



The CommLaw Group

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April 9, 2009

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VIA OVERNIGHT COURIER

Eddie Roberson, Ph.D.
Interim Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

09-00050

**Re: In the Matter of the Application of Broadview Networks, Inc. for
A Certificate to Provide Competing Long Distance
Telecommunications Services**

Dear Mr. Roberson:

On behalf of Broadview Networks, Inc. ("Broadview"), transmitted herewith is an original plus thirteen (13) copies of its Application for a Certificate to Provide Competing Long Distance Telecommunications Services in the State of Tennessee.

Also enclosed is a check made payable to the Tennessee Regulatory Authority in the amount of the \$25.00 statutory filing fee for the above-referenced application.

Finally, an additional copy of this letter is enclosed, to be date-stamped and returned in the postage-prepaid envelope provided.

Should there be any questions regarding this filing, kindly contact the undersigned.

Respectfully submitted,

Catherine M. Hannan

Catherine M. Hannan
Counsel for Broadview Networks, Inc.

Enclosures

BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN THE MATTER OF THE APPLICATION
OF BROADVIEW NETWORKS, INC.
FOR A CERTIFICATE TO PROVIDE
LONG DISTANCE TELECOMMUNI-
CATIONS SERVICES**

**APPLICATION FOR CERTIFICATE TO PROVIDE
LONG DISTANCE SERVICES**

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority ("TRA"), Broadview Networks, Inc. ("Broadview" or "Applicant"), respectfully requests that the TRA grant to Broadview authority to provide long distance telecommunications services, within the State of Tennessee. Broadview is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications and long distance services. TCA 65-4-201.

In support of its application, Broadview submits the following:

1. The full name and address of the Applicant is:

Broadview Networks, Inc.
800 Westchester Avenue, SuiteN-501
Rye Brook, NY 10573
Telephone: (914) 722-7000
Facsimile: (914) 722-7001
E-mail: www.broadviewnet.com

Questions regarding this application should be directed to:

Catherine M. Hannan
Helein & Marashlian, LLC
The *Comm*Law Group
1483 Chain Bridge Road
Suite 301
McLean, VA 22101
Telephone: (703) 714-1326
Facsimile: (703) 714-1330
E-mail: cmh@commllawgroup.com

Contact name and address of the Company is:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
Broadview Networks, Inc.
800 Westchester Avenue, Suite N-501
Rye Brook, NY 10573
Telephone: (914) 722-7000
Facsimile: (914) 722-7001
E-mail: chunter@broadviewnet.com

Contact Name and Address of Person Designated as a Contact for the Commission Staff for resolving complaints, inquiries and matters concerning rates and price lists or tariffs:

Steven J. Bogdan
Broadview Networks, Inc.
2100 Renaissance Boulevard
King of Prussia, PA 19407
Telephone: (610) 744-4877
Facsimile: (267) 537-0074
E-mail: sbogdan@broadviewnet.com

2. Organizational Chart of Corporate Structure:

Applicant is a wholly-owned subsidiary of Broadview Network Holdings, Inc.
An organizational chart showing Applicant's corporate structure is attached as **Exhibit A** hereto.

3. Corporate Information:

Broadview is a wholly-owned subsidiary of Broadview Network Holdings, Inc.. A copy of Broadview's Articles of Incorporation and amendments are provided in **Exhibit B**. A copy of Broadview's Authority to Transact Business in the State of Tennessee is provided in **Exhibit C**. The names and addresses of the principal corporate officers are in **Exhibit D**. There are no officers in Tennessee. The biographies of the principal officers and any other key technical staff are in **Exhibit E**.

4. Broadview possess the managerial, technical and financial ability to provide local and long distance telecommunications services in the State of Tennessee as demonstrated below:

A. Financial Qualifications.

Applicant's most recently available balance sheet, income statement and statement of retained earnings are attached hereto as **Exhibit G**. Broadview is financially well-poised to enter additional telecommunications markets and are financially qualified to provide services in Tennessee. No amounts included in Applicant's financial statements or projections relate to reciprocal compensation for terminating ISP traffic.

B. Managerial Ability.

As shown in **Exhibit E** to the Application, Broadview has the managerial expertise to successfully operate a telecommunications enterprise in Tennessee. As described in the attached biographical information, Broadview's management team has extensive management and business experience in telecommunications.

C. Technical Qualifications.

Broadview's services will satisfy the minimum standards established by the TRA. The Company will file and maintain tariffs in the manner prescribed by the

TRA and will meet minimum basic local standards, including quality of service and billing standards required of all LECs regulated by the TRA. As noted in **Exhibit E**, the principal officers of Broadview possess significant telecommunications experience and are technically qualified to provide local exchange service in Tennessee.

5. Proposed Service Area:

Broadview, Inc. is presently authorized by the Federal Communications Commission to provide interstate domestic and international telecommunications services pursuant to Section 214 of the Communications Act of 1934, as amended. Applicant is certified, or otherwise authorized to provide local exchange and interexchange long distance telecommunications services in the States of Connecticut, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania and Rhode Island. The Company is also certified, registered or otherwise authorized to provide interexchange, long distance services throughout the remainder of the contiguous United States.

Broadview proposes to offer its services throughout the entire State of Tennessee. Broadview intends to offer a broad range of telecommunications services through the use of its own facilities, resold facilities and through a combination of these provisioning methods. Broadview will not be installing any facilities other than equipment to be installed in existing buildings or structures for the purpose of providing telecommunications services in Tennessee. This equipment may eventually include switches; no business decision has yet been made as to the location of any such switching equipment.

6. Types of Service to be provided:

Broadview seeks authority to offer all forms of long distance telecommunications services in Tennessee. Applicant proposes to offer resold long distance telephone services, primarily 1+ equal access calling, calling cards and toll free access calling to customers throughout the State of Tennessee. Applicant's targeted markets are the business and residential consumers. Applicant's services will be provided on a resale basis utilizing the underlying services and facilities of Qwest and Global Crossing. Because Applicant provides no equipment, transmission or reception facilities, technical qualifications are not directly germane to Applicant's operations. Applicant maintains close and continuous liaison with its underlying carrier in order to coordinate and expedite new service orders, changes, repairs, etc. of the facilities via the equipment of the underlying carrier.

7. Repair and Maintenance.

Applicant provides live customer service during normal business hours, Monday through Friday. Applicant's toll free number to receive customer complaints and inquiries is 800-689-2459. Broadview Customer Care representatives and 24-hour automated customer assistance allow customers to bring service, billing and repair questions or complaints to the Company's attention 24 hours a day, 7 days a week, facilitating the quick and efficient resolution of Customer concerns. Customers may access Broadview Customer Care toll-free at (800) 276-2384 to initiate service complaints or to receive updates on reported problems or pending customer service complaints; customers may also contact Broadview Customer Care 24 hours a day via the

company's website, www.broadviewnet.com. Inquiries regarding service or billing may also be made in writing.

Grant of this Application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications services in the State of Tennessee. In addition, intrastate offering of these services is in the public interest because the services will provide Tennessee customers increased efficiencies and cost savings. Authorizing Broadview to provide long distance telecommunications services will enhance materially the telecommunications infrastructure in the State of Tennessee and will facilitate economic development.

In particular, the public will benefit both directly, through the use of competitive services to be offered by Broadview and indirectly, because Broadview's presence in Tennessee will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices and improve their quality of service. Grant of this Application will further enhance the service options available to Tennessee citizens for the reasons set forth above.

8. Small and Minority-Owned Telecommunications Business Participation Plan: (65-5-212):

Please see **Exhibit G** hereto.

9. Toll Dialing Parity Plan:

Please see **Exhibit H** hereto.

10. Applicant has served notice of this application to the eighteen (18) incumbent local exchange telephone companies in Tennessee with a statement regarding the company's intention of operating geographically. Please see **Exhibit I** for the list.

11. Numbering Issues: Not applicable to Applicant's proposed service offering.

12. Tennessee Specific Operational Issues: Statement provided in **Exhibit K**.

13. Miscellaneous:

- A. Sworn Pre-Filed Testimony: Please see **Exhibit L**.
- B. Applicant does not require customer deposits.
- C. Broadview has not been subject to complaints in any state.
- D. Information copies of Broadview's tariffs are enclosed. Final copies of Applicant's tariffs will be filed with the TRA after grant of this Application.

CONCLUSION

Broadview respectfully requests that the TRA enter an order granting it a certificate of convenience and necessity to operate as a competing telecommunications service provider and authority to provide a full range of long distance services on a facilities-based and resale basis throughout the State of Tennessee. For the reasons stated above, Broadview's provision of these services would promote the public interest by

providing high-quality service at competitive prices and by creating greater economic incentives for the development and improvement of all competing providers.

Respectfully submitted this 9th day of April, 2009.



Catherine M. Hannan

Helein & Marashlian, LLC

The CommLaw Group

1483 Chain Bridge Road

Suite 301

McLean, VA 22101

Telephone: (703) 714-1300

Facsimile: (703) 714-1330

Counsel for Broadview Networks, Inc.

EXHIBIT A

**ORGANIZATIONAL CHART OF
CORPORATE STRUCTURE**

Broadview Networks Holdings, Inc., is the 100% owner, directly or indirectly, of a number of entities authorized to provide telecommunications services in various jurisdictions. None of these other entities is authorized to provide telecommunications services in the State of Tennessee.

The entities relevant to the instant Application are set forth below:

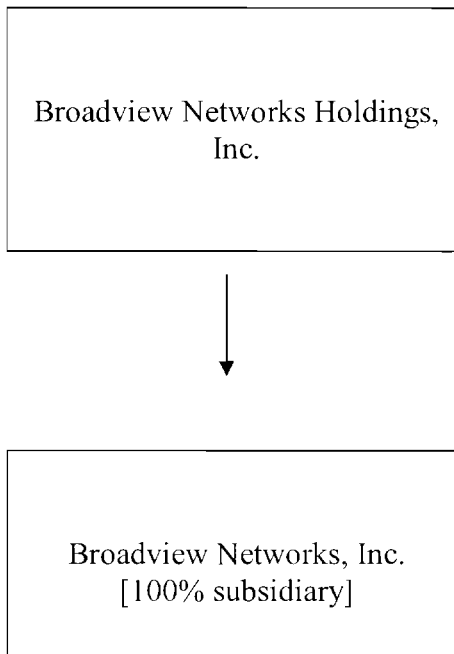


EXHIBIT B

ARTICLES OF INCORPORATION

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

F910605000197

INFO

CERTIFICATE OF INCORPORATION

OF

BRIAR JOY DEVELOPMENT CORPORATION

Under Section 402 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

- (1) The name of the Corporation is:

BRIAR JOY DEVELOPMENT CORPORATION

(2) The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized pursuant to the Business Corporation Law of the State of New York. The Corporation is not to engage in any act or activity requiring any consents or approvals by law without such consent or approval first being obtained.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the Corporation shall have, and may exercise, all of the powers conferred by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 2 of said law or in accordance with the provisions of any other statute of the State of New York.

(3) The number of shares which the Corporation shall have the authority to issue is 200 at no par value.

(4) The principal office of the corporation is to be located in the County of St. Lawrence, State of New York.

(5) The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is:

c/o Thomas J. Lynch, Esq.
4514 Wilderness Way
Syracuse, NY 13215

The undersigned incorporator is of the age of eighteen years or older.

IN WITNESS WHEREOF, this certificate has been subscribed this 4th day of June, 1991 by the undersigned who attests that the statements made herein are true under the penalties of perjury.

Joan Terry
Joan Terry, Incorporator

500 Central Avenue, Albany, NY 12206
Address

F 910605000 INFO.

CERTIFICATE OF INCORPORATION

OF

BRIAR JOY DEVELOPMENT CORPORATION

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED JUN 05 1991

TAX \$ 10

BY: SSC

St. Lawrence

FILER:

Thomas J. Lynch, Esq.
4516 Wilderness Way
Syracuse, NY 13215

REFERENCE / 13192-828066

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STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

**CERTIFICATE OF AMENDMENT
OF THE CERTIFICATE OF INCORPORATION
OF BRIAR JOY DEVELOPMENT CORPORATION**
Under Section 805 of the Business Corporation Law

95063000023

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do hereby certify and set forth:

FIRST: The name of the Corporation is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Department of State on June 5, 1981.

THIRD: (a) Paragraph 3 of the Certificate of Incorporation relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at par value of \$.50 per share.

(b) There are presently 200 shares of no par value common stock authorized, of which 110 shares are issued and outstanding and 90 shares are unissued. The amendment to the Certificate of Incorporation is intended to: (1) change the 110 shares of authorized and issued stock at the rate of 1 to 1 to 110 shares of authorized and issued common stock at \$.50 par value, and to change the 90 shares of authorized and unissued stock at the rate of 1 to 1 to 90 shares of common stock at \$.50 par value; and (2) increase the authorized shares of common stock from 200 to 2,500,000 common stock. As a result of this change, there will be 110 shares of common stock issued and outstanding at \$.50 par value, and 2,499,890 shares authorized and unissued, at \$.50 par value per share.

FOURTH: Paragraph 8 of the Certificate of Incorporation relating to the service of process is hereby changed to read as follows:

The Secretary of State is designated as agent of the Corporation upon whom process against it may served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon it is as follows:

Briar Joy Development Corporation
108 East Washington Street
Syracuse, New York 13202

FIFTH: The following paragraph shall be added to the Certificate of Incorporation as Paragraph 9, as follows:

The directors of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for any breach of duty in such capacity occurring after the adoption of the provisions authorized in this Certificate of Incorporation, provided, however, that the provisions contained herein shall not eliminate or limit such directors' liability if a judgment or other final adjudication adverse to the director establishes that the director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of the law, or that the director personally gained in fact a financial profit or other advantage to which the director was not legally entitled, or that the director's acts violated the provisions of Section 719 of the New York Business Corporation Law.

SIXTH: The following paragraph shall be added to the Certificate of Incorporation

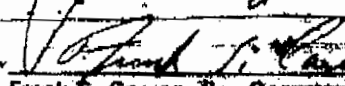
as Paragraph 7, as follows:

The Corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which any person may be entitled under any By-Law, resolution of shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article, as to action in any capacity in which he served at the request of the Corporation.

SEVENTH: The foregoing amendment was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a vote of the holders of a majority of all the outstanding shares entitled to vote at a meeting of the shareholders, which was held on May 3, 1995.

IN WITNESS WHEREOF, this Certificate of Amendment of the Certificate of Incorporation has been subscribed this 27th day of June, 1995, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.


Frank S. Caruso, Jr., President


Frank S. Caruso, Sr., Secretary

650680000263

THIS CERTIFICATE THAT THE WITHIN IS A
 TRUE AND COMPLETE COPY OF A
 RETURNED IN THE OFFICE OF THE
 COUNTY CLERK OF
 NEW YORK

I, THE UNDERSIGNED, AN ATTORNEY ADMITTED TO PRACTICE
 IN THE COURTS OF NEW YORK STATE, HEREBY CERTIFY THAT
 THE ANNEXED
 HAS BEEN COMPARED BY ME WITH THE ORIGINAL AND IS A
 TRUE AND COMPLETE COPY THEREOF.

ATTORNEY

ATTORNEY

Result Filing Receipt to:

Rifkin, Frankel, Greenman & Kline
 5789 Widenaters Parkway
 Post Office Box 450
 Denville, New York 18214-0450

CERTIFICATE OF AFFIDAVIT OF THE
 CERTIFICATE OF INCORPORATION OF
 BRUN JAY DEVELOPMENT CORPORATION

JUN 07 10 45 AM '95

STATE OF NEW YORK
 DEPARTMENT OF STATE

FILED JUN 07 1995
 TAX \$ 613.00
 BY JAL
St. Lawrence

BILLED

VANGUARD-52

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650680000263

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

F970820000296

**CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION OF
BRIAR JOY DEVELOPMENT CORPORATION**

VANGUARD-52

Under Section 805 of the Business Corporation Law

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do hereby certify and set forth:

FIRST: The name of the Corporation is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Department of State on June 5, 1991

THIRD: Paragraph 3 of the Certificate of Incorporation, relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at \$0.10 par value per share.

FOURTH: There are presently 2,500,000 shares of stock at \$0.50 par value common stock authorized, of which 1,429,856 shares have been issued and outstanding and 1,070,144 shares remain unissued. The Amendment to the Certificate of Incorporation is intended to provide 1,429,856 shares issued and outstanding at \$0.50 par value per share to be changed into 1,429,856 shares issued and outstanding at \$0.10 par value per share at the rate of 1:1, and there will be 1,070,144 shares unissued at \$0.50 par value per share that will be changed into 1,070,144 shares unissued at \$0.10 par value per share at the rate of 1:1.

FIFTH: The above and foregoing amendment to the Certificate of Incorporation was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a majority vote of the holders of a majority of all the outstanding shares entitled to vote therein at a meeting of the shareholders held on the 13th day of August, 1997

IN WITNESS WHEREOF, this Certificate of Change of the Certificate of Incorporation has
been subscribed this 19 day of August, 1997, by the undersigned who affirm that the
statements made herein are true under the penalties of perjury.

Frank S. Caruso, Jr.
Frank S. Caruso, Jr., President

Andrea Osborne
Andrea Osborne, Secretary

970820000296

CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION OF
BRIAR JOY DEVELOPMENT CORPORATION

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED AUG 20 1997

TAXES

BY: JAH

St. Lawrence

VANGUARD-52

BILLED

Filer.

Rifken, Frankel & Greenman, P.C.
5789 Widewaters Parkway
DeWitt, New York 13214-2811
Telephone: (315) 449-0737

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970820000302

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

A handwritten signature in cursive script that reads "Paul LaPointe".

Paul LaPointe
Special Deputy Secretary of State

F 971002000358
CERTIFICATE OF MERGER

OF
SCC TELECOMMUNICATIONS, INC.
INTO
BRIAR JOY DEVELOPMENT CORPORATION

VANGUARD-52

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

The undersigned, being the President and the Secretary, respectively, of SCC Telecommunications, Inc., and being the President and the Secretary of Briar Joy Development Corporation, both corporations being domestic corporations organized and existing under and by virtue of the laws of the State of New York, and a plan of merger having been adopted by the Board of Directors of each constituent corporation, do hereby certify:

- (1) The name of each constituent corporation is as follows:

SCC Telecommunications, Inc.
Briar Joy Development Corporation

- (2) The surviving corporation is Briar Joy Development Corporation, which shall as of the effective date of the merger change its corporate name to "SCC Telecommunications, Inc."

- (3) The designation, number, and voting rights of the outstanding shares of each constituent corporation are as follows:

- a) SCC Telecommunications, Inc. has 1,000 shares of capital stock outstanding all of which is common stock and fully entitled to vote.
- b) Briar Joy Development Corporation has 1,839,856 shares of capital stock outstanding all of which is common stock and fully entitled to vote.

- (4) The date when the Certificate of Incorporation of SCC Telecommunications, Inc. was filed by the Department of State is the 26th day of August, 1997.

The date when the Certificate of Incorporation of Briar Joy Development Corporation was filed by the Department of State is the 5th day of June, 1991.

- (5) The merger of SCC Telecommunications, Inc. and Briar Joy Development Corporation was authorized in respect to SCC Telecommunications, Inc., a constituent corporation, by the vote of the sole holder of its capital stock on September 18, 1997.

The merger of SCC Telecommunications, Inc. and Briar Joy Development Corporation was authorized in respect to Briar Joy Development Corporation, a constituent corporation, by resolution of the Board of Directors of Briar Joy Development Corporation on September 18, 1997 and by a vote of holders of at least two-thirds of the outstanding shares of capital stock of Briar Joy Development Corporation present and voting at a special meeting of shareholders duly called, noticed, and held in accordance with §903 of the Business Corporation Law, on September 29, 1997, where the affirmative votes were cast with respect to shares which constituted not less than a quorum.

IN WITNESS WHEREOF, the undersigned have executed and signed this Certificate on this 30th day of September, 1997 and affirm that the statements made herein are true under the penalties of perjury.

BRIAR JOY DEVELOPMENT CORPORATION

By: *Frank S. Caruso, Jr.*
Frank S. Caruso, Jr., President

By: *Andrea V. Osborne*
Andrea Osborne, Secretary

SCC TELECOMMUNICATIONS, INC.

By: *Vern M. Kennedy*
Vern M. Kennedy, President

By: *Terrence J. Anderson*
Terrence J. Anderson, Secretary

971002000358

CERTIFICATE OF MERGER OF
SCC TELECOMMUNICATIONS, INC.

INTO

BRIAR JOY DEVELOPMENT CORPORATION

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED OCT 02 1997

TAX \$ 0

BY: JWW

ST LAWRENCE

Filer:

Rifken, Frankel & Greenman, P.C.
5789 Widewaters Parkway
DeWitt, New York 13214-2811
Telephone: (315) 449-0737

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STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

Duquette & Tipton LLP

212 687 2835

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IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of this 15th day of April, 1998.

By:


Vern Kennedy, President

By:


Terrence J. Anderson, Secretary

CSC 45

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CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION
OF
SCC TELECOMMUNICATIONS, INC.

APR 21 3 14 PM '98

FILED

Under Section 805 of the Business Corporation Law

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STATE OF NEW YORK
DEPARTMENT OF STATE
FILED APR 21 1998
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BY: *Jag*

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DUQUETTE & TIPTON LLP
405 Lexington Avenue
New York, NY 10174

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STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

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**CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
COMMUNITY NETWORKS, INC.**

Under Section 805 of the New York Business Corporation Law

The undersigned, Vern M. Kennedy, President, and Terrence J. Anderson, Secretary, of COMMUNITY NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

1. The name of the Corporation is Community Networks, Inc. The name under which the Corporation was formed is Briar Joy Development Corporation.
2. The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.
3. The Certificate of Incorporation is hereby amended to change the name of the Corporation to Broadview Networks, Inc. by deleting Article FIRST in its entirety and replacing it with the following:

FIRST: The name of the Corporation is Broadview Networks, Inc.

4. The foregoing amendment was duly authorized pursuant to Sections 615, 708 and 803(a) of the New York Business Corporation Law, to wit, by a unanimous written consent of the directors of the corporation, followed by the written consent of the sole shareholder of the Corporation.

185135

INT. CORP. SYSTEM

212 315 2789 P.03/84

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of this 5th day of October, 1999.

By: /s/ Vern M. Kennedy

Name: Vern M. Kennedy

Title: President

By: /s/ Terrence J. Anderson

Name: Terrence J. Anderson

Title: Secretary

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007-05-1999 03:05

C.T. CORP. SYSTEM

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CT-07

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
COMMUNITY NETWORKS, INC.
UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW

MAYER BROWN & PLATT
1675 BROADWAY
NEW YORK, NY 10019

Oct 3 3:55 PM '99

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STATE OF NEW YORK
DEPARTMENT OF STATE
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BY: Timh

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STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

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CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
BROADVIEW NETWORKS, INC.

Under Section 805 of the Business Corporation Law

The undersigned, Vern M. Kennedy, President and Terrence J. Anderson, Secretary of BROADVIEW NETWORKS, INC., a New York corporation (the "Corporation"), hereby certifies as follows:

FIRST: The name of the corporation (the "Corporation") is BROADVIEW NETWORKS, INC. The name under which the Corporation was formed is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.

THIRD: Paragraph 2 of the Certificate of Incorporation relating to purpose for which the Corporation is organized is changed to read as follows:

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the business corporation law of the State of New York. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency, or other body without such consent or approval first being obtained.

FOURTH: Paragraph 3 of the Certificate of Incorporation is hereby amended to decrease the current 2,500,000 shares of common stock to a par value of \$0.10 of which 1,839,856 shares are presently issued and outstanding and 660,144 shares are unissued to 1,000 shares of common stock at a par value of \$0.01 of which 1,000 are issued. There will be no unissued shares of common stock.

The rate of change of the issued is 1:1,839,856

FIFTH: (a) The aggregate number of shares which the Corporation shall have authority to issue is one thousand (1,000), all of which are of a par value of \$0.01 each, and all of which are of the same class.

SIXTH: Paragraph 4 of the Certificate of Incorporation relating to the principal office of the corporation is hereby changed to read as follows:

The office of the Corporation is to be located in New York County, State of New York.

SEVENTH: Paragraph 5 of the Certificate of Incorporation relating to designation of an agent for the service of process is hereby changed to read as follows:

The Secretary of State is designated as the agent of the Corporation upon whom process against it may be served. The post office address to which the secretary of state shall mail a copy of any process against it served upon him is Broadview Networks Holdings, Inc., 45-48 Court Square, Ste 502, Long Island City, New York 11101, Attn: President.

SEVENTH: Paragraph 6 of the Certificate of Incorporation relating to director liability is hereby changed to read as follows:

No director shall be personally liable to the Corporation or its shareholders in his capacity as a director to any person or entity (including the Corporation) for damages for any breach of any duty, except that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to such director establishes that (i) such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, (ii) such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled, or (iii) that such director's act violated Section 719 of the BCL, or (iv) the acts or omissions complained of occurred prior to the date of filing of this Certificate of Incorporation. If the BCL is amended, changed or modified to authorize corporate action further eliminating or limiting the personal liability of directors to the Corporation, its shareholders or third parties, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the BCL, as so amended, changed or modified. Any repeal, amendment or modification of the provisions of this paragraph by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation relating to claims arising in connection with events which took place prior to the date of such repeal, amendment or modification.

EIGHTH: Paragraph 7 relating to indemnification permitted by Article 7 of the BCL is hereby deleted and replaced with:

The Corporation is to have perpetual existence

NINTH: The following amendments were authorized by a unanimous vote of the Board of Directors of the Corporation, followed by the vote of the sole holder of its capital stock.

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of the 3rd day of May, 2000.

By: Vern M. Kennedy
Name: Vern M. Kennedy
Title: President

By: Terence L. Anderson
Name: Terence L. Anderson
Title: Secretary

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CT-07

CERTIFICATE OF AMENDMENT AND RESTATEMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
BROADVIEW NETWORKS, INC.
UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW

001 MAY 20 11 3 11

Mayer Brown & Platt
1675 Broadway
New York, NY 10019

STATE OF NEW YORK
DEPARTMENT OF STATE
MAY 21 2000

FILED
TAX \$ NOT TAX
BY: NOTAR

St Lawrence
↓
[Signature]

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TOTAL P. 04

91060500024

CERTIFICATE OF INCORPORATION

INFO

EMER JOY DEVELOPMENT CORPORATION

Under Section 402 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

(1) the name of the Corporation is:

EMER JOY DEVELOPMENT CORPORATION

(2) The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized pursuant to the Business Corporation Law of the State of New York. The Corporation is not to engage in any activity requiring any consents or approvals by law without such consent or approval first being obtained.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the Corporation shall have, and may exercise, all of the powers conferred by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 2 of said law or in accordance with the provisions of any other statute of the State of New York.

(3) The number of shares which the Corporation shall have the authority to issue is 200 at no par value.

(4) The principal office of the Corporation is to be located in the County of St. Lawrence, State of New York.

(5) The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation shall be:

c/o Thomas J. Kenna, Inc.
4514 Wilkesboro Hwy
Syracuse, NY 13218

The undersigned incorporator is of the age of _____ years or older.

IN WITNESS WHEREOF, this Certificate was signed and attested this _____ day of June, 1991 by the undersigned, my hand and seal, and statements made herein are true under the penalties of perjury.

JOHN TERRY
John Terry, Incorporator

Notary Public, State of New York

910605000 **INFO.**

CERTIFICATE OF INCORPORATION

WYOMING DEVELOPMENT CORPORATION

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED NOV 05 2007

TAXES 10

BY *[Signature]*

161 St. Lawrence

SC310

THOMAS J. LYNCH, Esq.
4014 Washington Way
Syracuse, NY 13215
TELEPHONE 4-2212 FAX 4-2212

INFO. BILL

CERTIFICATE OF AMENDMENT
ON THE CERTIFICATE OF INCORPORATION
OF BRIAR JOY DEVELOPMENT CORPORATION
 Under Article III of its Amended Constitution

PURSUANT to the provisions of Section 806 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation ("Corporation"), do hereby certify and set forth:

FIRST: The name of the Corporation is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Department of State on June 8, 1981.

THIRD: (a) Paragraph 3 of the Certificate of Incorporation relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,800,000 of par value of \$1.00 per share.

(b) There are presently 200 shares of no par value common stock authorized, of which 110 shares are issued and outstanding and 90 shares are authorized but unissued. The Corporation has the authority to issue and sell the 90 shares of authorized but unissued common stock at the rate of 1 to 1 to 110 shares of authorized but unissued common stock at \$1.00 per share. The Corporation has the authority to issue and sell the 90 shares of authorized but unissued common stock at the rate of 1 to 1 to 90 shares of common stock at \$1.00 per share. and (2) the authorized shares of common stock from 200 to 2,800,000 common shares. As a result of this change, there will be 110 shares of common stock issued and outstanding at \$1.00 value, and 2,789,890 shares authorized, and unissued, at \$1.00 per share per share.

FOURTH: Paragraph 6 of the Certificate of Incorporation relating to the service of process is hereby changed to read as follows:

The Secretary of State is designated as agent of the Corporation upon whom process against it may served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon it is as follows:

Briar Joy Development Corporation
 100 East Washington Street
 Syracuse, New York 13202

FIFTH: The following paragraph shall be added to the Certificate of Incorporation as Paragraph 8, as follows:

The directors of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for any breach of duty in such capacity occurring after the adoption of the provisions authorized in this Certificate of Incorporation, provided, however, that the provisions authorized herein shall not eliminate or limit such directors' liability if a judgment or other final action adverse to this director establishes that the director's action constituted a breach of bad faith or involved intentional misconduct or a knowing violation of the law, or that the director personally gained in fact a financial profit or other advantage to which the director was not legally entitled, or that the director's acts violated the provisions of Section 719 of the New York Business Corporation Law.

SIXTH: The following paragraph shall be added to the Certificate of Incorporation

as Paragraph 7, as follows:

The Corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented, indemnify any and all persons who shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which any person may be entitled under any By-Law, resolution of shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article, as to action in any capacity in which he served at the request of the Corporation.

SEVENTH: The foregoing amendment was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a vote of the holders of a majority of all the outstanding shares entitled to vote at a meeting of the shareholders, which was held on May 3, 1995.

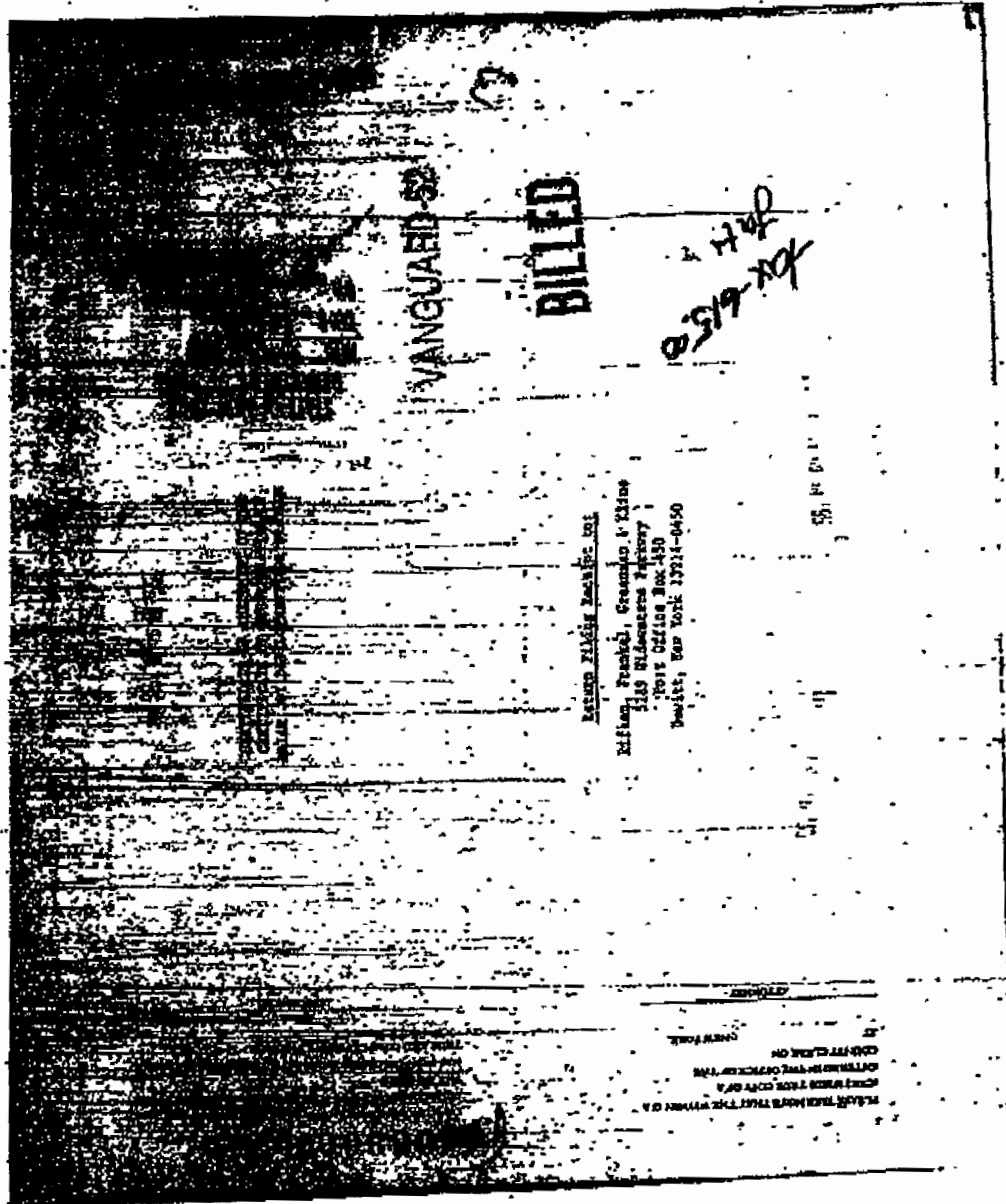
IN WITNESS WHEREOF, this Certificate of Amendment of the Certificate of Incorporation has been subscribed this 27th day of June, 1995, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

1s/ Frank S. Caruso, Jr.

1s/ Frank S. Caruso, Sr.

Frank S. Caruso, Jr., President

Frank S. Caruso, Sr., Secretary



~~9708200000%~~
CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION OF
BRIAR JOY DEVELOPMENT CORPORATION

Under Section 905 of the Business Corporation Law

Pursuant to the provisions of Section 905 of the Business Corporation Law, the undersigned,
being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do
hereby certify and set forth:

FIRST: The name of the Corporation is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Department
of State on June 3, 1991.

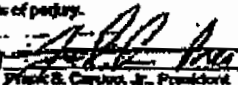
THIRD: Paragraph 3 of the Certificate of Incorporation, relating to the authorization of
shares is hereby changed to read as follows:

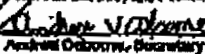
The number of common shares which the Corporation shall have the
authority to issue is 2,600,000 at \$0.10 par value per share.

FOURTH: There are presently 2,600,000 shares of stock at \$0.50 per value common
stock authorized, of which 1,429,859 shares have been issued and outstanding and 1,070,144
shares remain unissued. The Amendment to the Certificate of Incorporation is intended to provide
1,429,859 shares issued and outstanding at \$0.50 par value per share to be changed into 1,429,859
shares issued and outstanding at \$0.10 par value per share at the rate of 1:1; and there will be
1,070,144 shares unissued at \$0.50 par value per share that will be changed into 1,070,144 shares
unissued at \$0.10 par value per share at the rate of 1:1.

FIFTH: The above and foregoing amendment to the Certificate of Incorporation was
authorized by unanimous vote of the Board of Directors of this Corporation, followed by a majority
vote of the holders of a majority of all the outstanding shares entitled to vote therein at a meeting of
the shareholders held on the 13th day of August, 1997.

IN WITNESS WHEREOF, this Certificate of Change of the Certificate of Incorporation has been authorized this 17 day of August, 1987, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

/s/ Francis S. Caruso, Jr. 
Francis S. Caruso, Jr., President

/s/ Andrew V. Osborne 
Andrew Osborne, Secretary

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CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION OF
BRIAN JOY DEVELOPMENT CORPORATION

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED AUG 20 1997
TAX \$ 0
BY: *[Signature]*

RECEIVED
AUG 20 10 09 AM '97

VANGUARD-52

18 St. Lawrence

BILLED

Filed: Wilson, Frankel & Greenman, P.C.
6780 Widewaters Parkway
DeWitt, New York 13214-2811
Telephone: (315) 448-0737

3 970820000302

Duquette & Tipton LLP 212 687 2835

04/20/98 10:33 NO.032 02/03

CSC 45

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CSC 45

**CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION
OF
SCC TELECOMMUNICATIONS, INC.**

Under Section 805 of the Business Corporation Law

The undersigned, Vern M. Kennedy, President, and Terrance J. Anderson, Secretary, of SCC Telecommunications, Inc., a corporation organized and existing under the laws of the State of New York (the "Corporation"), do hereby certify as follows:

FIRST: The name of the Corporation is SCC Telecommunications, Inc. The name under which the Corporation was formed is Briar Jay Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation (the "Certificate") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.

THIRD: The amendment of the Certificate effected by this certificate is as follows: to change the name of the Corporation.

FOURTH: To accomplish the foregoing amendment, Article FIRST of the Certificate relating to the name of the Corporation is hereby amended to read as follows:

"The name of the Corporation is Community Networks, Inc."

FIFTH: This Certificate of Amendment was duly adopted in accordance with the provisions of Sections 615, 703 and 805 of the Business Corporation Law of the State of New York, to wit, by a unanimous written consent of the directors of the Corporation, followed by the written consent of the sole shareholder of the Corporation.

Duquette & Tipton LLP 212 687 2835

04/20/98 10:35 NO. 032 03/03

IN WITNESS WHEREOF, the undersigned have hereunto signed their names
and do hereby affirm under penalty of perjury that the statements contained herein are
true and correct and that this Certificate of Amendment is the act and deed of the Corporation
as of this 16th day of April, 1998.

By: 
Van M. Kennedy, President

By: 
Lawrence J. Anderson, Secretary

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CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
COMMUNITY NETWORKS, INC.

Under Section 905 of the New York Business Corporation Law

The undersigned, Vern M. Kennedy, President, and Terrence J. Anderson, Secretary, of COMMUNITY NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

1. The name of the Corporation is Community Networks, Inc. The name under which the Corporation was formed is Briar Joy Development Corporation.
2. The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 3, 1991.
3. The Certificate of Incorporation is hereby amended to change the name of the Corporation to Broadview Networks, Inc. by deleting Article FIRST in its entirety and replacing it with the following:

FIRST: The name of the Corporation is Broadview Networks, Inc.

4. The foregoing amendment was duly authorized pursuant to Sections 615, 708 and 803(a) of the New York Business Corporation Law, to wit, by a unanimous written consent of the directors of the corporation, followed by the written consent of the sole shareholder of the Corporation.

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of this Corporation as of this 5th day of October, 1999.

By: /s/ Vern M. Kennedy
Name: Vern M. Kennedy
Title: President

By: /s/ Terrence J. Anderson
Name: Terrence J. Anderson
Title: Secretary

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CERTIFICATE OF INCORPORATION
OF
BROADVIEW NETWORKS, INC.
Under Section 902 of the Business Corporation Law

The undersigned, JAMES M. KAPLAN, President and Chairman of the Board of Directors of BROADVIEW NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

FIRST: The name of the corporation (the "Corporation") is BROADVIEW NETWORKS, INC. The name under which the Corporation will conduct its business is BROADVIEW NETWORKS, INC.

SECOND: The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.

THIRD: Paragraph 1 of the Certificate of Incorporation, relating to the purpose for which the Corporation is organized, is changed to read as follows:

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Business Corporation Law of the State of New York. The Corporation will not be limited by any act or activity requiring the consent or approval of any state official, department, board, agency, or other body without due regard to the public interest.

FOURTH: Paragraph 3 of the Certificate of Incorporation is hereby amended to decrease the capital 2,500,000 shares of common stock having a par value of \$0.01 of which 1,819,356 shares are presently issued and outstanding and 680,644 shares are reserved to 1,000 shares of common stock at a par value of \$0.01 of which 1,000 are issued. There will be no unissued shares of common stock.

The rate of change of the issued is 1,819,356.

FIFTH: Paragraph 4 of the Certificate of Incorporation relating to the principal office of the corporation is hereby changed to read as follows:

The office of the Corporation is to be located in New York County, State of New York.

SIXTH: Paragraph 5 of the Certificate of Incorporation relating to designation of an agent for the service of process is hereby changed to read as follows:

The Secretary of State is designated as the agent of the Corporation upon whom process against it may be served. The agent's office address to which the secretary of state shall send a copy of any process against it served upon him is Broadview Networks Holdings, Inc. 45-18 Court Square, Ste. 307, Long Island City, New York, 11101, Attn: President.

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CERTIFICATE OF AMENDMENT AND RESTATEMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
BECAUWEN NETWORKS, INC.
UNDER SECTION 902 OF THE BUSINESS CORPORATION LAW

34-1

May 19 11 3 AM

Mayer Brown & Ples
1675 Broadway
New York, NY 10019

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STATE OF NEW YORK
DEPARTMENT OF STATE
MAY 13 2000

FILED
TAXS. NOT BY
BY: WILL R

1st St. Lawrence St Lawrence
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N.Y.

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000003000262

TOTAL \$ 0.00

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
August 24, 2007.

Paul LaPointe

Paul LaPointe
Special Deputy Secretary of State

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of BROADVIEW NETWORKS, INC. was filed on 06/05/1991, under the name of BRIAR JOY DEVELOPMENT CORPORATION, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

A Certificate of Amendment BRIAR JOY DEVELOPMENT CORPORATION, changing its name to SCC TELECOMMUNICATIONS, INC., was filed 10/02/1997.

A Certificate of Amendment SCC TELECOMMUNICATIONS, INC., changing its name to COMMUNITY NETWORKS, INC., was filed 04/21/1998.

A Certificate of Amendment COMMUNITY NETWORKS, INC., changing its name to BROADVIEW NETWORKS, INC., was filed 10/06/1999.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 23rd day of August two
thousand and seven.*



Special Deputy Secretary of State

EXHIBIT C

**AUTHORITY TO TRANSACTION BUSINESS
IN TENNESSEE**

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 08/28/07
REQUEST NUMBER: 6120-0546
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 08/28/07 1235
EFFECTIVE DATE/TIME: 08/28/07 1235
CONTROL NUMBER: 0557339

TO:
BROADVIEW NETWORKS, INC.
800 WESTCHESTER AVE
SUITE N501
RYE BROOK, NY 10573

RE:
BROADVIEW NETWORKS, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF
AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE
ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE
CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN
NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE
REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE
ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS
OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED
AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION
OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

ON DATE: 08/28/07

FROM:
BROADVIEW NETWORKS, INC.
45-18 COURT SQUARE

LONG ISL CITY, NY 11101-0000

RECEIVED: FEES \$600.00 \$0.00
TOTAL PAYMENT RECEIVED: \$600.00


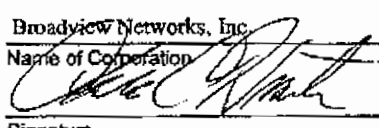
RECEIPT NUMBER: 00004261180
ACCOUNT NUMBER: 00577934



SS-445R

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

 State of Tennessee Department of State Corporate Filings 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243	APPLICATION FOR CERTIFICATE OF AUTHORITY (FOR PROFIT)								
OFFICE USE ONLY 2007 AUG 28 PM 12:35 RILEY DARNELL SECRETARY OF STATE FILED									
Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:									
1. The name of the corporation is <u>Broadview Networks, Inc.</u> *If different, the name under which the certificate of authority is to be obtained is: _____									
[NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. *If obtaining a certificate of authority under a different corporate name, an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional \$20.00 fee.]									
2. The state or country under whose law it is incorporated is <u>New York</u>									
3. The date of its incorporation is <u>6/5/91</u> (must be month, day, and year), and the period of duration, if other than perpetual, is _____									
4. The complete street address (including zip code) of its principal office is <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">800 Westchester Ave., Ste. N501</td> <td style="width: 20%;">Rye Brook</td> <td style="width: 20%;">New York/Westchester</td> <td style="width: 20%;">10573</td> </tr> <tr> <td>Street</td> <td>City</td> <td>State/County</td> <td>Zip Code</td> </tr> </table>		800 Westchester Ave., Ste. N501	Rye Brook	New York/Westchester	10573	Street	City	State/County	Zip Code
800 Westchester Ave., Ste. N501	Rye Brook	New York/Westchester	10573						
Street	City	State/County	Zip Code						
5. The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">800 S. Gay Street, Suite 2021</td> <td style="width: 20%;">Knoxville</td> <td style="width: 20%;">TN (Knox)</td> <td style="width: 30%;">37929</td> </tr> <tr> <td>Street</td> <td>City</td> <td>State/County</td> <td>Zip Code</td> </tr> </table> Registered Agent: <u>C T Corporation System</u>		800 S. Gay Street, Suite 2021	Knoxville	TN (Knox)	37929	Street	City	State/County	Zip Code
800 S. Gay Street, Suite 2021	Knoxville	TN (Knox)	37929						
Street	City	State/County	Zip Code						
6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.) <u>see attached</u>									
7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.) <u>see attached</u>									
8. If the corporation commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) _____									
9. The corporation is a corporation for profit.									
10. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is _____ (date), _____ (time). [NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]									
[NOTE: This application must be accompanied by a certificate of existence or a document of similar import (for example, a certificate of good standing) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.]									
<u>8-10-07</u> Signature Date <u>EXVP, Sec'y, General Counsel</u> Signer's Capacity	<u>Broadview Networks, Inc.</u> Name of Corporation  Signature <u>Charles C. Hunter</u> Name (typed or printed)								
SS-4431 (Rev. 4/01) Filing Fee: \$600	RDA 1678								

Broadview Networks, Inc. Officers and Directors

Michael K. Robinson	President & CEO	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Corey Rinker	Treasurer	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Terrence J. Anderson	Executive Vice President	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Charles C. Hunter	Secretary	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Steven F. Tunney	Chairman	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Peter Barrie	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Robert M. Manning	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
B. Hagen Seville	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
John S. Patton Jr.	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
Samuel G. Rubenstein	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573
David C. Ruberg	Director	800 Westchester Ave., Ste N501, Rye Brook, NY 10573

6120-0547

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of BROADVIEW NETWORKS, INC. was filed on 06/05/1991, under the name of BRIAR JOY DEVELOPMENT CORPORATION, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

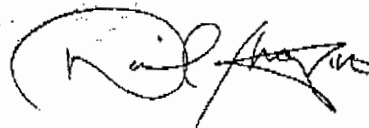
6129.0548

A Certificate of Amendment BRIAR JOY DEVELOPMENT CORPORATION, changing its name to SCC TELECOMMUNICATIONS, INC., was filed 10/02/1997.

A Certificate of Amendment SCC TELECOMMUNICATIONS, INC., changing its name to COMMUNITY NETWORKS, INC. , was filed 04/21/1998.

A Certificate of Amendment COMMUNITY NETWORKS, INC. , changing its name to BROADVIEW NETWORKS, INC., was filed 10/06/1999.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 23rd day of August two
thousand and seven.*



Special Deputy Secretary of State



Making Connections That Make a Difference.

August 23, 2007

Secretary of State

Dear Secretary of State:

Enclosed please find the application for Certificate of Authority for Broadview Networks, Inc. to do business in your state with all required additions and fees. Please call me at 615-792-3939 if you have any questions regarding this paperwork.

Sincerely,

Doreen Flash
Manager, Compliance
Broadview Networks, Inc.

3384 BELL ST.
ASHLAND CITY, TN 37015

6120-0549

EXHIBIT D

**NAMES AND ADDRESSES OF
OFFICERS AND DIRECTORS**

Officers of Broadview Networks, Inc.

Michael K. Robinson	Chief Executive Officer and President
Brian Crotty	Chief Operating Officer
Corey Rinker Secretary	Chief Financial Officer and Assistant
Charles C. Hunter	Executive Vice President, Secretary And General Counsel
Terence J. Anderson	Executive Vice President – Corporate Development

Directors of Broadview Networks, Inc.

Steven F. Tunney, Sr.

Samuel G. Rubenstein

John S. Patton, Jr.

David C. Ruberg

Robert Manning

Peter J. Barris

B. Hagen Saville

Raul Martynek

Richard W. Roedel

Michael K. Robinson

EXHIBIT E

BIOGRAPHICAL SKETCHES
OF
EXECUTIVE MANAGEMENT PERSONNEL

BROADVIEW NETWORKS, INC.

TECHNICAL QUALIFICATIONS/MANAGEMENT EXPERIENCE

The Company has assembled a highly skilled management team, which brings a wealth of experience and expertise to the Company's telecommunications services venture. Together, the Company's executives provide it with the depth and breadth of management, operational and technical capabilities necessary to facilitate its provision of high quality, affordable telecommunications services.

Brief summaries of the experience of key members of the Company's executive team are set forth below:

MICHAEL K. ROBINSON **President and Chief Executive Officer**

Mr. Robinson joined the Company as Chief Executive Officer in March, 2005. Prior to that time, Mr. Robinson had been with US LEC Corporation, a publicly traded competitive telecommunications provider, holding the position of Executive Vice President and Chief Financial Officer since July, 1998. In this role, Mr. Robinson was responsible for all financial operations for the company, including treasury, general accounting and internal control, investor relations, billing and information systems development, information technology, human resources and real estate. Prior to joining US LEC, Mr. Robinson spent 10 years in various management positions with the telecommunications division of Alcatel, including Vice President and Chief Financial Officer of Alcatel Data Networks and the worldwide financial operations of the Enterprise and Data Networking Division of Alcatel. Prior to these roles, Mr. Robinson was Chief Financial Officer of Alcatel Network Systems. Before joining Alcatel, Mr. Robinson held various management positions with Windward International and Siecor Corp. Mr. Robinson holds a Masters Degree in Business Administration from Wake Forest University.

BRIAN P. CROTTY **Chief Operating Officer**

Mr. Crotty has over 14 years of senior management experience in the telecommunications industry. In his role with Broadview, Mr. Crotty is responsible for all operational aspects of the Company including sales, marketing, provisioning, billing, network operations, repair, field services and customer service. Mr. Crotty formerly served as the Chief Operating Officer of BridgeCom International, Inc. Prior to joining BridgeCom, Mr. Crotty held a succession of positions with CoreComm Ltd., a publicly traded integrated communications provider with facilities throughout the Northeast and Midwest, most recently serving in the role of Director of Operations. Mr. Crotty joined CoreComm Ltd., through the acquisition of USN Communications Inc., where he held a

succession of senior management roles in both sales and operations including Vice President of Operations. Prior to that time, Mr. Crotty was the co-founder and served as Executive Vice President of The Millenium Group, one of the first competitive local exchange carriers in the state of Wisconsin. In addition, Mr. Crotty has also served in managerial positions with CEI Communications, which he founded, and AT&T Corp. Mr. Crotty obtained a degree in Business Administration from St. Norbert College.

COREY RINKER

Chief Financial Officer, Treasurer and Assistant Secretary

Mr. Rinker, a Certified Public Accountant and Attorney, joined the Company (originally with BridgeCom International, Inc.) as Chief Financial Officer in January 2001 following seven years of experience serving in similar positions with both privately held and publicly traded corporation including The Intellisource Group, a Safeguard Scientifics, Inc. partnership company. Mr. Rinker also possesses nearly a decade of cumulative experience with predecessors of the Big Four accounting firms of Deloitte & Touche LLP and Ernst & Young LLP, serving in senior managerial positions in the tax and consulting areas. Mr. Rinker has an Accounting Degree, with honors, from the University of Massachusetts at Amherst and a J.D. degree from Yeshiva University's Cardozo School of Law.

CHARLES C. HUNTER

Executive Vice President, Secretary and General Counsel

Mr. Hunter has served as Executive Vice President, Secretary and General Counsel of Broadview since 2003. Mr. Hunter responsible for corporate and legal affairs of the Company, including federal and state public policy advocacy. Mr. Hunter is a 25-year veteran of telecommunications law and policy who has represented competitive providers of communications services for well over a decade. Prior to joining Broadview, Mr. Hunter headed the Hunter Communications Law Group, P.C., a District of Columbia based boutique telecommunications law firm with a nationwide clientele. Mr. Hunter began his legal career as a trial attorney with the Federal Maritime Commission and afterwards was a partner specializing in telecommunications matters at the Chicago-based law firm of Gardner, Carton and Douglas and the District of Columbia based law firm of Herron, Burchette, Ruckert and Rothwell. Mr. Hunter received his J.D. from the Duke University School of Law and his undergraduate degree from the University of Michigan at Ann Arbor. Mr. Hunter is a member of the bars of New York, the District of Columbia, the U.S. Supreme Court and numerous Federal Appellate Courts.

KENNETH A. SHULMAN
Chief Technology Officer and Chief Information Officer

Mr. Shulman joined Broadview in 1999 as Chief Technology Officer. In this role, he is responsible for the architecture, technology, standards and evolution plans for the Company's integrated communications networks and services. As Chief Information Officer, Mr. Sulman is also responsible for the Company's patented integrated provisioning, billing and CRM systems, software and IT infrastructure. Mr. Shulman has nearly 30 years of leadership experience in communications technology. He previously served as Vice President of local network technology for AT&T, a position he assumed when AT&T acquired Teleport Communications Group ("TGC") in 1998. From 1987 to 1988, Mr. Shulman held officer positions with TGC, including Senior Vice President and Chief Technology Officer. Earlier, Mr. Shulman was Director of Systems Engineering for MCI International. Prior to that time, Mr. Shulman specialized in network planning with Bell Communications Research, Inc. ("BellCore") and Bell Laboratories. Mr. Shulman holds a B.S. in Electrical Engineering from the State University of New York at Stony Brook, an M.S. in Electrical Engineering from the University of Rochester, and an M.B.A. from The Wharton School of Business at the University of Pennsylvania. Mr. Shulman has served on many technical advisory boards and currently serves on advisory board of Baker Capital and Baypackets, Inc.

TERENCE J. ANDERSON
Executive Vice President – Corporate Development

Mr. Anderson was the co-founder of Broadview Networks in 1996 and has served as Executive Vice President, Finance since the Company's inception. Mr. Anderson's current role includes corporate development, business planning and financial analysis. He has led efforts to raise start-up capital, offered financial direction and assisted in securing subsequent financing. Previously, as a Vice President in the Media and Telecommunications Finance and Telecommunications Finance Group of Chemical Banking Corp. from 1988 to 1995, Mr. Anderson was responsible for originating and executing transactions and financing for diverse customers, including several large cable operators. Mr. Anderson holds a Bachelor's Degree in Economics from Princeton University and an M.B.A. with honors from Columbia University.

EXHIBIT F

FINANCIAL DOCUMENTATION

Item 8. Consolidated Financial Statements and Supplementary Data**Index to Consolidated Financial Statements**

Report of Independent Registered Public Accounting Firm	63
Consolidated Balance Sheets at December 31, 2007 and 2008	64
Consolidated Statements of Operations for the years ended December 31, 2006, 2007 and 2008	65
Consolidated Statements of Stockholders' Equity (Deficiency) for the years ended December 31, 2006, 2007 and 2008	66
Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2007 and 2008	67
Notes to Consolidated Financial Statements	68
Financial Statement Schedule	112

Table of Contents**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders of
Broadview Networks Holdings, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Broadview Networks Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' (deficiency) equity and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Broadview Networks Holdings, Inc. and Subsidiaries at December 31, 2008 and 2007 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes effective January 1, 2007.

/s/ ERNST & YOUNG LLP

New York, New York
March 24, 2009

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31,	
	2007	2008
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,998	\$ 24,070
Investment securities	—	23,533
Accounts receivable, less allowance for doubtful accounts of \$10,082 and \$11,934	56,426	53,486
Other current assets	8,463	12,614
Total current assets	106,887	113,703
Property and equipment, net	77,373	85,248
Goodwill	96,154	98,111
Intangible assets, net of accumulated amortization of \$109,335 and \$150,556	82,841	45,220
Other assets	18,543	16,746
Total assets	<u>\$ 381,798</u>	<u>\$ 359,028</u>
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 21,247	\$ 17,044
Accrued expenses and other current liabilities	43,952	42,699
Taxes payable	10,818	10,680
Deferred revenues	10,148	11,967
Current portion of capital lease obligations and equipment notes	3,136	4,142
Total current liabilities	89,301	86,532
Long-term debt	304,740	327,424
Deferred rent payable	2,628	2,400
Capital lease obligations and equipment notes, net of current portion	6,114	5,212
Deferred income taxes payable	1,141	2,071
Other	589	655
Total liabilities	404,513	424,294
Stockholders' deficiency:		
Common stock A — \$.01 par value; authorized 80,000,000, issued and outstanding 9,342,880 shares	107	107
Common stock B — \$.01 par value; authorized 10,000,000, issued and outstanding 360,050 shares	4	4
Series A Preferred stock — \$.01 par value; authorized 89,526 shares, designated, issued and outstanding 87,254 shares entitled in liquidation to \$123,880 and \$139,428	1	1
Series A-1 Preferred stock — \$.01 par value; authorized 105,000 shares, designated, issued and outstanding 100,702 shares, entitled in liquidation to \$142,973 and \$160,917	1	1
Series B Preferred stock — \$.01 par value; authorized 93,180 shares, designated, issued and outstanding 91,202 shares entitled in liquidation to \$129,485 and \$145,737	1	1
Series B-1 Preferred stock — \$.01 par value; authorized 86,000 shares, designated, issued and outstanding 64,986 shares entitled in liquidation to \$92,265 and \$103,845	1	1
Series C Preferred stock — \$.01 par value; authorized 52,332 shares, designated, issued and outstanding 14,402 shares entitled in liquidation to \$13,011 and \$15,577	—	—
Additional paid-in capital	140,270	140,563
Accumulated deficit	(163,100)	(205,966)
Accumulated other comprehensive income	—	22
Total stockholders' deficiency	(22,715)	(65,266)
Total liabilities and stockholders' deficiency	<u>\$ 381,798</u>	<u>\$ 359,028</u>

See notes to consolidated financial statements.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

	Years Ended December 31,		
	2006	2007	2008
	(In thousands, except share amounts)		
Revenues	\$ 272,653	\$ 451,159	\$ 500,736
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization)	130,841	234,166	257,883
Selling, general and administrative (includes share-based compensation of \$754, \$2,552 and \$293)	105,986	166,322	170,596
Software development	1,819	2,293	1,639
Depreciation and amortization	49,781	75,980	73,608
Impairment charges	—	4,000	—
Merger integration costs	1,430	500	—
Total operating expenses	289,857	483,261	503,726
Loss from operations	(17,204)	(32,102)	(2,990)
Other income (expenses)	21	240	(8)
Interest expense	(25,463)	(34,390)	(39,514)
Interest income	1,395	1,489	702
Loss before provision for income taxes	(41,251)	(64,763)	(41,810)
Provision for income taxes	(262)	(726)	(1,056)
Net loss	(41,513)	(65,489)	(42,866)
Dividends on preferred stock	(32,996)	(55,031)	(63,890)
Modification of preferred stock	—	(95,622)	—
Loss available to common shareholders	\$ (74,509)	\$ (216,142)	\$ (106,756)
Loss available per common share — basic and diluted	\$ (10.07)	\$ (23.09)	\$ (11.03)
Weighted average common shares outstanding — basic and diluted	7,396,610	9,359,132	9,675,916

See notes to consolidated financial statements.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity (Deficiency)

	Years Ended December 31,					
	2006		2007		2008	
	Shares	Amount	Shares	Amount	Shares	Amount
	(In thousands, except share amounts)					
Series A common stock						
Balance at beginning of year	6,605,872	\$ 66	8,871,427	\$ 102	9,342,880	\$ 107
Cancellation of shares	(1,307,770)	—	(97,435)	(1)	—	—
Shares issued in InfoHighway acquisition	—	—	568,888	6	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	3,573,325	36	—	—	—	—
Balance at end of year	8,871,427	102	9,342,880	107	9,342,880	107
Series B common stock						
Balance at beginning of year	—	—	—	—	360,050	4
Issuance of shares pursuant to management incentive plan	—	—	360,050	4	—	—
Balance at end of year	—	—	360,050	4	360,050	4
Series A Preferred stock						
Balance at beginning of year	89,521	1	89,521	1	87,254	1
Cancellation of shares pursuant to management incentive plan	—	—	(2,267)	—	—	—
Balance at end of year	89,521	1	87,254	1	87,254	1
Series A-1 Preferred Stock						
Balance at beginning of year	—	—	100,702	1	100,702	1
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	100,702	1	—	—	—	—
Balance at end of year	100,702	1	100,702	1	100,702	1
Series B Preferred Stock						
Balance at beginning of year	92,832	1	92,832	1	91,202	1
Cancellation of shares	—	—	(1,630)	—	—	—
Balance at end of year	92,832	1	91,202	1	91,202	1
Series B-1 Preferred Stock						
Balance at beginning of year	—	—	42,231	—	64,986	1
Shares issued in InfoHighway acquisition	—	—	22,755	1	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	42,231	—	—	—	—	—
Balance at end of year	42,231	—	64,986	1	64,986	1
Series C Preferred Stock						
Balance at beginning of year	—	—	—	—	14,402	—
Issuance of shares pursuant to management incentive plan	—	—	14,402	—	—	—
Balance at end of year	—	—	14,402	—	14,402	—
Additional paid-in capital						
Balance at beginning of year	—	44,254	—	117,689	—	140,270
Stock based compensation	—	—	—	2,388	—	293
Repurchase of shares	—	—	—	(1,538)	—	—
Shares issued in InfoHighway acquisition	—	—	—	17,446	—	—
Warrants issued in InfoHighway acquisition	—	—	—	4,285	—	—
Deferred compensation	—	754	—	—	—	—
Adoption of SFAS No. 123R	—	(1,083)	—	—	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	—	73,764	—	—	—	—
Balance at end of year	—	117,689	—	140,270	—	140,563
Accumulated deficit						
Balance at beginning of year	—	(55,811)	—	(97,324)	—	(163,100)
Adoption of FIN 48	—	—	—	(287)	—	—
Net loss	—	(41,513)	—	(65,489)	—	(42,866)
Balance at end of year	—	(97,324)	—	(163,100)	—	(205,966)
Accumulated other comprehensive income						
Balance at beginning of year	—	—	—	—	—	—
Unrealized gain on investment securities	—	—	—	—	—	22
Balance at end of year	—	—	—	—	—	22
Deferred compensation						
Balance at beginning of year	—	(1,083)	—	—	—	—
Adoption of SFAS No. 123R	—	1,083	—	—	—	—
Balance at end of year	—	—	—	—	—	—

Total stockholders' equity (deficiency)	<u>—</u>	<u>\$ 20,470</u>	<u>—</u>	<u>\$ (22,715)</u>	<u>—</u>	<u>\$ (65,266)</u>
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See notes to consolidated financial statements.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2006	2007	2008
	(In thousands)		
Cash flows from operating activities			
Net loss	\$ (41,513)	\$(65,489)	\$(42,866)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	19,302	31,907	32,322
Amortization and write-off of deferred financing costs	2,383	2,437	2,639
Amortization of intangible assets	30,479	44,206	41,221
Amortization of bond premium	-	(435)	(816)
Provision for doubtful accounts	4,115	6,546	5,539
Noncash subordinated debt interest	4,920	-	-
Stock-based compensation	754	2,552	293
Deferred income taxes	-	1,141	930
Impairment	-	4,000	-
Other	(3)	251	55
Changes in operating assets and liabilities:			
Restricted cash	(460)	460	-
Accounts receivable	(1,492)	(12,357)	(1,887)
Prepaid expenses and other current assets	(1,328)	725	(4,133)
Other assets	(208)	(2,186)	(767)
Accounts payable	(15,598)	1,400	(4,203)
Accrued expenses and other current liabilities	11,349	(19,680)	(2,293)
Deferred revenue	260	1,970	1,433
Deferred rent	336	(119)	(228)
Net cash provided by (used in) operating activities	13,296	(2,671)	27,239
Cash flows from investing activities			
Acquisition, net of cash and restricted cash acquired	(88,787)	(56,638)	(4,953)
Purchase of investment securities	-	-	(23,500)
Purchase of property and equipment	(23,146)	(30,418)	(39,786)
Merger acquisition costs	(3,635)	(1,768)	(311)
Other	-	-	(158)
Net cash used in investing activities	(115,568)	(88,824)	(68,708)
Cash flows from financing activities			
Proceeds from capital lease financing and equipment notes	7,794	5,217	3,789
Payments on capital lease obligations and equipment notes	(3,367)	(3,760)	(3,685)
Repayments of long-term debt	(84,000)	-	-
Repayments of revolving credit facility	-	(12,005)	(402)
Proceeds from issuance of subordinated debt	10,000	-	-
Repayment of subordinated debt	(972)	-	-
Proceeds from issuance of long-term debt	210,000	95,175	-
Drawdowns on revolving credit facility	-	11,500	23,902
Payment of subordinated debt conversion fees	(1,531)	-	-
Payment of deferred financing fees	(8,453)	(4,883)	-
Payments for shares purchased under MIP	-	(1,703)	-
Other	-	-	(63)
Net cash provided by financing activities	129,471	89,541	23,541
Net increase (decrease) in cash and cash equivalents	27,199	(1,954)	(17,928)
Cash and cash equivalents at beginning of year	16,753	43,952	41,998
Cash and cash equivalents at end of year	<u>\$ 43,952</u>	<u>\$ 41,998</u>	<u>\$ 24,070</u>
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	<u>\$ 7,123</u>	<u>\$ 32,008</u>	<u>\$ 37,581</u>
Supplemental schedule of non-cash information			
Equity securities issued in connection with acquisition	<u>\$ -</u>	<u>\$ 21,742</u>	<u>\$ -</u>

See notes to consolidated financial statements.

Table of Contents**BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements
(in thousands, except share information)****1. Organization and Description of Business**

Broadview Networks Holdings, Inc. (the "Company,"), formerly Bridgecom Holdings, Inc., is an integrated communications company whose primary interests consist of its wholly-owned subsidiaries, Broadview Networks, Inc. ("BNI"), Bridgecom Holdings, Inc. ("BH"), and Corecomm-ATX Inc., competitive local exchange carriers. The Company also provides phone systems and other customer service offerings through its subsidiary, Bridgecom Solutions Group, Inc. ("BSG"). The Company was founded in 1996 to take advantage of the deregulation of the U.S. telecommunications market following the Telecommunications Act of 1996. The Company has one reportable segment, which provides domestic wireline telecommunications services consisting of local and long distance voice services, Internet, and data services to commercial and residential customers in the mid-atlantic region of the United States.

2. Significant Accounting Policies***Basis of Presentation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. We have reclassified prior year amounts to conform to the current year presentation.

Revenue Recognition

The Company's revenue is derived primarily from subscriber usage and fixed monthly recurring fees. Such revenue is recognized in the month the actual services and other charges are provided and costs are incurred, with deferral of revenue and prepayment of those monthly charges that are billed in advance. Services rendered for which the customer has not been billed are recorded as unbilled revenues until the period such billings are provided. Cable and wiring revenues are recognized when the Company provides the services. Revenue and direct costs related to up-front service installation fees are deferred and amortized over 4 years.

Unbilled revenue included in accounts receivable represents revenue for earned services, which was billed in the succeeding month and totaled \$10,323 and \$8,494 as of December 31, 2007 and 2008, respectively.

Revenue from carrier interconnection and access amounting to \$15,028, \$25,352 and \$28,726 in the years ended December 31, 2006, 2007 and 2008, respectively, is recognized in the month in which service is provided.

Costs of Revenue

Costs of revenue include direct costs of sales and network costs. Direct costs of sales include the costs incurred with telecommunication carriers to render services to customers. Network costs include the costs of fiber and access, points of presence, repairs and maintenance, rent and utilities of the telephone, internet data network, as well as salaries and related expenses of network personnel. Network costs are recognized during the month in which the service is utilized. The Company accrues for network costs incurred but not billed by the carrier.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company's cash and cash equivalents are being held in several large financial institution, which are members of the FDIC, although most of our balances do exceed the FDIC insurance limits.

Investment Securities

Investment securities represent the Company's investment in short-term US. Treasury notes. The Company's primary objectives for purchasing these investment securities are liquidity and safety of principal. The Company

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

considers these investment securities to be available-for-sale as defined in SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* ("SFAS 115"). Accordingly, these investments are recorded at their fair value of \$23,533. The fair value of these investment securities are based on publicly quoted market prices, which are Level 1 inputs, pursuant to the guidance of SFAS 157, *Fair Value Measurements* ("SFAS 157"). All of the Company's investment securities mature in less than one year. The amortized cost of these investment securities is \$23,511. During the year ended December 31, 2008, the Company recorded a gross unrealized gain of \$22, which is recorded as other comprehensive income.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Company estimates doubtful accounts based on historical bad debts, factors related to the specific customers' ability to pay, percentages of aged receivables and current economic trends. Allowances for doubtful accounts are recorded as selling, general and administrative expenses. The Company writes off accounts deemed uncollectible after efforts to collect such accounts are not successful.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life is three years for computer equipment, five years for furniture and fixtures, and seven years for network equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related lease term. Capitalized software costs are amortized on a straight-line basis over the estimated useful life, typically two years. Construction in progress includes amounts incurred in the Company's expansion of its network. The amounts include switching and co-location equipment, switching and co-location facilities design and co-location fees. The Company has not capitalized interest to date since the construction period has been short in duration and the related imputed interest expense incurred during that period was insignificant. When construction of each switch or co-location facility is completed, the balance of the assets is transferred to network equipment and depreciated in accordance with the Company's policy. Maintenance and repairs are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying amount of an asset (or asset group) may not be recoverable. In analyzing potential impairments, projections of future cash flows from the asset group are used to estimate fair value. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset group, a loss is recognized for the difference between the estimated fair value and carrying value of the asset group. The projections are based on assumptions, judgments and estimates of growth rates for the related business, anticipated future economic, regulatory and political conditions, the assignment of discount rates relative to risk and estimates of terminal values.

Goodwill

Goodwill is the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for as purchases. In accordance with SFAS No. 142, *"Goodwill and Other Intangible Assets"* ("SFAS 142") the Company evaluates its goodwill for impairment annually on October 1 and when events and circumstances warrant such review. Impairment charges, if any, are charged to the results of operations. The recoverability of goodwill is assessed at a reporting unit level, which is the lowest asset group level for which identifiable cash flows are largely independent of the cash flows of other asset groups, and is based on projections of discounted cash flows. The Company

has one reporting unit. The projections of future operating cash flow necessary to conduct the impairment review, are based on assumptions, judgments and estimates of growth rates for

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

the related business, anticipated future economic, regulatory and political conditions, the assignment of discount rates relative to risk and estimates of terminal values.

Third Party Conversion Costs

The Company currently capitalizes third party conversion costs incurred to provision customers to its network. These costs include external vendor charges, but exclude costs incurred internally. At January 1, 2006, the Company changed the third party conversion costs amortization period from two to four years. The Company believes that an amortization period of four years better reflects the expected life of its current customer base, which was based in part on a churn analysis performed by management from which it was determined that monthly customer churn was approximately 2% along with a decision by management to extend the minimum contract term for its customers beyond two years. The effect of changing this estimate in useful life was a reduction of depreciation expense and a decrease to net loss of \$2,951, \$2,018 and \$1,344 for the years ended December 31, 2006, 2007 and 2008 respectively. The impact of this change on a per share basis for the years ended December 31, 2006, 2007 and 2008 was \$0.40, \$0.22 and \$0.14 respectively.

Debt Issuance Costs

The costs related to the issuance of long-term debt are deferred and amortized into interest expense, using the effective interest method, over the life of each debt issuance.

Significant Vendor

The Company purchased approximately 70% of its telecommunication services from one vendor during the year ended December 31, 2008. Accounts payable in the accompanying consolidated balance sheets include approximately \$24,500 and \$8,718 as of December 31, 2007 and December 31, 2008, respectively, due to this vendor.

Income Taxes

The Company recognizes deferred income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Uncertainty in Income Taxes

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of FIN 48. The Company adopted FIN 48 effective January 1, 2007 and recorded a cumulative effect adjustment of \$287 to opening retained earnings. Prior to the adoption of FIN 48, the Company had two significant tax benefits that involved uncertainty. The first of which related to the Company's tax position surrounding management and administrative services provided by MCG. The second related to the Company's tax position with respect to warrants issued to MCG. As of December 31, 2008, the Company does not have a liability for unrecognized income tax benefits principally due to a settlement reached with the Internal Revenue Services during July 2007 relating to these tax matters.

Table of Contents**BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements — (Continued)*****Stock-Based Compensation***

The Company records compensation expense associated with stock options and other forms of equity compensation in accordance with SFAS No. 123R, *Share-Based Payment* ("SFAS 123R"). As permitted under SFAS 123R, the Company uses the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair value of stock-based awards.

Software Development Costs

The Company capitalizes the cost of internal use software in accordance with Statement of Position 98-1, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* ("SOP 98-1"). SOP 98-1 provides guidance for the accounting for computer software developed or acquired for internal use, including the requirement to capitalize certain costs and the amortization of these costs. Costs for preliminary stage projects are expensed as incurred while application stage projects are capitalized.

The latter costs are typically internal payroll costs of employees associated with the development of internal use computer software. The Company commences amortization of the software on a straight-line basis over the estimated useful life, typically two years, when it is ready for intended use.

During the years ended December 31, 2006, 2007 and 2008, the Company capitalized approximately \$2,184, \$2,175 and \$2,764 of software development costs, respectively, which are included in property and equipment. Amortization expense related to these assets was approximately \$2,768, \$2,715 and \$2,270 for the years ended December 31, 2006, 2007 and 2008, respectively. The unamortized balance of capitalized software development costs as of December 31, 2007 and 2008 is \$2,200 and \$2,694, respectively.

Advertising

The Company expenses advertising costs in the period incurred and these amounts are included in selling, general and administrative expenses. Advertising expenses approximated \$536, \$1,234 and \$1,843 for the years ended December 31, 2006, 2007 and 2008, respectively.

Disputes

The Company accounts for disputed billings from carriers based on the estimated settlement amount of disputed balances. The estimate is based on a number of factors including historical results of prior dispute settlements with the carriers and is periodically reviewed by management to reassess the likelihood of success. Actual settlements may differ from estimated amounts (see Note 16).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically reviews such estimates and assumptions as circumstances dictate. Actual results could differ from those estimates.

Comprehensive Loss

Comprehensive loss represents the change in net assets of a business enterprise during a period from non-owner sources. The Company's comprehensive loss is comprised exclusively of unrealized gains on the company's

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

investments in US Treasury notes. The comprehensive loss for the years ended December 31 2006, 2007 and 2008 is as follows:

	Years Ended December 31,		
	2006	2007	2008
Net loss	\$(41,513)	\$(65,489)	\$(42,866)
Unrealized gain on investment securities	—	—	22
Comprehensive loss	<u>\$(41,513)</u>	<u>\$(65,489)</u>	<u>\$(42,844)</u>

3. Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) 157, Fair Value Measurements (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delays the effective date of SFAS 157 for one year, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has elected a partial deferral of SFAS 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment. The impact of partially adopting SFAS 157 effective January 1, 2008 did not have a material impact on the Company’s financial statements.

In December 2007, the SEC issued SAB No. 110, “Share-Based Payment” (“SAB 110”). SAB 110 establishes the continued use of the simplified method for estimating the expected term of equity based compensation. The simplified method was intended to be eliminated for any equity based compensation arrangements granted after December 31, 2007. SAB 110 is being published to help companies that may not have adequate exercise history to estimate expected terms for future grants. The Company does not expect the adoption of SAB 110 to have a material effect on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations (Revised)* (“SFAS 141(R)”), to replace SFAS 141, *Business Combinations* (“SFAS 141”). SFAS 141(R) requires the use of the acquisition method of accounting, defines the acquirer, establishes the acquisition date and broadens the scope to all transactions and other events in which one entity obtains control over one or more other businesses. This statement is effective for business combinations or transactions entered into for fiscal years beginning on or after December 15, 2008. The Company is still evaluating the impact of SFAS 141(R), however, the adoption of this statement is not expected to have a material impact on our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* (SFAS 160). This Statement amends the original Accounting Review Board (ARB) No. 51 *Consolidated Financial Statements* to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 and may not be applied before that date. Management has evaluated SFAS 160 and has determined that it will have no impact on the Company’s consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”). SFAS 161 requires enhanced disclosures about an entity’s

derivative and hedging activities and thereby improves the transparency of financial reporting. The objective of the guidance is to provide

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

users of financial statements with an enhanced understanding of how and why an entity uses derivative instruments: how an entity accounts for derivative instruments and related hedged items and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. Management has evaluated SFAS 161 and has determined that it will have no impact on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "*The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*." The adoption of this statement is not expected to have a material effect on the Company's financial statements.

4. Acquisitions and Merger Agreements

2008 Acquisition

As of June 12, 2008, the Company entered into an asset purchase agreement to acquire substantially all of the assets of Lightwave Communications, LLC ("Lightwave") and its affiliate Adera, LLC ("Adera"). Lightwave is a competitive local exchange carrier operating primarily in the Mid-Atlantic region of the United States. Lightwave filed for bankruptcy protection in February 2008. On July 11, 2008, the Bankruptcy Court granted the sale order authorizing the sale of Lightwave's and Adera's assets to the Company. Pursuant to the sale order, the Company was required to place \$4,640 in escrow until the close of the transaction, which occurred on September 18, 2008. Accordingly, the results of operations of Lightwave are included in these consolidated financial statements beginning September 19, 2008.

The consolidated results of the Company reflect the acquisition under the purchase method of accounting in accordance with SFAS 141. The preliminary purchase price paid by the Company totaled \$6,192, including the cash released from escrow. A portion of the purchase price, the \$750 Holdback amount, is due to be paid to the sellers on September 18, 2009. Under certain circumstances specified on the asset purchase agreement, the Holdback amount will be adjusted to reflect changes in the purchase price. The Company is required to pay additional purchase consideration for the value of the accounts receivable acquired, an estimate of which is included in the purchase price. However, the accounts receivable amount is subject to further adjustment, which would impact both the overall purchase price paid by the Company as well as the value ascribed to the accounts receivable in the final purchase price allocation.

The purchase price was allocated to the assets acquired and liabilities assumed on a preliminary basis based on their estimated fair values on the date of acquisition. The Company will not finalize its allocation of the purchase price until the value ascribed to accounts receivable is finalized. When finalized, any changes to the preliminary purchase price allocation will result in changes to the carrying amounts of the net assets acquired.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

The preliminary purchase price allocation of the Lightwave transaction is as follows:

Assets acquired:	
Accounts receivable	\$ 712
Other current assets	18
Property and equipment	411
Goodwill	2,185
Customer-based intangibles	3,600
Other assets	12
Total assets acquired	<u>6,938</u>
Liabilities assumed:	
Current liabilities	746
Net assets acquired	<u>\$6,192</u>

2007 Acquisition

On February 23, 2007, the Company entered into an agreement and plan of merger to acquire all of the outstanding capital stock of Eureka Broadband Corporation, a competitive local exchange carrier operating primarily in the northeastern United States, in a transaction that closed on May 31, 2007 (the "2007 Merger"). Accordingly, the results of InfoHighway are included in these consolidated financial statements beginning June 1, 2007. The consolidated results of the Company reflect the acquisition under the purchase method of accounting in accordance with SFAS 141.

The purchase price consisted of a combination of cash and equity securities. Each share of capital stock of InfoHighway was converted into the right to receive cash and shares of the Company's Series B-1 Preferred Stock, shares of Class A Common Stock and warrants to purchase units of the Company's Series B-1 Preferred Stock and Class A Common Stock. The aggregate purchase price paid by the Company is as follows:

Cash paid, net of cash acquired of \$7,841	\$56,638
Equity securities issued, including warrants	21,742
Acquisition costs	1,504
	<u>\$79,884</u>

The Company issued 22,755 shares of Series B-1 Preferred Stock and 568,888 shares of Class A Common Stock, with an aggregate value of \$17.5 million. The shares of Series B-1 Preferred Stock and Class A Common Stock issued in the transaction have the same voting rights as existing Series B-1 Preferred Shares and Class A Common Stock. The warrants to acquire 16,976 units, with each such unit comprised of 1 share of Series B-1 Preferred Stock and 25 shares of Class A Common Stock, are generally exercisable for a period of up to five years, with the exercise price of each warrant unit determined based on the cash flow generated from a certain customer of the legacy InfoHighway entity during the two year period following closing of the acquisition. As certain cash flow parameters are met as calculated and agreed upon for the twelve months ended May 31, 2008 and the twelve months ended May 31, 2009, the exercise price on the warrants may decrease from \$883.58 per unit to an exercise price of \$0.01 per unit. The aggregate value of the warrants of \$4.2 million at May 31, 2007, the close of the InfoHighway acquisition, was determined utilizing the Black-Scholes model assuming a 2.5 year expected life, a volatility based on market comparable entities of 55%, no expected dividends, an exercise price of \$883.58 per unit and a risk free rate of 4.9%. The fair value of the warrants utilized inputs for similar securities, which are Level 2 inputs, pursuant to the guidance of SFAS 157.

The Company concluded the potential decrease in the exercise price of the warrants was contingent consideration and accounted for the warrants as of the date of acquisition. SFAS 141 discusses the accounting

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

for contingent consideration made in a purchase that is based on maintaining or achieving specified earnings levels. SFAS 141 provides that contingent consideration determinable at the date of acquisition should be included in determining the cost of an acquired entity and recorded at that date. Contingent consideration is determinable when the contingency is resolved or not contingent beyond a reasonable doubt and the consideration is issued or issuable. Additional consideration that becomes payable as a result of the resolution of a contingency based on earnings in specified periods after the acquisition date is added to the cost of the acquired entity. As of the date of acquisition, the Company concluded that any exercise price below the \$883.58 was not certain beyond a reasonable doubt and therefore would not be recorded as part of the purchase price until the contingency period was over and the exercise price was known.

As of March 23, 2009, the exercise price on the first tranch of warrants has not been determined. Negotiations are occurring between the Company and the warrant holders as to how certain carrier disputes relating specifically to InfoHighway that were in existence at the acquisition date and arising subsequent to that date will be handled in the cash flow calculation. The Company has concluded based on the criteria set forth in SFAS 141 that it will not adjust the value of the warrants until an exercise price has been determined. When the exercise price for the first tranch of warrants is resolved, the Company will utilize a Black-Scholes model to determine the aggregate value of the warrants. If the Company determines that the value of the warrants has increased, the Company will record additional merger consideration and related goodwill at the point in time of such determination. The Company evaluated the warrants under EITF Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*, and determined that once the exercise price is resolved, the warrants will be classified in equity. The Company will account for the second tranch of warrants in the same way after the cash flows generated for the twelve months ended May 31, 2009 have been calculated and agreed upon.

The total purchase price has been allocated to the assets acquired and liabilities assumed based on their respective fair value as of May 31, 2007. There is no resulting goodwill that is expected to be deductible for tax purposes. The liabilities included in the acquisition cost allocation for exit activities included severance costs of terminated InfoHighway employees affected by the merger. These liabilities were accounted for in accordance with Emerging Issues Task Force ("EITF") 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* ("EITF 95-3").

The purchase price of the InfoHighway transaction was allocated as follows:

Assets acquired, excluding cash:	
Accounts receivable	\$ 9,302
Other current assets	880
Property and equipment	17,435
Goodwill	26,258
Customer-based intangibles	46,800
Other intangibles	4,400
Other non-current assets	495
Total assets acquired	<u>105,570</u>
Liabilities assumed:	
Current liabilities	<u>25,686</u>
Net assets acquired	<u>\$ 79,884</u>

2006 Acquisition

On June 26, 2006, the Company entered into a stock purchase agreement with ATX and its shareholders in a transaction that closed on September 29, 2006 (the "2006 Merger"). Accordingly, the results of ATX are included in

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

these consolidated financial statements beginning September 30, 2006. ATX is a facilities-based competitive communications provider operating in the mid-Atlantic Region states including Pennsylvania, New Jersey, Delaware, Maryland and the District of Columbia.

The Company purchased all of the outstanding capital stock of ATX for net aggregate cash consideration of approximately \$88,787. The total purchase consideration has been allocated to the assets acquired and liabilities assumed based on their respective fair value as of September 30, 2006. Goodwill is expected to be deducted for tax purposes (see Note 13). The liabilities included in the acquisition cost allocation for exit activities included severance costs for terminated ATX executives and employees affected by the merger. These liabilities were accounted for in accordance with EITF 95-3.

The purchase price of the transaction as determined based on fair value was allocated as follows:

Assets acquired:	
Cash and cash equivalents	\$ 10,646
Restricted cash	1,508
Accounts receivable	19,441
Other current assets	3,817
Property and equipment	17,607
Goodwill	38,033
Customer-based intangibles	21,412
Other intangibles	7,909
Other non-current assets	1,811
Total assets acquired	<u>122,184</u>
Liabilities assumed:	
Current liabilities	20,732
Other liabilities	511
Total liabilities assumed	<u>21,243</u>
Net assets acquired	<u>\$100,941</u>

The following unaudited pro forma financial information for the 2006 and 2007 acquisitions was prepared in accordance with SFAS 141 and assumes the acquisition had occurred at the beginning of the periods presented. The unaudited pro forma information is provided for informational purposes only. These pro forma results are based upon the respective historical financial statements of the respective companies. The pro forma results of operations do not necessarily reflect the results that would have occurred had the acquisition occurred at the beginning of the periods presented or the results that may occur in the future.

The unaudited pro forma combined results are as follows for the years ended December 31, 2006 and 2007:

	Years Ended December 31,	
	2006	2007
Revenues	\$507,906	\$498,965
Net loss	\$ (60,720)	\$ (75,703)
Loss available per common share — basic and diluted	\$ (9.70)	\$ (23.59)

Loss available per common share includes the effect of the dividends accumulated on the Company's Preferred Stock as well as the effect of a modification to the Preferred Stock (see Note 17).

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

Included in the consolidated statement of operations for the years ended December 31, 2006, 2007 and 2008 are merger integration costs of approximately \$1,430, \$500 and \$0 respectively, which consist primarily of network shutdown costs incurred to shut down components of the Company's network and to migrate its customers from legacy billing systems to the Company's billing platform. Additionally, these costs also include severance costs and consulting fees related to former employees.

5. Other Assets

Other current assets consist of the following at December 31:

	<u>December 31,</u>	
	<u>2007</u>	<u>2008</u>
Deferred carrier charges	\$2,563	\$ 4,956
Prepaid expenses	3,903	2,449
Other	1,997	5,209
Total other current assets	<u>\$8,463</u>	<u>\$12,614</u>

Other non-current assets consist of the following at December 31:

	<u>December 31,</u>	
	<u>2007</u>	<u>2008</u>
Deferred financing costs	\$12,094	\$ 9,518
Lease security and carrier deposits	2,778	2,274
Other	3,671	4,954
Total other non-current assets	<u>\$18,543</u>	<u>\$16,746</u>

The Company incurred deferred financing costs of \$4,888 related to the issuance of long term debt in 2007 (see Note 10). Amortization of deferred financing costs amounted to approximately \$1,173, \$2,286 and \$2,639 for the years ended December 31, 2006, 2007 and 2008, respectively.

As of December 31, 2008, other non-current assets includes \$3.385 of costs associated with the registration statement filed with the SEC for a potential initial public offering including underwriting fees, legal fees and other costs incurred directly related to our initial public offering. Such costs will be charged against the gross proceeds of the offering when completed or charged to operations should the Company elect not to complete the offering.

6. Property and Equipment

Property and equipment, at cost, consists of the following at December 31:

	<u>December 31,</u>	
	<u>2007</u>	<u>2008</u>
Network equipment	\$107,286	\$ 142,954
Computer and office equipment	19,196	20,512
Capitalized software costs	10,607	13,371
Furniture and fixtures and other	8,574	8,923
Leasehold improvements	5,386	5,486
	<u>151,049</u>	<u>191,246</u>
Less accumulated depreciation and amortization	<u>(73,676)</u>	<u>(105,998)</u>
	<u>\$ 77,373</u>	<u>\$ 85,248</u>

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

Property and equipment includes amounts acquired under capital leases of approximately \$10.120 and \$9,847, respectively, net of accumulated depreciation and amortization of approximately \$4,591 and \$7,966, respectively, at December 31, 2007 and 2008.

On January 1, 2008, the Company changed the estimated useful lives of certain property and equipment acquired in the InfoHighway acquisition to conform the useful lives of this property and equipment to their estimated useful lives as determined by the Company. The impact of this change resulted in a reduction in depreciation expense of \$1,439 for the year ended December 31, 2008.

7. Identifiable Intangible Assets and Goodwill

The Company accounts for intangible assets under SFAS 142. The Company's intangible assets, consisting primarily of its customer base and trademark, were valued as follows:

Customer Relationships: The Company's customer relationships are composed of subscribers to the Company's various telecommunications services. The multi-period excess earnings method, a variant of the income approach, was utilized to value the customer relationship intangibles.

The customer relationship intangibles are amortized on a straight line basis over the average expected life of the customer relationships based on the Company's historical disconnect statistics or on an accelerated method over their useful lives in proportion to the expected benefits to be received. The lives range from four to eleven years. The unamortized balances are evaluated for potential impairment based on future estimated cash flows when an impairment indicator is present.

Trademark: The Company's trademarks were valued using a variant of the income approach, referred to as the relief from royalty method.

The Company's ATX trademark was considered to have an indefinite life at the date it was acquired. During the fourth quarter of 2007, the Company began the process of rebranding its operations following the acquisitions of InfoHighway and ATX. As a result of the rebranding process, the Company believes that the remaining useful life of the ATX trademark is three years and will be amortized on a straight-line basis. The Company considered this change in the estimated useful life to be an indication that the carrying amount of the ATX trademark may not be recoverable and required the Company to evaluate the ATX trademark for impairment. As a result of the evaluation, the Company incurred an impairment charge of \$4.0 million during the fourth quarter of 2007, which was the excess of the carrying value over the estimated fair value of the ATX trademark.

The InfoHighway trademark intangible assets is amortized on an accelerated method over its useful life in proportion to the expected benefits to be received. The life of this intangible asset is four years. The unamortized balance is evaluated for impairment based on future estimated cash flows when an impairment indicator is present.

The components of intangible assets at December 31 are as follows:

	December 31,					
	2007			2008		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer base	\$183,867	\$ (107,168)	\$ 76,699	\$187,467	\$ (146,012)	\$ 41,455
Trademarks	7,400	(1,258)	6,142	7,400	(3,635)	3,765
Other	909	(909)	—	909	(909)	—
	<u>\$192,176</u>	<u>\$ (109,335)</u>	<u>\$ 82,841</u>	<u>\$195,776</u>	<u>\$ (150,556)</u>	<u>\$ 45,220</u>

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

Amortization of intangible assets for the years ended December 31, 2006, 2007 and 2008 amounted to \$30,479, \$44,206 and \$41,221, respectively.

Future projected amortization expense for the years ended December 31 is as follows:

2009	\$17,737
2010	12,431
2011	5,305
2012	3,486
20013	2,194
Thereafter	4,067
	<u>\$45,220</u>

Changes in the carrying amount of goodwill are as follows:

Balance at December 31, 2006	\$69,632
Effects of 2007 acquisition	26,258
Other	264
Balance at December 31, 2007	96,154
Effects of 2008 acquisition	2,185
Other	(228)
Balance at December 31, 2008	<u>\$98,111</u>

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at December 31:

	December 31,	
	2007	2008
Recurring network costs and other operating accruals	\$23,488	\$23,796
Accrued interest(a)	11,375	11,485
Merger transaction costs(b)	2,090	633
Payroll related liabilities	6,840	6,234
Other	159	551
Total accrued expenses and other current liabilities	<u>\$43,952</u>	<u>\$42,699</u>

(a) Represents accrued interest on the Senior Secured Notes. Interest is paid semi-annually on March 1 and September 1 of each year.

(b) The accrual for merger transaction costs consists of the following:

	Severance	Lease Terminations	Other	Total
Balance at December 31, 2007	\$ 1,388	\$ 632	\$ 70	\$ 2,090
Additions	102	—	—	102
Payments	(604)	(499)	(70)	(1,173)
Adjustments	(386)	—	—	(386)
Balance at December 31, 2008	<u>\$ 500</u>	<u>\$ 133</u>	<u>\$ —</u>	<u>\$ 633</u>

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)****9. Obligations Under Capital and Operating Leases***Capital Leases*

In March 2006, the Company entered into a capital lease facility, as amended in October 2006, with a third party that allows the Company to finance the acquisition of up to \$12,500, or as otherwise limited by our indenture (see Note 10), of network related equipment through December 31, 2008. The Company is obligated to repay the borrowings in thirteen quarterly installments. At the end of the final installment period, the Company has the option of renewing, returning or purchasing the equipment at a mutually agreed fair value which is not to exceed 18% of original equipment cost. The company had borrowings of \$8,768 outstanding on this facility at December 31, 2008.

The future minimum lease payments under all capital leases at December 31, 2008 are as follows:

2009	\$ 5,637
2010	4,021
2011	1,811
2012	341
	<u>11,810</u>
Less amounts representing interest	(2,456)
	<u>9,354</u>
Less current portion	(4,142)
Capital lease obligations, net of current portion	<u>\$ 5,212</u>

Amortization of capital leases is included in depreciation and amortization expense in the consolidated statements of operations.

Operating Leases

The Company rents office space, switch locations and equipment under various operating leases. The future minimum lease payments under operating leases at December 31, 2008 are as follows:

2009	\$11,296
2010	10,456
2011	6,455
2012	4,542
2013	2,968
Thereafter	8,835
Total minimum lease payments	<u>\$44,552</u>

Future minimum lease payments are net of sublease rentals as follows:

2009	\$ 587
2010	498
2011	109
Total sublease rentals	<u>\$1,194</u>

Total rent expenses under these operating leases, including escalation charges for real estate taxes and other expenses, totaled \$7,703, \$11,979 and \$11,324 for the years ended December 31, 2006, 2007 and 2008, respectively. The Company's sublease rental income was \$284, \$706 and \$566 for the years ended December 31, 2006,

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

2007 and 2008, respectively. Rent expense is charged to operations ratably over the terms of the leases, which results in deferred rent payable.

10. Debt***Senior Secured Notes***

On August 23, 2006, the Company issued \$210,000 principal amount of 11³/₈% Senior Secured Notes due 2012 (the "Senior Secured Notes"). The net proceeds from the Senior Secured Notes were used to fund the ATX acquisition, repay indebtedness under the Company's senior secured credit facility and senior unsecured subordinated notes due 2009, and for general corporate purposes. On May 14, 2007, we completed an additional offering of \$90,000 aggregate principal amount of 11³/₈% Senior Secured Notes due 2012 at an issue price of 105³/₄%, generating gross proceeds of \$95,175. We used such proceeds from the offering to fund the InfoHighway merger, which closed on May 31, 2007, pay related fees and expenses and for general corporate purposes. The remaining unamortized bond premium of \$3,924 at December 31, 2008 is included in long term debt. For the year ended December 31, 2007 and 2008, bond premium amortization amounted to \$435 and \$816 respectively.

The Company is required to pay cash interest on the principal amount of the notes at a rate of 11³/₈% per annum, which is due semi-annually on March 1 and September 1 of each year, commencing on March 1, 2007. The Senior Secured Notes mature on September 1, 2012. The notes are fully, unconditionally and irrevocably guaranteed on a senior secured basis, jointly and severally, by each of the Company's existing and future domestic restricted subsidiaries. The notes and the guarantees rank senior in right of payment to all existing and future subordinated indebtedness of the Company and its subsidiary guarantors, as applicable, and equal in right of payment with all existing and future senior indebtedness of the Company and of such subsidiaries.

The notes and the guarantees are secured by a lien on substantially all of the Company's assets provided, however, that pursuant to the terms of an intercreditor agreement, the security interest in those assets consisting of receivables, inventory, deposit accounts, securities accounts and certain other assets that secure the notes and the guarantees are contractually subordinated to a lien thereon that secures the Company's five-year senior revolving credit facility with an aggregate principal amount of \$25,000 (the "Revolving Credit Facility") and certain other permitted indebtedness.

The Indenture contains covenants limiting the Company's ability to, among other things: incur or guarantee additional indebtedness or issue certain preferred stock; pay dividends; redeem or purchase equity interests; redeem or purchase subordinated debt; make certain acquisitions or investments; create liens; enter into transactions with affiliates; merge or consolidate; make certain restricted payments; and transfer or sell assets, including equity interests of existing and future restricted subsidiaries. The Company was in compliance with all covenants at December 31, 2008.

Revolving \$25,000 Senior Credit Facility

On August 23, 2006, the Company entered into a five year, revolving \$25,000 Senior Credit Facility ("Revolving Credit Facility"). Any outstanding amounts under this facility are subject to a borrowing base limitation based on an advance rate of 85% of the amount of eligible receivables, as defined. The borrowing base eligibility calculation exceeds the amount required to draw on the entire Revolving Credit Facility; therefore the remaining availability under the Revolving Credit Facility and the letter of credit sublimit are fully available for borrowing. The loans bear interest on a base rate method or LIBOR method, in each case plus an applicable margin percentage, at the option of the Company. Interest on the LIBOR loans is paid on a monthly or quarterly basis, and interest on the base rate loans is paid on a quarterly basis. In connection with the acquisition of Lightwave, the Company borrowed \$10,000 from the Revolving Credit Facility during September 2008 and due to continuing uncertainty in the credit markets, the Company borrowed an additional \$13,500 million from the

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Table of Contents**BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements — (Continued)**

The Revolving Credit Facility also has a sublimit of \$15,000 for the issuance of letters of credit. On the consummation of the ATX acquisition in August 2006, \$7,802 of letters of credit were issued in lieu of vendor security deposits. Such letters of credit were returned in March 2007. During 2008, \$80 of letters of credit were issued to regulatory bodies, all of which are outstanding against this facility at December 31, 2008.

Indebtedness under the Revolving Credit Facility is guaranteed by all of our direct and indirect subsidiaries that are not borrowers thereunder and is secured by a security interest in all of our and our subsidiaries' tangible and intangible assets.

The Revolving Credit Facility contains negative covenants and restrictions on our assets and our subsidiaries' actions, including, without limitation, incurrence of additional indebtedness, restrictions on dividends and other restricted payments, prepayments of debt, liens, sale-leaseback transactions, loans and investments, hedging arrangements, mergers, transactions with affiliates, changes in business and restrictions on our ability to amend the indenture and terms of our subordinated debt.

Certain of our assets have been pledged to the above creditors pursuant to the debt agreements. Each of our subsidiaries has guaranteed the outstanding debt. The parent company of these subsidiaries has no independent assets or operations and the guarantees are full and unconditional and joint and several.

Senior Credit Facility

Under the then existing senior credit facility, the Company was required to pay interest in arrears, with varying interest rates on amounts of indebtedness. The senior credit facility contained financial and non-financial covenants. On August 23, 2006, upon the completion of the Company's offering of the Senior Secured Notes, the Company repaid in full the then outstanding balance of \$79,000 on the senior credit facility.

Senior Subordinated Debt

In connection with the 2005 Merger, the Company entered into a note purchase agreement with MCG and the other existing equity holders whereby the Company issued senior unsecured subordinated notes ("Subordinated Debt") due 2009. In June 2005 and July 2006, the Company issued additional subordinated notes to those equity holders on terms identical to the existing senior subordinated debt. In general, the terms of the senior subordinated debt include an interest rate of 12% until December 31, 2008. In August 2006, in connection with the issuance of the Senior Secured Notes, the Company extinguished all outstanding Subordinated Debt, plus accrued interest. The Company converted \$73,764 into common stock and series A-1 and B-1 preferred stock, and repaid the remaining balance of \$972. The Company paid a conversion fee to all debt holders who converted to equity. This fee amounted to \$1,531 and was recorded in interest expense.

11. Shareholders' Equity (Deficiency)***Equity***

In July 2006, in anticipation of the acquisition of ATX and the refinancing of the existing senior unsecured subordinated notes, the Company authorized two new series of preferred stock, Series A-1 Preferred Stock, and Series B-1 Preferred Stock. At the refinancing, holders of the senior unsecured subordinated notes were offered the option to convert their existing notes into shares of either Series A-1 Preferred Stock and Class A Common Stock or Series B-1 Preferred Stock and Class A Common Stock at a conversion price per preferred share of \$516.35. Each converting note holder also received a number of shares of Class A Common Stock equal to twenty-five times the number of shares of preferred stock purchased. The two series of preferred stock are *pari passu* with the existing Series A and Series B of preferred stock.

As of December 31, 2008, there were 87,254 shares of Series A Preferred Stock outstanding. Each share of Series A Preferred Stock is non redeemable, but carries a liquidation preference of \$1,597.96 per share, with an

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

aggregate liquidation preference of the Series A Preferred Stock of \$139.4 million as of December 31, 2008. The liquidation preference increases at an annual rate of 12%, compounded quarterly. To realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series A Preferred Stock is convertible for a \$50 conversion price at the option of the holder or upon a qualifying initial public offering ("IPO") event into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars. The Series A Preferred Stock votes together with the Series A-1 Preferred Stock on certain matters requiring a class specific vote and is entitled to 30 votes per Series A Preferred Share on all matters requiring a vote of all shareholders.

As of December 31, 2008, there were 100,702 shares of Series A-1 Preferred Stock outstanding. Each Share of Series A-1 Preferred Stock is non redeemable, but carries a liquidation preference identical to the Series A Preferred Stock of \$1,597.96 per share, with an aggregate liquidation preference of the Series A-1 Preferred Stock of \$160.9 million as of December 31, 2008. The liquidation preference increases at an annual rate of 12%, compounded quarterly. In order to realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series A-1 Preferred Stock is convertible for a \$50 conversion price at the option of the holder or upon a qualifying IPO event into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars. The Series A-1 Preferred Stock votes together with the Series A Preferred Stock on certain matters requiring a class specific vote and is entitled to 30 votes per Series A-1 Preferred Share on all matters requiring a vote of all shareholders.

As of December 31, 2008, there were 91,202 shares of Series B Preferred Stock outstanding. Each share of Series B Preferred Stock is non redeemable, but carries a liquidation preference of \$1,597.96 per share with an aggregate liquidation preference of the Series B Preferred Stock of \$145.7 million as of December 31, 2008. The liquidation preference increases at an annual rate of 12%, compounded quarterly. In order to realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series B Preferred Stock is convertible for a \$50 conversion price at the option of the holder or upon a qualifying IPO event into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars. The Series B Preferred Stock votes together with the Series B-1 Preferred Stock on certain matters requiring a class specific vote and is entitled to 20 votes per Series B Preferred Share on all matters requiring a vote of all shareholders.

As of December 31, 2008, there were 64,986 shares of Series B-1 Preferred Stock outstanding. Each Share of Series B-1 Preferred Stock is non redeemable, but carries a liquidation preference identical to the Series B Preferred Stock of \$1,597.96 per share with an aggregate liquidation preference of the Series B-1 Preferred Stock of \$103.8 million as of December 31, 2008. The liquidation preference increases at an annual rate of 12%, compounded quarterly. In order to realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series B-1 Preferred Stock is convertible for a \$50 conversion price at the option of the holder or upon a qualifying IPO event into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars. The Series B-1 Preferred Stock votes together with the Series B Preferred Stock on certain matters requiring a class specific vote and is entitled to 20 votes per Series B-1 Preferred Share on all matters requiring a vote of all shareholders.

As of December 31, 2008, there were 14,402 shares of Series C Preferred Stock outstanding. Each share of Series C Preferred Stock is non redeemable, but carries a liquidation preference equal to the Series A Preferred Share liquidation preference less \$516.35 or \$1,081.61 per share as of December 31, 2008. At December 31, 2008, the aggregate liquidation preference of the Series C Preferred Stock is \$15.6 million. To realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series C Preferred Stock is convertible for a \$50 conversion price at the option of the holder or upon a

qualifying IPO event into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars. The Series C Preferred Stock is non voting.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

The Company's Charter provides that if the following events occur (defined in the Charter as "Liquidations"), the holders of preferred stock shall be entitled to be paid the liquidation preference associated with the preferred stock prior to any payment or distribution to holders of junior securities: (1) the Company shall (i) commence a voluntary bankruptcy, (ii) consent to an involuntary bankruptcy, (iii) make an assignment for the benefit of its creditors, or (iv) admit in writing its inability to pay its obligations; (2) an order of involuntary bankruptcy is commenced in respect of the Company and the order is unstayed and in effect for 60 consecutive days and on account of such event the Company liquidates, dissolves or winds-up; (3) the Company shall otherwise liquidate, dissolve or wind-up; and (4) the Company shall (i) merge or consolidate and the Company is not the surviving entity of such merger or consolidation, (ii) merge or consolidate and the Company is the surviving entity of such merger or consolidation, though the pre-merger or pre-consolidation holders of the Company's capital stock cease to maintain control of the Company, (iii) sell substantially all of the assets of the Company, or (iv) sell a majority of the voting stock of the Company. Neither the Charter nor any other agreement contains a contractual redemption feature relating to the preferred stock. There are no provisions in the Charter that explicitly or contractually permit the preferred shareholders to trigger a liquidation payment or distribution upon the occurrence of any of the Liquidation events.

As of December 31, 2008, there were 9,342,880 shares of Series A common stock outstanding. During 2006, 1,307,770 shares of common stock held by the Company's previous senior lenders were repurchased for nominal consideration, which approximated fair value, after the repayment of the Company's senior credit facility. The Series A common stock is entitled to 1 vote per share on all matters requiring a vote of all shareholders.

As of December 31, 2008, there were 360,050 shares of Series B common stock outstanding. Upon a qualifying IPO event, each share of Series B common stock is automatically converted into one share of Series A common stock.

As a result of the 2005 Merger effective January 14, 2005 and related transactions, MCG, the indirect controlling stockholder of BH, effectively became the owner of stock representing (1) 60% of the voting power of the Company's capital stock and (2) approximately 40% of the Company's capital stock on a fully diluted basis, excluding options reserved but not issued under the Company's employee stock incentive plan as of January 14, 2005. Pursuant to the 2005 Merger, MCG exchanged its 100% interest in BH's corporate parent for Series A preferred stock and Class A common stock of the Company. BH was considered to be the acquirer for accounting purposes (see Note 1).

Immediately prior to the 2005 Merger, all existing series of capital stock of BNI were reclassified into Series B Preferred Stock and Class A common stock.

As of December 31, 2008, stock options to acquire 136 shares of Series B Preferred Stock and 3,445 shares of Common Stock are outstanding under the Company's 1997 and 2000 Stock Option Plans. The Company is no longer authorized to issue any additional awards under the Company's 1997 and 2000 Stock Option Plans.

As of December 31, 2008, a warrant to acquire 46 shares of Series B Preferred Stock and 1,151 shares of Class A common stock is outstanding.

12. Stock Based Compensation***Restricted Stock Awards***

In conjunction with the 2005 Merger, the Company issued restricted stock awards to replace previously held stock options (see below). The awards consisted of 1,900 shares of Series A preferred stock and 47,500 shares of Class A common stock and vested over three years at a percentage rate of 40/30/30 based on service requirements. In 2005, an additional grant with similar vesting terms was provided to one of the Company's executives of 368 shares of Series A preferred stock, 383 shares of

Series B preferred stock and 18,750 shares of Class A common stock.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

In February 2007, the Company's board adopted and its shareholders subsequently approved the Company's Management Incentive Plan (the "MIP"), pursuant to which the Company is authorized to grant stock options and restricted stock to certain of its employees. Pursuant to the MIP, there are 52,332 shares of Series C Preferred Stock and 1,308,297 shares of non-voting Class B Common Stock reserved for issuance. In April 2007, grants of restricted stock representing 14,402 shares of Series C Preferred Stock and 360,050 shares of Class B Common Stock were completed. As a condition and in conjunction with the MIP grants, all vested share-based awards then outstanding and held by participants in the MIP were repurchased for cash consideration of \$1.7 million and all unvested share-based awards then outstanding and held by participants in the MIP were cancelled in exchange for the issuance of new awards under the MIP. Under FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation* ("FIN 44"), if a company cancels or settles an award and replaces that award with a new type of award, a new measurement date would be required and additional compensation expense is recognized over the remaining vesting period. All of the awards, including modified awards required to be remeasured under FIN 44 and new awards issued, were valued at the grant date at fair market value using public company comparables, recent comparable transactions and discounted cash flow valuation methodologies.

Grants under the MIP consisted of both vested and unvested securities. Unvested securities will generally vest in ratable annual installments over the three-year period following the grant based on service requirements. The incremental value for the fair value of the MIP awards over the fair value of the awards repurchased or cancelled and the fair value of all vested MIP awards not representing grants for repurchased and cancelled securities were expensed immediately at the grant date, totaling \$1.7 million.

The following table summarizes the Company's restricted stock award activity:

	Series A and B Preferred	Series C Preferred	Series A and B Common	Weighted-Average Grant Date Fair Value
Outstanding December 31, 2005	2,650	—	66,250	\$ 502.43
Grants	—	—	—	—
Forfeit/Cancel/Repurchase	—	—	—	—
Outstanding December 31, 2006	2,650	—	66,250	502.43
Grants	—	14,402	360,050	137.50
Forfeit/Cancel/Repurchase	(2,650)	—	(66,250)	502.43
Outstanding December 31, 2007	—	14,402	360,050	137.50
Grants	—	—	—	—
Forfeit/Cancel/Repurchase	—	—	—	—
Outstanding December 31, 2008	—	14,402	360,050	\$ 137.50

Total compensation expense, which is included in selling, general & administrative expense, for restricted stock awards for the year ended December 31, 2006 was \$754. Total compensation expense for the new restricted stock awards and the unvested portion of the modified awards for the year ended December 31, 2007 and 2008 was \$2,173 and \$84 respectively. At December 31, 2008 the total compensation cost related to unvested awards not yet recognized is \$39 and is expected to be recognized over a period of approximately one year.

Stock Options

In April 2007 pursuant to the MIP, grants of options to acquire 21,599 units comprised of 1 share of Series C Preferred Stock and 25 shares of Class B Common Stock were completed. Options under the MIP were granted with an exercise price equal to the fair market value of a unit determined as of the grant date subsequent to the approval by the board of the individual grants. The fair market value was determined utilizing the Black-Scholes model with an exercise price equal to the assumed fair market value of an underlying unit of \$137.50, a three year expected life of the option, a volatility

based on market comparable entities of 55%, no dividend yield and a risk free rate of 4.5%.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

The following table summarizes the Company's stock option activity:

	Series C Preferred	Average Exercise Price
Outstanding December 31, 2005	—	\$ —
Grants	—	—
Forfeit/Cancel/Repurchase	—	—
Outstanding December 31, 2006	—	—
Grants	21,599	137.50
Forfeit/Cancel/Repurchase	(699)	137.50
Outstanding December 31, 2007	20,900	137.50
Grants	—	—
Forfeit/Cancel/Repurchase	(696)	137.50
Outstanding December 31, 2008	<u>20,204</u>	<u>\$ 137.50</u>

Total compensation expense for stock options for the years ended December 31, 2007 and 2008 was \$378 and \$209, respectively. There was no corresponding expense for the year ended December 31, 2006. As of December 31, 2008 options to acquire 8,413 of the 20,204 Series C units are vested, but none of the options are currently exercisable. The remaining contractual term of the outstanding options is approximately one year. At December 31, 2008, the total compensation cost related to unvested awards not yet recognized is \$259 and is expected to be recognized over a period of approximately one year.

13. Income Taxes

The components of the provision for income taxes for the years ended December 31, 2006, 2007, and 2008 consist of the following:

	Years Ended December 31,		
	2006	2007	2008
Current:			
Federal	\$ —	\$(293)	\$ (25)
State	262	164	151
Deferred	—	855	930
	<u>\$262</u>	<u>\$ 726</u>	<u>\$1,056</u>

The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate during the years ended December 31, 2006, 2007 and 2008:

	Years Ended December 31,		
	2006	2007	2008
Statutory federal income tax rate	34.0%	35.0%	35.0%
State and local income tax, net of federal tax benefits	0.4%	0.2%	0.4%
Permanent items	0.0%	0.3%	3.3%
Valuation allowance	(34.4)%	(35.5)%	(38.3)%
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>	<u>0.4%</u>

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

Deferred taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The components of the net deferred tax assets (liabilities) consist of the following at December 31, 2007 and 2008:

	<u>December 31,</u>	
	<u>2007</u>	<u>2008</u>
Deferred tax assets:		
Current		
Accounts receivable	\$ 3,856	\$ 4,565
Deferred revenue	3,882	4,577
Other	2,153	789
Total deferred tax assets-current	<u>9,891</u>	<u>9,931</u>
Noncurrent		
Net operating loss carry forwards	49,342	52,157
Customer lists	3,625	5,008
Trademark	1,403	1,607
Other	2,218	990
Total deferred tax assets-noncurrent	<u>56,588</u>	<u>59,762</u>
Total deferred tax assets	<u>\$ 66,479</u>	<u>\$ 69,693</u>
Deferred tax liabilities:		
Noncurrent		
Customer Lists	23,713	11,098
Trademark	1,297	670
Goodwill	1,141	2,071
Accelerated Depreciation	13,389	13,282
Total deferred tax liabilities-noncurrent	<u>39,540</u>	<u>27,121</u>
Net deferred tax assets — current:		
Deferred tax assets-current	\$ 9,891	\$ 9,931
Valuation allowance	(9,891)	(9,931)
Net current deferred tax assets	<u>\$ —</u>	<u>\$ —</u>
Net deferred tax liabilities — noncurrent:		
Deferred tax assets-noncurrent	\$ 56,588	\$ 59,762
Deferred tax liabilities-noncurrent	(39,540)	(27,121)
Valuation allowance	(18,189)	(34,712)
Net noncurrent deferred tax liabilities	<u>\$ (1,141)</u>	<u>\$ (2,071)</u>

The Company completed a study in 2006 and in 2007 of its available net operating loss carryforwards (“NOLs”) resulting from the 2005 Merger and the InfoHighway merger. The utilization of these NOL carryovers is subject to restrictions pursuant to Section 382 of the Internal Revenue Code. As such, it was determined that certain NOLs recorded by the Company as deferred tax assets were limited. At December 31, 2008, the Company had net operating loss carryforwards available totaling \$136,357, which expire through 2028. The Company has provided a full valuation allowance against the net deferred tax asset as of December 31, 2007 and 2008 because management does not believe it is more likely than not that this asset will be realized. If the Company achieves profitability, the net deferred tax assets may be available to offset future income tax liabilities.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)**

In July 2007, the Company reached a settlement with the Internal Revenue Service related to an audit of Bridgecom Holdings, Inc. for fiscal years 2002 through 2004 that resulted in an adjustment to its existing net operating loss carryforwards of approximately \$2,900. Additionally, the Company received a refund of \$300 which was recorded as a benefit to income tax expense. The Company also reversed liabilities of \$293 which had been previously recorded in accordance with FIN 48 (see below). The Company currently has no federal tax examinations in progress.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of FIN 48. The Company adopted FIN 48 effective January 1, 2007 and recorded a cumulative effect adjustment of \$287 to opening retained earnings of which \$18 was interest and penalties. In addition, the Company reduced \$1,751 of a deferred tax asset and its associated valuation allowance. Prior to the adoption of FIN 48, such expenses would have been recorded as interest expense. The Company's December 31, 2008 balance sheet includes no liability for unrecognized income tax benefits principally due to the settlement with the Internal Revenue Service as noted above.

14. Employee Savings and Retirement Plan

During 2007, the Company had three active contributory defined contribution plans under Section 401(k) of the Internal Revenue Code (the "Code") covering all qualified employees. Two of these plans, which historically covered the employees of ATX and InfoHighway, have been terminated effective December 31, 2007. Assets of the participants covered under these plans were transferred into the Company's remaining plan. Participants may elect to defer up to 20% of their annual compensation, subject to an annual limitation as provided by the Code. The Company's matching contribution to this plan is discretionary. For the year ended December 31, 2006 and 2007, the Company made contributions of approximately \$32 and \$144, respectively, to these plans. For the year ended December 31, 2008, the company did not make any contributions to the plan.

15. Fair Values of Financial Instruments

In the normal course of business, the Company's financial position is subject to a variety of risks, such as the collectability of accounts receivable and the recoverability of the carrying values of its long-term assets. The Company's long-term obligations consist primarily of long-term debt with fixed interest rates. The Company is not exposed to market risks from changes in foreign currency exchange rates or commodity prices.

The Company's financial instruments include cash and cash equivalents, investments in U.S. Treasury notes, trade accounts receivable, accounts payable, and long-term debt. The Company's available cash balances are invested on a short-term basis (generally overnight) and, accordingly, are not subject to significant risks associated with changes in interest rates. All of the Company's cash flows are derived from operations within the United States and are not subject to market risk associated with changes in foreign exchange rates. The carrying amount of the Company's cash and cash equivalents, trade accounts receivable and accounts payable reported in the consolidated balance sheet as of December 31, 2008 are deemed to approximate fair value because of their liquidity and short-term nature. The carrying amounts of the Company's investments in U.S. Treasury notes are recorded at their fair value of \$23.533, which is based on publicly quoted market prices as of December 31, 2008,

The fair value of our 11³/₈% senior secured notes due 2012 at December 31, 2008, was approximately \$207.0 million, which was based on the closing price of the notes at that date.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements — (Continued)****16. Commitments and Contingencies**

The Company has employment agreements with certain key executives at December 31, 2008. These agreements provide for base salaries and performance bonuses over periods ranging from one to two years. These employment agreements also provide for severance compensation for a period of up to 12 months after termination.

The Company has standby letters of credit outstanding of \$1,565 which are fully collateralized by either domestic certificates of deposit or the letter of credit subfacility under the Company's revolving credit facility.

The Company has, in the ordinary course of its business, disputed certain billings from carriers and has recorded the estimated settlement amount of the disputed balances. The settlement estimate is based on various factors, including historical results of prior dispute settlements. The amount of such charges in dispute at December 31, 2008 was approximately \$17.0 million, of which 29% is with Verizon and 71% is with other carriers. The Company believes that the ultimate settlement of these disputes will be at amounts less than the amount disputed and has accrued the estimated settlement in accounts payable and accrued expenses and other current liabilities at December 31, 2008. It is possible that actual settlement of such disputes may differ from these estimates and the Company may settle at amounts greater than the estimates.

In December 2008, the Company finalized a settlement with the local exchange carrier operating subsidiaries of our major telecommunications supplier, which extinguished virtually all outstanding disputes between the parties as of March 31, 2008. Additionally, the settlement included a comprehensive mutual release between the parties effective as of that date.

In February 2007, the Company finalized a settlement with its major telecommunications supplier and paid \$15.2 million to extinguish approximately \$39.0 million of outstanding disputes. In connection with the settlement, in 2006 the Company recorded a reduction in costs of revenues of approximately \$5.0 million.

The Company has entered into commercial agreements with vendors under which it purchases certain services that it had previously leased under the unbundled network platform provisions of the Telecommunications Act of 1996 as well as special access services. For the years ended December 31, 2006, 2007 and 2008, the Company met the minimum purchase obligations during each year. The agreements, which expire in 2010 and 2011 require certain minimum purchase obligations and contain fixed but escalating pricing over their term. The future obligations under these agreements as of December 31, 2008 are as follows:

2009	\$26,224
2010	24,935
2011	<u>23,449</u>
Total future obligations	<u>\$74,608</u>

The Company is involved in claims and legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

17. Earnings per share

The following is a reconciliation of the numerators and denominators of the basic and diluted net loss per share computations for the years ended December 31, 2006, 2007 and 2008 (in thousands, except per share amounts):

	Years Ended December 31,		
	2006	2007	2008
Loss available to common shareholders (Numerator):			
Net loss	\$ (41,513)	\$ (65,489)	\$ (42,866)
Dividends on preferred stock	(32,996)	(55,031)	(63,890)
Modification of preferred stock	—	(95,622)	—
Loss available to common shareholders	<u>\$ (74,509)</u>	<u>\$ (216,142)</u>	<u>\$ (106,756)</u>
Shares (Denominator):			
Weighted average common shares outstanding:			
Class A common stock	7,396,610	9,131,327	9,342,880
Class B common stock	—	227,805	333,036
Weighted average common shares outstanding — basic and diluted	<u>7,396,610</u>	<u>9,359,132</u>	<u>9,675,916</u>
Loss available per common share — basic and diluted	<u>\$ (10.07)</u>	<u>\$ (23.09)</u>	<u>\$ (11.03)</u>

For the years ended December 31, 2006, 2007 and 2008, the Company had outstanding options, warrants, restricted stock units and preferred stock as disclosed in Notes 11 and 12, which were convertible into or exercisable for common shares that were not included in the calculation of diluted loss per common share because the effect would have been anti-dilutive.

Dividends accumulate on the Company's Series A, A-1, B and B-1 Preferred Stock. Per SFAS No. 128, *Earnings Per Share*, loss available to common shareholders must be computed by adding any dividends accumulated for the period to net losses. Dividends accumulated but undeclared for the years ended December 31, 2006, 2007 and 2008 were \$33.0 million, \$55.0 million and \$63.9 million respectively.

In February 2007, the Company added a provision to the Series A, A-1, B and B-1 Preferred Stock providing for an Absolute Liquidation Preference ("ALP"). The ALP concept was added to the Company's Charter in anticipation of a management incentive plan implemented by the Company in March 2007, under which management would receive options and restricted stock awards of Series C Preferred Stock. Before adding an ALP concept, the Series A, A-1, B and B-1 Preferred Stock shared pro rata in any distributions made by the Company up to their stated value of \$1,000 plus accrued dividends. The ALP ensured that before any distribution is provided to any other stockholders, such as the Series C Preferred Stockholders, the Series A, A-1, B and B-1 Preferred Stockholders will receive \$516.35 per share and then all series of preferred stock, including the Series C Preferred Stock will share pro rata.

The Company considered the change to the preferred stock provisions to be a modification, which required extinguishment accounting. As a result, \$95.6 million, which is the difference between the fair value of these preferred shares at the time of the modification and their carrying value, was added to the Company's net loss to arrive at a loss available to common shareholders for the year ended December 31, 2007. This event had no impact on the Company's balance sheet as it has no net effect on the Company's preferred share balances or on its additional paid-in capital balance.

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BROADVIEW NETWORKS HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements — (Continued)

18. Unaudited Quarterly Results of Operations

The following is the unaudited quarterly results of operations for the years ended December 31, 2007 and 2008. We believe that the following information reflects all normal recurring adjustments necessary for a fair presentation on the information for the period presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	2008			
	Three Months Ended			
	March 31,	June 30,	September 30	December 31,
Revenues	\$ 123,543	\$ 128,313	\$ 125,535	\$ 123,345
Cost of revenues (exclusive of depreciation and amortization)	\$ 66,021	\$ 65,427	\$ 65,026	\$ 61,409
Income (loss) from operations	\$ (3,981)	\$ 1,196	\$ 800	\$ (1,005)
Net loss	\$ (13,581)	\$ (9,030)	\$ (9,173)	\$ (11,082)
Dividends on preferred stock	(15,352)	(15,730)	(16,202)	(16,688)
Loss available to common shareholders	<u>\$ (28,933)</u>	<u>\$ (24,760)</u>	<u>\$ (25,375)</u>	<u>\$ (27,770)</u>
Loss available per common share — basic and diluted(1)	<u>\$ (2.99)</u>	<u>\$ (2.56)</u>	<u>\$ (2.62)</u>	<u>\$ (2.87)</u>
Weighted average common shares outstanding — basic and diluted	<u>9,667,680</u>	<u>9,676,996</u>	<u>9,679,455</u>	<u>9,679,455</u>

	2007			
	Three Months Ended			
	March 31,	June 30,(2)	September 30	December 31,(3)
Revenues	\$ 95,821	\$ 106,524	\$ 123,652	\$ 125,162
Cost of revenues (exclusive of depreciation and amortization)	\$ 49,547	\$ 53,699	\$ 64,890	\$ 66,030
Loss from operations	\$ (8,055)	\$ (6,655)	\$ (6,115)	\$ (11,277)
Net loss	\$ (15,252)	\$ (15,354)	\$ (14,990)	\$ (19,892)
Dividends on preferred stock	(12,309)	(13,346)	(14,471)	(14,905)
Modification of preferred stock	(95,622)	—	—	—
Loss available to common shareholders	<u>\$ (123,183)</u>	<u>\$ (28,700)</u>	<u>\$ (29,461)</u>	<u>\$ (34,797)</u>
Loss available per common share — basic and diluted(1)	<u>\$ (13.92)</u>	<u>\$ (3.11)</u>	<u>\$ (3.05)</u>	<u>\$ (3.60)</u>
Weighted average common shares outstanding — basic and diluted	<u>8,848,454</u>	<u>9,240,321</u>	<u>9,667,680</u>	<u>9,667,680</u>

- (1) The sum of quarterly per share amounts may not equal per share amounts reported for year-to-date periods. This is due to changes in the number of weighted-average shares outstanding and the effects of rounding for each period.
- (2) The Company acquired InfoHighway on May 31, 2007. Accordingly, the Company's results of operations include the operations of InfoHighway from June 1, 2007.
- (3) We recognized an impairment charge due to the rebranding of ATX.

Table of Contents**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. *Controls and Procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Annual Report on Internal Control Over Financial Reporting

As required by SEC Rule 15d-15(b), we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2008. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2008. As defined in SEC Rules 13a-15(f) and 15d-15(f), internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's transactions and the dispositions of assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and Board of Directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual consolidated financial statements, management has conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls. Based on this evaluation, we have concluded that, as of December 31, 2008, our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

For information regarding the company's financial statements, please refer to the company's financial statements and the notes thereto.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

STATE OF NEW YORK

)

)

ss:

COUNTY OF WESTCHESTER

)

CERTIFICATION

I, Corey Rinker, Chief Financial Officer of Broadview Networks, Inc. ("Broadview"), am authorized to make this certification on behalf of Broadview. The statements concerning Broadview, made in the foregoing Financial Statements of Broadview, are true, complete, and accurate to the best of my knowledge and are made in good faith.

Broadview Networks, Inc.

By:



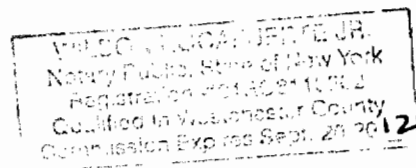
Corey Rinker
Chief Financial Officer

Subscribed and sworn to before me, in and for the State and County named above
this 7th day of April, 2009.



Notary Public

My Commission Expires:



Projected Financial Statements
Initial 3 years of Operations

Revenue Projections
for
First Three Years of Tennessee Operations

PROJECTED PROFIT AND LOSS STATEMENT	2009	2010	2011
Projected Number of Customers	16	17	17
Revenue	\$68,000.00	\$71,400.00	\$71,400.00
Cost of Goods Sold	\$39,000.00	\$40,950.00	\$40,950.00
Gross Margin	\$29,000.00	\$30,450.00	\$30,450.00
Operating Expenses	\$24,000.00	\$25,200.00	\$25,200.00
EBIDTA/Cash Flow	\$5,000.00	\$5,250.00	\$5,250.00

**Expense Projections
for
First Three Years of Tennessee Operations**

EXPENSE CATEGORY	2009	2010	2011
Maintenance	\$	\$	\$
Leases	\$0	\$0	\$0
Taxes	\$200.00	\$210.00	\$210.00
Salaries	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Any Other	\$7,800.00	\$8,190.00	\$8,190.00
TOTAL	\$8,000.00	\$8,400.00	\$8,400.00

**Tentative Operating Balance Sheet
for
First Three Years of Tennessee Operations**

BALANCE SHEET	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Assets:</u>			
Cash	\$8,000	\$8,400	\$8,400
Accounts Receivable	\$7,600	\$7,980	\$7,980
Current Assets	\$15,500	\$16,275	\$16,275
Fixed Assets	\$18,600	\$19,530	\$19,530
Total Assets	<u>\$49,700</u>	<u>\$52,185</u>	<u>\$52,185</u>
<u>Liabilities and Equity:</u>			
Accounts Payable	\$800	\$840	\$840
Notes	\$0	\$0	\$0
Current Liabilities	\$8,800	\$9,240	\$9,240
Long Term Liabilities	\$0	\$0	\$0
Total Liabilities	\$9,600	\$10,080	\$10,080
Equity	<u>\$40,100</u>	<u>\$42,105</u>	<u>\$42,105</u>
Total Liability and Equity	<u>\$49,700</u>	<u>\$52,185</u>	<u>\$52,185</u>

EXHIBIT G

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

Pursuant to T.C.A. §65-2-212, as amended, Broadview Networks, Inc. (“Broadview”) submits this small and minority-owned Telecommunications business participation plan (the “Plan”) along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate services in Tennessee.

I. PURPOSE

The purpose of §65-2-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. Broadview is committed to the goals of §65-2-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. Broadview will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, Broadview will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to Broadview of such opportunities. Broadview’s representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, Broadview will increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. DEFINITIONS

As defined in §65-2-212.

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small Business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

III. ADMINISTRATION

Broadview's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Broadview's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

Brian Crotty
Chief Operating Officer
Broadview Networks, Inc.
800 Westchester Avenue, Suite N-501
Rye Brook, NY 10573
Telephone: (914) 722-7000
Facsimile: (914) 722-7001

The Administrator's responsibilities will include:

- (1) Maintaining an updated Plan in full compliance with §65-2-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) Establishing and developing policies and procedures necessary for the successful implementation of the Plan.

(3) Preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.

(4) Service as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in §65-2-212.

(5) Searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.

(6) Providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.

(7) Establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses.

(8) Providing information and educational activities to persons within Broadview's and training such persons to seek out, encourage and promote the use of small and minority-owned businesses.

In performing these duties, the Administrator will utilize a number of resources, including:

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
 Small Business Administration
 Office of Minority Business
The National Minority Supplier Development Counsel
The National Association of Women Business Owners
The National Association of Minority Contractors
Historically Black Colleges, Universities and Minority Institutions

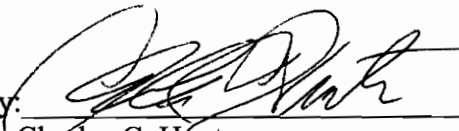
The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where appropriate and feasible, small and minority-owned businesses assistance with technical, insurance, bonding, licensing, production and deadline requirements.

IV. RECORDS AND COMPLIANCE REPORTS

Broadview will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such businesses. In addition, Broadview will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this plan.

Broadview will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, Broadview will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.

BROADVIEW NETWORKS, INC.

By: 
Charles C. Hunter
Executive Vice President, Secretary
And General Counsel

Dated: April 6, 2009

EXHIBIT H

TOLL DIALING PARITY PLAN

IntraLATA Toll Dialing Parity Plan

1. Purpose

Broadview, Inc. ("Broadview") describes herein the process for implementing IntraLATA Toll Dialing Parity in its exchanges located in the State of Tennessee. The intent of this plan is to provide a proposal that, upon implementation, would provide customers with the ability to pre-select the telecommunications carriers of their choice for routing their 1+ intraLATA toll calls.

2. IntraLATA Environment

Broadview is implementing 1+ IntraLATA toll calling. Implementation of 1+ IntraLATA toll dialing parity will permit our customers to pre-select the carrier of their choice to provide 1+ IntraLATA long distance services.

3. Implementation Schedule

Broadview is implementing 1+ IntraLATA toll dialing parity coincident with the approval of its General Subscriber Services tariff and Interexchange Service tariff. Broadview will be operating in LATAs 468, 470, 472 and 474. IntraLATA toll dialing parity will be available in all exchanges served by Broadview in Tennessee. The implementation date will be the same for all exchanges. Each customer will be notified of the availability of the Plan by bill inserts in their first billing. Broadview will not charge its customers to recover incremental costs related to IntraLATA toll duality parity.

4. Carrier Selection Process

Broadview will implement the full 2-PIC carrier selection methodology. With the full 2-PIC methodology, customers will be able to pre-subscribe to one telecommunications carrier for interLATA toll calls and pre-subscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for intraLATA toll calls.

Broadview employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intraLATA toll calls. Business office personnel will be prepared to make changes in customer records based upon requests from customers or carriers. Processes are in place to provide new customers with an opportunity to choose their intraLATA toll carrier from available carriers.

Broadview is a new entrant in Tennessee and thus has no existing customers. The competitively neutral selection process will be provided to all new customers when new service is initiated. Customers will be assessed a PIC change charge of \$5.00 for changing their intraLATA or interLATA carrier, except for new subscribers to

Broadview's service. PIC charges will be waived for new subscribers. This is a permanent policy by Broadview.

Customers who contact Broadview requesting new telephone exchange service will be advised of their telecommunications carriers (including Broadview) available to provide interLATA toll service. The intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier or interLATA toll carrier will be identified as "no-PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" will be required to dial 101XXXX to place intraLATA or interLATA toll calls until they make an affirmative choice for an intraLATA and/or interLATA toll carrier.

5. Slamming

Broadview will not engage in the practice commonly known as "slamming". Customers will not have their services switched to Broadview's services without a written letter of authorization for new service and changes in service. Broadview will also employ third party verification for all customers who seek to change their presubscribed carrier to Broadview. All affected Broadview employees are aware of these procedures and will be immediately disciplined if the procedures are not followed.

6. Non-Discriminatory Access

Broadview will provide non-discriminatory access to telephone numbers, operator services, directory assistance and directory listings.

7. Continued Compliance

Broadview will comply with any rules issued by the TRA or Federal Communications Commission.

EXHIBIT I

ILEC SERVICE LIST

Ardmore Telephone Company, Inc.
P. O. Box 549
517 Ardmore Avenue
Ardmore, TN 38449

BellSouth
333 Commerce Street
Nashville, TN 37201-3300

Century Telephone of Adamsville
P. O. Box 405
116 N. Oak Street
Adamsville, TN 38310

Century Telephone of Claiborne
P. O. Box 100
507 Main Street
New Tazewell, TN 37825

Century Telephone of Ooltewah-Collegedale, Inc.
P. O. Box 782
5616 Main Street
Ooltewah, TN 37363

Citizens Communications Company of Tennessee
P. O. Box 770
300 Bland Street
Bluefield, WV 24701

Citizens Communications Company of the Volunteer State
P. O. Box 770
300 Bland Street
Bluefield, WV 24701

Loretto Telephone Company, Inc.
P. O. Box 130
Loretto, TN 38469

Millington Telephone Company, Inc.
P. O. Box 429
4880 Navy Road
Millington, TN 38083-0429

Sprint-United
112 Sixth Street
Briston, TN 37620

TDS Telecom-Concord Telephone Exchange, Inc.
P. O. Box 22610
701 Concord Road
Knoxville, TN 37933-0610

TDS Telecom-Humphreys County Telephone Company
P. O. Box 552
203 Long Street
New Johnsonville, TN 37134-0552

TDS Telecom-Tellico Telephone Company, Inc.
P. O. Box 9
102 Spence Street
Tellico Plains, TN 37385-0009

TDS Telecom-Tennessee Telephone Company
P. O. Box 18139
Knoxville, TN 37928-2139

TEC-Crockett Telephone Company, Inc.
P. O. Box 7
Friendship, TN 38034

TEC-People's Telephone Company, Inc.
P. O. Box 310
Erin, TN 37061

TEC-West Tennessee Telephone Company, Inc.
P. O. Box 10
244 E. Main Street
Bradford, TN 38316

United Telephone Company
P. O. Box 38
120 Taylor Street
Chapel Hill, TN 37034

EXHIBIT J

NUMBERING ISSUES STATEMENT

Not Applicable

EXHIBIT K

TENNESSEE SPECIFIC OPERATIONAL ISSUES

1. How does the company intend to comply with TCA §65-21-114? In its description, please explain technically how the company will not bill for countywide calls within Tennessee.

Broadview's billing for calls is different from traditional circuit-switched carriers. No calls originated and terminated within the same county in Tennessee will be subject to toll charges. Customers will be advised on their monthly bills that they may contact Broadview in the event they are erroneously assessed toll charges for county-wide calls and such charges will be refunded.

2. Is the company aware of the Tennessee County Wide Calling database maintained by AT&T Tennessee, Inc. and the procedures to enter your telephone numbers on the database?

Yes. Broadview will cooperate with AT&T Tennessee to ensure its telephone numbers are accurately placed in the Tennessee County Wide Calling database.

3. Explain the procedures that will be implemented to assure that your customers will not be billed long distance charges for calls within the metro calling areas.

Broadview's billing for calls is different from traditional circuit-switched carriers. No calls originated and terminated within the same county in Tennessee will be subject to toll charges. Customers will be advised on their monthly bills that they may contact Broadview in the event they are erroneously assessed toll charges for county-wide calls and such charges will be refunded.

5. Please provide the name and telephone number of an employee of your company that will be responsible to work with the TRA on resolving customer complaints.

All customer complaints should be directed first to Steven J. Bogdan. Mr. Bogdan can be reached electronically at sbogdan@broadviewnet.com or telephonically at (610) 744-4877.

Broadview Networks, Inc.

TENNESSEE TELECOMMUNICATIONS TARIFF

This tariff contains the rates, terms and conditions applicable to Resold Interexchange Telecommunications Services provided by **Broadview Networks, Inc.** with principal offices at 800 Westchester Avenue, Suite N-501, Rye Brook, NY 10573.

This tariff applies for services furnished within the State of Tennessee. This tariff is on file with the Tennessee Regulatory Authority, and copies may be inspected during normal business hours at the Company's principal place of business.

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
San Jose, CA 95134

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE NO.	REVISION	PAGE NO.	REVISION
1	Original*	37	Original*
2	Original*	38	Original*
3	Original*	39	Original*
4	Original*	40	Original*
5	Original*		
6	Original*		
7	Original*		
8	Original*		
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27	Original*		
28	Original*		
29	Original*		
30	Original*		
31	Original*		
32	Original*		
33	Original*		
34	Original*		
35	Original*		
36	Original*		

* - Indicates those pages included with this filing

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
San Jose, CA 95134

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

(C) - Change in Rule or Regulation.

(D) - Delete or discontinue.

(I) - Change resulting in an increase to a customer's bill.

(M) - Moved from or to another tariff location.

(N) – New.

(R) - Change resulting in a reduction to a customer's bill.

(T) - Change in text or regulation.

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
San Jose, CA 95134

SECTION 1 - DEFINITIONS

Access Line - An arrangement which connects the Subscriber's or Customer's location to the Carrier's designated point of presence or network switching center.

Authorized User - A person, firm or corporation, or any other entity authorized by the Customer or Subscriber to communicate utilizing the Company's services.

Carrier or Company - Broadview Networks, Inc. unless otherwise indicated by the context.

Customer - The person, firm or corporation, or other entity which orders, cancels, amends, or uses service and is responsible for the payment of charges and/or compliance with tariff regulations.

Customer Premises Equipment - Terminal equipment, as defined herein, which is located on the Customer's premises.

Dedicated Access - See Special Access Origination/Termination.

Special Access Origination/Termination - Where originating or terminating access between the Customer and the interexchange carrier is provided on dedicated circuits. The Access Provider provides these dedicated circuits from the Customer's location to the Company's point of presence. The rates and charges for dedicated circuits are determined by the Access Provider and the Customer is responsible for payment of these charges to the Access Provider.

Subscriber - The person, firm, corporation, or other legal entity, which arranges for services of the Company on behalf of itself or Authorized Users. The Subscriber is responsible for compliance with the terms and conditions of this tariff. A Subscriber may also be a Customer when the Subscriber uses services of the Company.

Switched Access Origination/Termination - Where originating or terminating access between the Customer and the interexchange carrier is provided on Feature Group D circuits.

Terminal Equipment - Devices, apparatus, and associated wiring, such as teleprinters, telephones, or data sets.

TRA - Refers to the Tennessee Regulatory Authority.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

Broadview Networks, Inc. offers intrastate service originating at specified points within the state of Tennessee under terms of this tariff. The Company's services and resold facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four hours per day, seven days per week.

The Company installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. The Company may act as the Subscriber's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Subscriber, to allow connection of a Subscriber's location to the Company's network. The Subscriber shall be responsible for all charges due for such service arrangement.

2.2 Limitations

- 2.2.1** Service is offered subject to the availability of the necessary resold facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.
- 2.2.2** The Company reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Subscriber or Customer is using service in violation of provisions of this tariff, or in violation of the law.
- 2.2.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4** All services and resold facilities provided under this tariff are directly or indirectly controlled by the Company and the Subscriber may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.5** Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
San Jose, CA 95134

SECTION 2 - RULES AND REGULATIONS

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of the Company

2.4.1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with TRA regulations and any other applicable law.

2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer and Subscriber against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right or patent, unauthorized use of any trademark, trade name or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer or Subscriber; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

2.4.4 The Company shall not be liable for any defacement of or damages to the premises of a Subscriber resulting from the furnishing of service, which is not the direct result of the Company's negligence.

SECTION 2 - RULES AND REGULATIONS

2.5 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.6 Terminal Equipment

The Company's facilities and service may be used with or terminated in Subscriber-provided terminal equipment or Subscriber-provided communications systems, such as a PBX or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Subscriber, except as otherwise provided. The Subscriber is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry as endorsed by the Federal Communications Commission.

2.7 Installation and Termination

Service is installed upon mutual agreement between the Subscriber and the Company. The agreement will determine terms and conditions of installation, termination of service, any applicable sales commission structure, and sales commission payment schedule. The service agreement does not alter rates specified in this tariff.

When Customers are members of the transient public, they do not contract directly with the Company for provision of service. Subscribers contract for service on behalf of themselves and/or their transient patrons. Service provided to Customers (patrons of the contracting party) is governed by the terms of this tariff schedule and the lawful terms of the billing agency. No contractual agreements are required of the Customer.

SECTION 2 - RULES AND REGULATIONS

2.8 Cancellation by the Company

Without incurring liability, the Company may immediately discontinue services to a Subscriber or End User or may withhold the provision of ordered or contracted services:

- 2.8.1 For nonpayment of any sum due for more than thirty days after issuance of the bill for the amount due,
- 2.8.2 For violation of any of the provisions of this tariff,
- 2.8.3 For violation of any law, rule, regulation or policy of any governing authority having jurisdiction over the Company's services, or
- 2.8.4 By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

2.9 Interruption of Service by the Company

Without incurring liability, the Company may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of subscriber and the Company's equipment and facilities and may continue such interruption until any items of non-compliance or improper equipment operation so identified are rectified.

The Company may discontinue Service without notice to the subscriber, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain customer authorization codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the customer affected, assign a new authorization code to replace the one that has been deactivated.

2.10 Termination of Service by Subscriber

Unless otherwise specified by contractual commitment, any Subscriber may terminate service with the Company upon thirty days written notice.

SECTION 2 - RULES AND REGULATIONS

2.11 Payment for Service

All charges due by the Customer are payable to any agency duly authorized to receive such payments. The billing agency may be a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the TRA. Any objections to billed charges must be reported within 180 days to the Company's billing agent. Adjustments to Customer's bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

Customer inquiries regarding service or billing may be made in writing or by calling the toll free number listed below:

Broadview Networks, Inc.
800 Westchester Avenue, Suite N-501
Rye Brook, NY 10573
(866) 978-2786

Customers who are dissatisfied with the response to their complaint may contact the Tennessee Regulatory Authority for resolution of the issues at the following address:

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
(615) 741-2904
(800) 342-8359
Fax (615) 741-5015
TTY: (888) 276-0677

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
San Jose, CA 95134

SECTION 2 - RULES AND REGULATIONS

2.12 Other Rules

2.12.1 Regulatory Changes

The Company reserves the right to discontinue service, limit service, or to impose requirements on Subscribers as required to meet changing regulatory rules and standards of the Tennessee Regulatory Authority and the Federal Communications Commission.

2.12.2 Refunds or Credits for Service Outages or Deficiencies

Credit allowances for interruptions of service caused by service outages or deficiencies are limited to the initial minimum period call charges for re-establishing the interrupted call.

2.13 800/888/877/866 Numbers

2.13.1 The Company will make every effort to reserve "800" vanity numbers on behalf of customers, but makes no guarantee or warrantee that the requested "800" number(s) will be available or assigned to the customer requesting the number.

2.13.2 If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in 800/888/877/866 service to another carrier (e.g., "porting" of the 800/888/877/866 number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.

2.13.3 800/888/877/866 numbers shared by more than one Customer, whereby individual customers are identified by a unique Personal Identification Number, may not be assigned or transferred for use with service provided by another carrier. The Company will only honor Customer requests for change in Resp Org or 800/888/877/866 service provider for 800/888/877/866 numbers dedicated to the sole use of that single Customer.

SECTION 3 - DESCRIPTION OF SERVICE AND RATES

3.1 Quality and Grade of Service Offered

Minimum Call Completion Rate - Customers can expect a call completion rate of not less than 98% during peak use periods. The call completion rate is calculated as the number of calls completed (including calls completed to a busy line or to a line which remains unanswered by the called party) divided by the number of calls attempted.

3.2 Basic Plan

3.2.1 Basic Interstate

The Basic Interstate Plan is a telecommunications service that provides Outbound 1+ interstate service from any state in the United States to any other state in the United States. All usage is billed in 60 second increments. A monthly service fee applies.

Per Minute Rate: \$0.05

Monthly Service Fee: \$2.99

3.2.2 Basic Interstate Out of Home Card

The Basic Interstate Out of Home Card is a travel card service that provides Outbound 1+ interstate service from any state in the United States to any other state in the United States. All usage is billed in 60 second increments.

Per Minute Rate: \$0.06

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Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
Rye Brook, NY 10573

SECTION 4 - MISCELLANEOUS

4.1 General

Each Customer is charged individually for each call placed through the Company. Charges may vary by service offering, class of call, time of day, day of week, class of call and/or call duration.

4.2 Late Payment Charge

The company will charge a one-time 1.5% late payment fee on all invoices not paid by the due date identified on the Company bill.

4.3 Return Check Charge

The Company will assess a return check charge of up to \$20.00 whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds.

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San Jose, CA 95134

SECTION 4 - MISCELLANEOUS**4.4 Public Telephone Surcharge**

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone. The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

4.4.1 Public Telephone Surcharge

Rate per Call	\$0.75
---------------	--------

SECTION 5 - PROMOTIONS

5.1 Promotions - General

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some of all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. All promotions will be filed with and approved by the Commission prior to offering them to Customers.

5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

Issued: April 10, 2009

Effective:

Charles C. Hunter
Executive Vice President, Secretary and General Counsel
800 Westchester Avenue, Suite N-501
Rye Brook, NY 10573

SECTION 6 - CONTRACT SERVICES

6.1 General

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six months after the initial offering to the first contract Customer for any given set of terms.

Each contract will be filed with the Tennessee Regulatory Authority.

EXHIBIT L

SWORN PRE-FILED TESTIMONY
OF
CHARLES C. HUNTER

BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN THE MATTER OF THE APPLICATION
OF BROADVIEW NETWORKS, INC. FOR A
CERTIFICATE TO PROVIDE
LONG DISTANCE TELECOMMUNI-
CATIONS SERVICES**

PRE-FILED TESTIMONY OF CHARLES C. HUNTER

I, Charles C. Hunter, do hereby testify as follows in support of the Application of Broadview Networks, Inc., for a Certificate of convenience and necessity as a competing telecommunications services provider to provide long distance telecommunications services throughout the State of Tennessee.

Q. PLEASE STATE YOUR FULL NAME, BUSINESS ADDRESS AND POSITION.

A. My name is Charles C. Hunter. I am Executive Vice President, Secretary and General Counsel of Broadview Networks, Inc. My business address is 800 Westchester Avenue, Suite N-501, Rye Brook, NY 10573.

Q. PLEASE BRIEFLY DESCRIBE YOUR DUTIES.

A. As Executive Vice President, Secretary and General Counsel, I am responsible for the corporate and legal affairs of the Company, including federal and state public policy advocacy. In this role, I am integrally involved in all aspects of the day-to-day operation of the Company, including all administrative, legal and regulatory matters.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support Broadview's Application for a Certificate to Provide Long Distance Telecommunications Services within the State of Tennessee.

Q. ARE ALL STATEMENTS IN BROADVIEW'S APPLICATION TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE, INFORMATION AND BELIEF?

A. Yes.

Q. DO YOU RATIFY AND CONFIRM THE STATEMENTS MADE IN THAT APPLICATION AND ALL RELATED FILINGS?

A. Yes.

Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF APPLICANT.

A. Broadview is a corporation formed under the laws of the State of New York. The Company is a direct wholly-owned subsidiary of Broadview Networks Holdings, Inc.

Q. DOES BROADVIEW POSSESS THE REQUISITE MANAGERIAL, FINANCIAL AND TECHNICAL ABILITIES TO PROVIDE THE SERVICES FOR WHICH IT HAS APPLIED FOR AUTHORITY?

A. Yes. Additionally, Broadview's financial strength is more than sufficient to enable it to provide and maintain service in the State of Tennessee.

Q. PLEASE DESCRIBE APPLICANT'S FINANCIAL QUALIFICATIONS.

A. The financial statements of Broadview included as attachments to the Application demonstrate that Applicant's financial strength is sufficient to enable it to provide and maintain service in the State of Tennessee. Broadview does not intend to

construct facilities, other than equipment to be installed in existing buildings or structures, or to purchase facilities in the near future. Furthermore, Applicant anticipates satisfying its cash flow obligations from revenues from its Tennessee operations and is well positioned to ensure the continued provision of reliable telecommunications service to Tennessee residents.

Q. PLEASE DESCRIBE APPLICANT'S MANAGERIAL AND TECHNICAL QUALIFICATIONS.

A. Broadview has assembled a highly skilled management team, which brings a wealth of experience and expertise to the Company's telecommunications services venture. Together, the Company's executives provide it with the depth and breadth of management, operational and technical capabilities necessary to facilitate its provision of high quality, affordable telecommunications services. Brief summaries of the experience of key members of the Company's executive team are set forth as exhibits to Broadview's Application.

Q. WILL BROADVIEW OFFER SERVICES TO ALL CONSUMERS WITHIN ITS SERVICE AREA?

Yes.

Q. PLEASE DESCRIBE THE SERVICES APPLICANT INTENDS TO PROVIDE IN TENNESSEE.

A. Broadview will provide all forms of long distance telecommunications in Tennessee.

Q. PLEASE DESCRIBE THE FACILITIES APPLICANT INTENDS TO USE IN PROVIDING ITS PROPOSED SERVICES.

A. Broadview will utilize the transmission services of certificated carriers such as Qwest and Global Crossing and in the future may establish underlying carrier relationships with other facilities-based long distance providers, including AT&T and others.

Q. WILL APPLICANT USE TELEMARKETING TO SELL ITS SERVICES?

A. No.

Q. DOES BROADVIEW INTEND TO COMPLY WITH ALL TRA RULES, STATUTES AND ORDERS PERTAINING TO THE PROVISION OF TELECOMMUNICATIONS SERVICES IN TENNESSEE, INCLUDING THOSE FOR DISCONNECTION AND RECONNECTION OF SERVICE?

A. Yes.

Q. HAS ANY STATE EVER DENIED BROADVIEW OR ONE OF ITS AFFILIATES AUTHORIZATION TO PROVIDE INTRASTATE SERVICE?

A. No.

Q. HAS ANY STATE EVER REVOKED THE CERTIFICATION OF BROADVIEW OR ONE OF ITS AFFILIATES?

A. Yes. A number of years ago, as a result of the untimely satisfaction of Secretary of State reporting obligations, Broadview's authority to transact business as a foreign corporation in the State of Illinois was rescinded, causing the cancellation of the Company's authority to provide telecommunications services in Illinois, previously granted by the Illinois Commerce Commission. Broadview has since regained its foreign corporation status and its authority to provide long distance interexchange telecommunications services in the State of Illinois.

Q. WHO IS KNOWLEDGEABLE ABOUT BROADVIEW'S OPERATIONS AND WILL SERVE AS BROADVIEW'S REGULATORY AND CUSTOMER SERVICE CONTACT?

A. The Tennessee contact person knowledgeable about Broadview's operations, and who will serve as Broadview's Regulatory and Customer Service Contact, is Steven J. Bogdan, Director of Regulatory for Broadview; he may be contacted electronically at sbogdan@broadviewnet.com or telephonically at (610) 755-4877.

Q. HOW WILL APPLICANT HANDLE CUSTOMER SERVICE MATTERS?

A. Broadview Customer Care representatives and 24-hour automated customer assistance allow customers to bring service, billing and repair questions or complaints to the Company's attention 24 hours a day, 7 days a week, facilitating the quick and efficient resolution of Customer concerns. Customers may access Customer Care toll-free at (800) 276-2384 to initiate service complaints or credit requests or to receive updates on reported problems or pending credit requests. Inquiries regarding service or billing may also be made in writing. Customers may thereafter utilize the Company's automated update system or transfer to a Company representative for additional information or assistance.

Q. PLEASE EXPLAIN IN DETAIL BROADVIEW'S PROPOSED PROCEDURES FOR RESPONDING TO INFORMATION REQUESTS FROM THE TRA AND ITS STAFF?

A. As part of his core job responsibilities, Mr. Bogdan will be tasked with remaining available to respond to information requests from the TRA and its Staff concerning this both the instant Application and ongoing regulatory concerns. Mr.

Bogdan may be contacted electronically at sbogdan@broadviewnet.com or telephonically at (610) 755-4877.

Q. WHICH CARRIERS WILL SERVE AS YOUR UNDERLYING CARRIERS?

A. Broadview anticipates that it will utilize the transmission services of certificated carriers such as Qwest and Global Crossing and in the future may establish underlying carrier relationships with other facilities-based long distance providers, including AT&T and others.

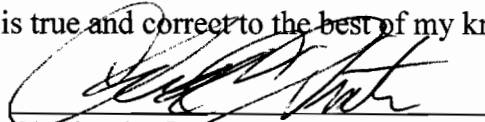
Q. WILL YOU REMAIN AVAILABLE TO RESPOND TO ANY ADDITIONAL QUESTIONS REGARDING THIS APPLICATION?

A. Yes.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

I swear that the foregoing testimony is true and correct to the best of my knowledge.



Charles C. Hunter
Executive Vice President, Secretary
And General Counsel

Subscribed and sworn to me this 7th day of April, 2009.


Notary Public

State of New York

County of Westchester

My Commission Expires:

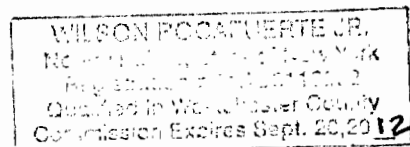


EXHIBIT M

IRREVOCABLE LETTER OF CREDIT



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

MAR 25, 2009
OUR L/C NO.: TTTS-674163

TENNESSEE REGULATORY AUTHORITY
ATTN: LISA FOUST
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0505

REFERENCE: NAME OF COMPANY AUTHORIZED BY TRA:
BROADVIEW NETWORKS HOLDINGS, INC.
ON BEHALF OF BROADVIEW NETWORKS, INC.

COMPANY ID # AS ASSIGNED BY THE TRA: (APPLIED FOR)

IRREVOCABLE LETTER OF CREDIT NUMBER: TTTS-674163

EFFECTIVE DATE: MARCH 25, 2009

EXPIRATION DATE: MARCH 20, 2010

SIR/MADAM:

YOU HAVE REQUESTED OF JPMORGAN CHASE BANK, N.A. (THE "LENDER") THAT WE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT WHICH WILL REMAIN AVAILABLE ON BEHALF OF BROADVIEW NETWORKS HOLDINGS, INC. ON BEHALF OF BROADVIEW NETWORKS, INC. (THE "COMPANY") WHO HAS APPLIED TO THE TENNESSEE REGULATORY AUTHORITY (THE "TRA") FOR AUTHORITY TO PROVIDE TELECOMMUNICATION SERVICES IN THE STATE OF TENNESSEE. THE PURPOSE OF THIS LETTER OF CREDIT IS TO SECURE PAYMENT OF ANY MONETARY SANCTION IMPOSED AGAINST THE COMPANY, ITS REPRESENTATIVES OR SUCCESSORS, IN ANY ENFORCEMENT PROCEEDING BROUGHT UNDER TITLE 65 OF TENNESSEE CODE ANNOTATED OR THE CONSUMER TELEMARKETING ACT OF 1990, BY OR ON BEHALF OF TRA.

WE HEREBY ESTABLISH AND ISSUE, IN FAVOR OF THE TRA, AN IRREVOCABLE LETTER OF CREDIT IN THE AMOUNT OF TWENTY THOUSAND AND NO/100 (USD20,000.00) LAWFUL MONEY OF THE UNITED STATES OF AMERICA. THE TRA MAY DRAW UPON THIS LETTER OF CREDIT, AT ANY TIME AND FROM TIME TO TIME, BY DELIVERING A LETTER OF CREDIT NOTICE, SUBSTANTIALLY IN THE FORM SET FORTH BELOW (A "NOTICE"), WHICH NOTICE SHALL SPECIFY THE AMOUNT (THE "DRAW AMOUNT") TO BE DRAWN AND THE BANK ACCOUNT (THE "BANK ACCOUNT") TO WHICH THE DRAW AMOUNT SHOULD BE DELIVERED AND SHALL BE SIGNED BY AN OFFICIAL DESIGNATED AND DULY



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

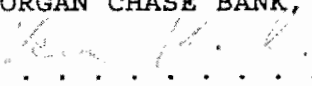
MAR 25, 2009
OUR L/C NO.: TTTS-674163

AUTHORIZED BY THE TRA, TO LENDER AT THE ADDRESS LISTED BELOW, OR TO SUCH OTHER ADDRESS AS THE LENDER SHALL NOTIFY THE TRA IN WRITING BY CERTIFIED MAIL. PROMPTLY AFTER THE DELIVERY OF EACH NOTICE, THE LENDER HEREBY COVENANTS AND AGREES TO DELIVER, BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS, THE DRAW AMOUNT TO THE BANK ACCOUNT.

THIS LETTER OF CREDIT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR SUCCESSIVE ONE (1) YEAR PERIODS AND MAY BE CANCELLED BY THE LENDER BY GIVING AT LEAST THIRTY (30) DAYS ADVANCED WRITTEN NOTICE BY CERTIFIED MAIL OR HAND DELIVERY OF NON-EXTENSION TO THE TRA AND THE COMPANY, IT BEING UNDERSTOOD THAT THE LENDER SHALL NOT BE RELIEVED OF LIABILITY THAT MAY HAVE ACCRUED UNDER THIS LETTER OF CREDIT PRIOR TO THE DATE OF NON-EXTENSION. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF MARCH 20, 2013.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600, OR ANY REVISIONS THERETO.

YOURS VERY TRULY,
JPMORGAN CHASE BANK, N.A.


NAME: Vera Kostic
TITLE: Assistant Vice President

ADDRESS OF LENDER:
JPMORGAN CHASE BANK, N.A.
C/O JPMORGAN TREASURY SERVICES
ATTN: STANDBY LETTER OF CREDIT DEPT., 4TH FL.
10420 HIGHLAND MANOR DRIVE
TAMPA, FL 33610

FORM OF LETTER OF CREDIT NOTICE

JPMORGAN CHASE BANK, N.A.
C/O JPMORGAN TREASURY SERVICES



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

MAR 25, 2009
OUR L/C NO.: TTTS-674163

ATTN: STANDBY LETTER OF CREDIT DEPT., 4TH FL.
10420 HIGHLAND MANOR DRIVE
TAMPA, FL 33610

RE: IRREVOCABLE LETTER OF CREDIT NO. TTTS-674163

DEAR SIR OR MADAM:

YOU ARE HEREBY NOTIFIED, AND THE UNDERSIGNED HEREBY CERTIFIES, THAT THE UNDERSIGNED IS AN OFFICIAL DESIGNATED AND DULY AUTHORIZED BY THE TRA TO DELIVER THIS NOTICE AND THAT A MONETARY SANCTION IN THE AMOUNT OF USD (THE 'DRAW AMOUNT') HAS BEEN IMPOSED AGAINST BROADVIEW NETWORKS HOLDINGS, INC. ON BEHALF OF BROADVIEW NETWORKS, INC., ITS REPRESENTATIVES OR SUCCESSORS, IN AN ENFORCEMENT PROCEEDING BROUGHT UNDER TITLE 65 OF TENNESSEE CODE ANNOTATED OR THE CONSUMER TELEMARKETING ACT OF 1990, BY OR ON BEHALF OF THE TRA.

PURSUANT TO THAT CERTAIN IRREVOCABLE LETTER OF CREDIT REFERENCED ABOVE, WE HEREBY REQUEST THAT YOU DELIVER PAYMENT OF THE DRAW AMOUNT TO THE BANK ACCOUNT LISTED BELOW BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS:

NAME OF BANK ACCOUNT:
ACCOUNT NUMBER :
ABA ROUTING NUMBER:
REFERENCE:
NAME OF CONTACT:
TELEPHONE NUMBER:
FACSIMILE NUMBER:

PLEASE CONFIRM RECEIPT OF THIS NOTICE AND THE FEDERAL RESERVE WIRE CONFIRMATION NUMBER OF THE DELIVERY OF THE DRAW AMOUNT BY SENDING A FACSIMILE TO THE PERSON AT THE NUMBER LISTED ABOVE.

SINCERELY,
TENNESSEE REGULATORY AUTHORITY

NAME:



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

MAR 25, 2009
OUR L/C NO.: TTTS-674163

TITLE:

ll

AUTHORIZED SIGNATURE