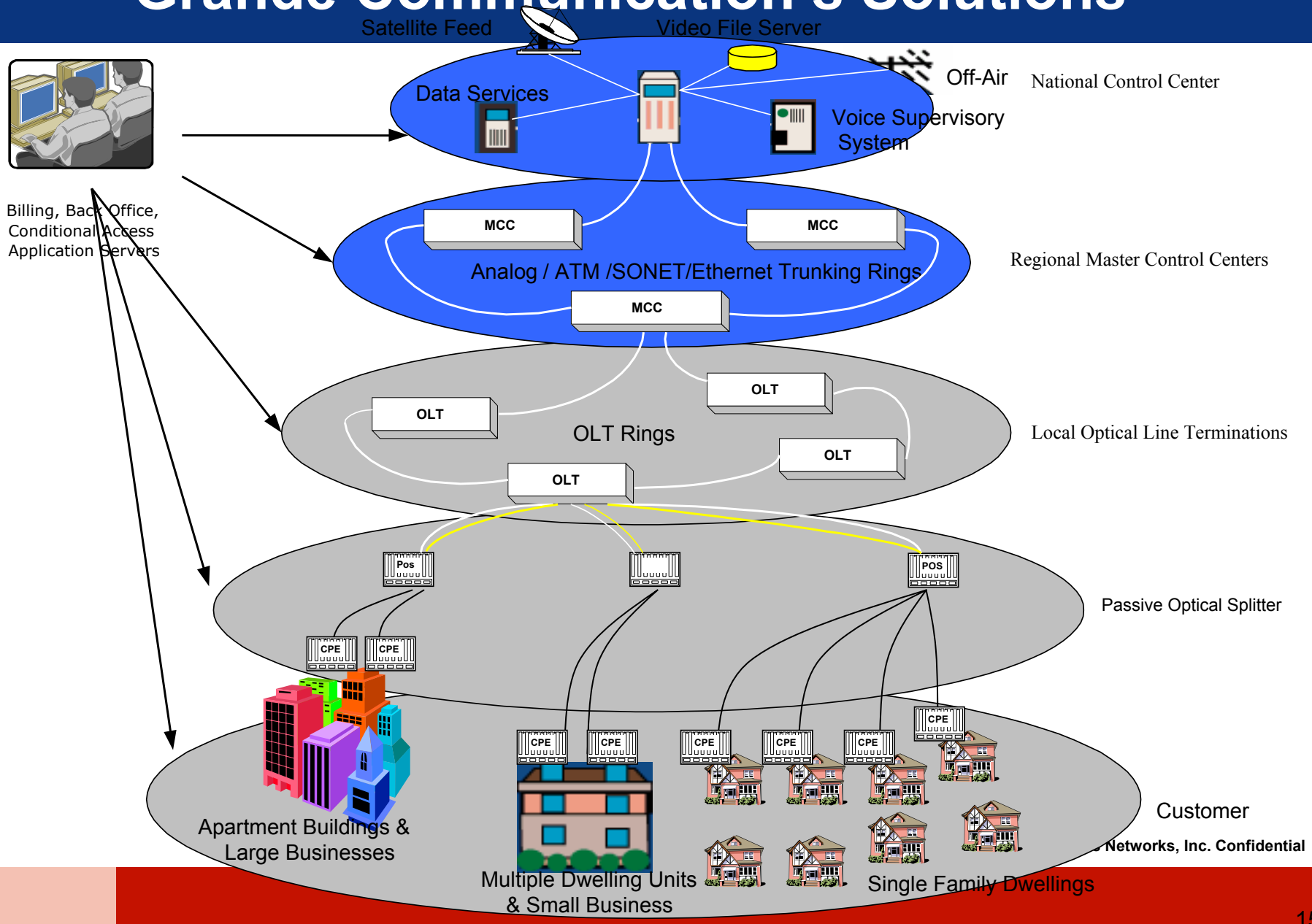
Grande Communication's Solutions



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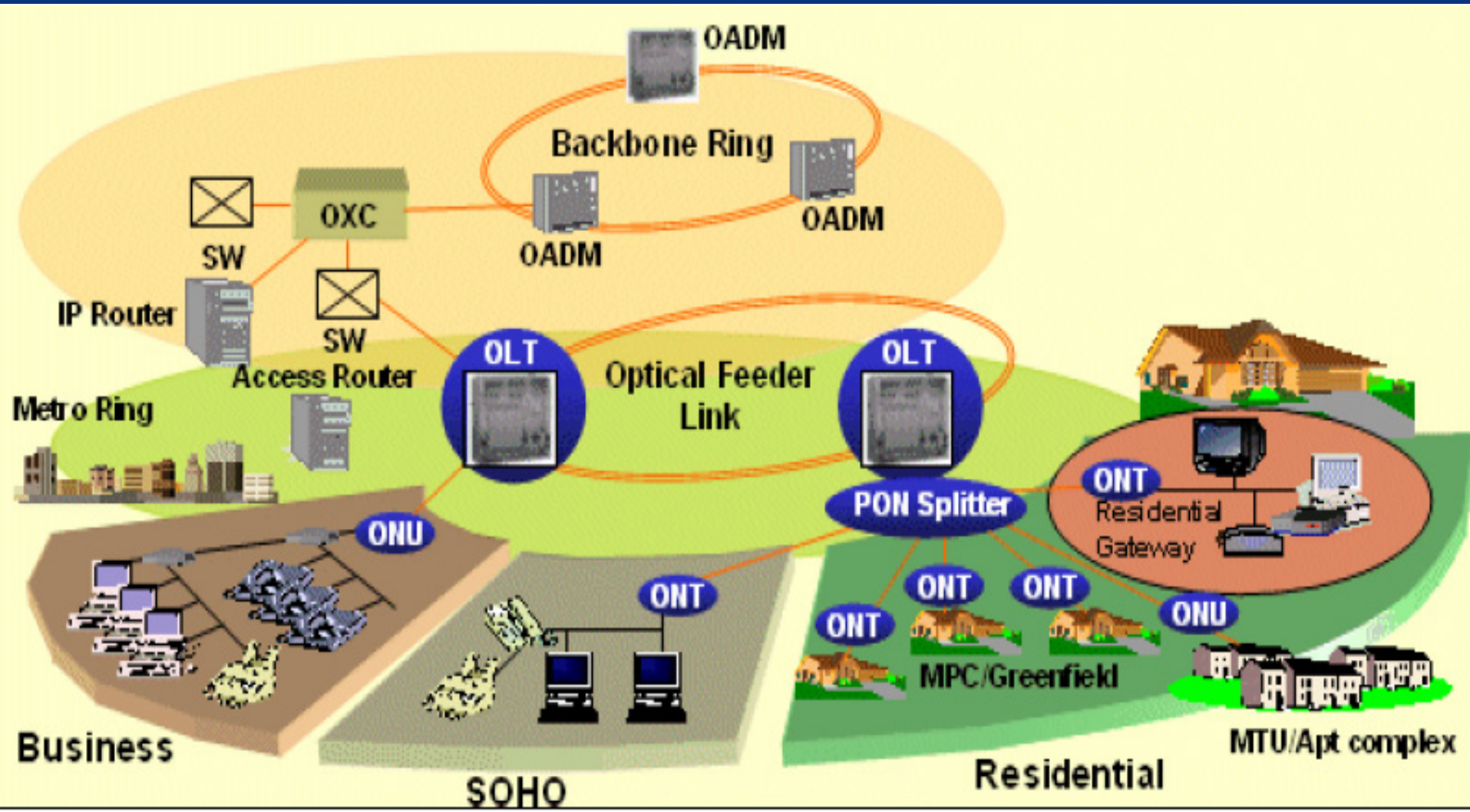
Grande Communication's Solutions



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Grande Communication's Solutions

Thank you for the opportunity to present Grande Communications: the company, it's people and our values.

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