

TELEGRATION BECOMES

Authorized AT&T[®] Solution Provider

Awarded SBC[®] 5-Star Authorized Distributor Status for 11th Year in a Row

In the fourth quarter of 2005, SBC announced that it had reached an agreement to take over AT&T. This move has many, far reaching consequences for the telecom industry as a whole, but also for Telegration and its customers. *(See article on page 4)*

As a company committed to staying at the forefront of the dynamic telecom industry and serving our customers evolving needs, Telegration recently signed an agreement with AT&T to become an Authorized AT&T[®] Solution Provider. This enables Telegration to sell AT&T services in all 13 states that SBC serves, as well as AT&T services nationwide, including MPLS Integrated Access and Data services over AT&T's Global Network. *(For more on MPLS, see article on page 2)*

AT&T Agreement is "Non-Exclusive"

"The most important part of our agreement with AT&T is that it is non-exclusive," says Denis Raue, president and chief executive officer of Telegration. "This means that as an Authorized AT&T[®] Solution Provider, Telegration can continue to diversify by giving its customers choices from the entire AT&T and SBC product lines, as well as any other business partners we have agreements with." As a result of this newfound freedom, in the first quarter of 2006 Telegration has been very active. To further enhance customer choice, Telegration recently signed additional alliance partner and distributor agreements with Broadwing, Global Crossing, TDS Metrocom and XO Communications. *(For more details see story on page 5)*

11 Years as a 5-Star Distributor

In addition to signing this new agreement with AT&T, Telegration has been awarded 5-Star Distributor status from SBC (now AT&T) based on the

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TELEGRATION, INC.

Telegration Expands Agent Program

Since signing a non-exclusive agreement with AT&T and partner agreements with other providers, Telegration is now able to offer more services in more states than ever before. In fact, wherever your business is in the U.S., Telegration can meet its telecommunications needs.

While Telegration does employ its own sales representatives, with more services, products and states to cover, it makes sense to take advantage of professional sales agents. Just as the large telecom companies use authorized distributors like Telegration to reach more customers, mid-size companies like Telegration use agents to reach more businesses.

Before becoming a Telegration agent, each professional is trained on the products, services and providers available through Telegration. In addition, all agents are expected to adopt a consultative approach with every customer, just like Telegration's own representatives. To ensure the highest levels of customer service, agents can

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MPLS

MAKES VPN EASY

Whether it's voice, data, or video, today's competitive business environment requires greater speed, security and more reliable transmission of information. As a result, enabling high quality communication at all service levels through a Virtual Private Network (VPN) has become increasingly challenging, requiring complex routing – especially when businesses expand to multiple locations. Moreover, the public Internet simply cannot deliver the privacy, security or the Quality of Service (QoS) required for fast, efficient information sharing.

The solution adopted by a Multiprotocol Label Switching (MPLS) technology provides “any-to-any” connectivity, security and Quality of Service (QoS) between geographically diverse sites. Although this technology has been available since the mid-1990s, recent research by Nemertes Research indicates that the benefits of MPLS for VPN and other MPLS-related services are just beginning to be acknowledged by a growing number of companies with aggressive IT strategies.

How does MPLS work?

Using Internet Protocol (IP) technology, MPLS moves IP traffic over several different, dedicated routes instead of a single route in order to greatly reduce incidences of congestion or system failure. Packets of information are given labels by the MPLS switches and routers according to each packet's destination, VPN membership, type of service, and other criteria. The MPLS switches and routers are called “label switch routers” because they can switch between packet labels to tag the information according to its unique path through the network. All packets labeled for voice communication for example, use the same label-switched path (LSP). All packets labeled for data would use the same LSP, and so forth.

Voice, data, and video protocols each have their own unique QoS requirements. While voice and video require a very consistent bit rate, data is the least restrictive. With MPLS, each type of protocol is labeled with the

appropriate level of service requirement as it is transmitted through the same group of lines. Separate types of lines for each service are not required, yet voice communication is clear and reliable, video conferencing sessions are not interrupted, and data flows quickly when managed with MPLS. Businesses need only determine the amount of bandwidth appropriate for their operations, which is charged based on bandwidth usage.

What are the advantages for my business?

At a high level, MPLS enables businesses to combine voice, data, and video conferencing onto the same infrastructure. In addition, because MPLS connects customer sites without the need for fixed or virtual circuits, businesses can leverage an existing telecommunications infrastructure to bring about more cost-effective and efficient use of resources.

With MPLS VPN customers have the flexibility to select a network design that best supports their traffic patterns. As a result, remote sites throughout the enterprise, regardless of geographic location, can communicate directly with each other (“any-to-any”) or through a host site depending on customer requirements. Businesses can also add Quality of Service (QoS) to prioritize certain types of heavy-traffic communication, such as voice and video conferencing, over less critical traffic such as e-mail and Internet use.

Enhanced security of customer data is another key benefit. MPLS VPNs can be encrypted to protect private network addresses. In addition, data centers with the “any-to-any” connection of an MPLS VPN have the ability to easily switch to a back-up data center if an outage occurs.

What should IT know about MPLS?

MPLS optimizes support for critical applications by providing the combined benefits of both packet-switched and circuit-switched technology. MPLS labels separate packets or a combination of packets in IP, ATM, frame or Ethernet formats, resulting in the direct management of those packets for optimized QoS. Network buildouts are also easier to manage since MPLS facilitates traffic engineering, the process of carriers directing traffic along pre-chosen paths.

MPLS effectively supports a wide range of critical applications that leading-edge companies are deploying today, especially converged voice, video, and data applications. Other supported applications include service-oriented architecture (SOA), grid computing, and peer-to-peer traffic.

How do I get started with MPLS?

Because MPLS is an infrastructure, it is easy for carriers to migrate core switches to MPLS without disrupting the business’s use of existing frame relay or other services. Telegation’s sales engineers can analyze your telecommunications needs and help you develop the right MPLS VPN solution for your business and deliver it through AT&T, U.S. Signal and its other alliance partners.

To learn more about MPLS VPN and how to customize it to the needs of your business, visit www.telegation.com or call Telegation at 1-800-TEL-GRTN.

I N T R O D U C I N G ...

The Corporate Account Manager Team

To ensure the highest levels of care for its long distance and existing AT&T customers, Telegation recently formed a Corporate Account Manager (CAM) team. This new group replaces Telegation's SWAT team and provides support externally to customers as well as internally to Telegation's own sales representatives.

CAM representatives are assigned to specific accounts and over time, develop a strong understanding of each customer's specific needs. In addition, the CAM team handles all calls to the 1-800-TEL-GRTN number. Team members can help current customers with needs analysis, billing or service issues, as well as renewing and renegotiating agreements when contracts expire for Telegation long distance services and those provided by other carriers through Telegation. CAM team members are available to help customers who give notification of service cancellations and they will work closely with customers through early termination contract issues. The team ensures that orders are entered correctly and any problems resolved quickly with Telegation’s service providers. At every opportunity, CAM team members look for ways to improve network design and service for current customers and they work hard to ensure moves, adds and changes are completed smoothly.

The CAM team assists new customers who are implementing services for the first time. Team members often help sales representatives evaluate a new customer's needs and current telecommunications infrastructure before providing carrier and service recommendations if required.

Not surprisingly, with so many varied responsibilities, each CAM team member is a highly experienced professional. That's why each team member averages over seven years of telecom service experience.

The CAM team is just one more way that Telegation ensures “It's better here” for all of its customers.

AT&T + SBC

WHAT THE MERGER MEANS FOR YOU

Since the \$16 billion acquisition of AT&T by SBC was announced, there has been considerable debate – some might say argument – about whether the move is good or bad for shareholders, employees and customers. For some fresh insight and a clear explanation of what it all means, we asked Telegration President Denis Raue a few questions.

Q Is this acquisition business as usual or a big deal?

Raue: Well, it's a little of both. Since the Telecommunications Act of 1996, acquisitions became business as usual. However, in our industry, it really is a significant event.

Q What are the circumstances behind this acquisition?

Raue: Events have really come full circle and it's ironic what has happened. Federal regulators forced AT&T to break up 21 years ago. AT&T focused on long distance business and its local phone business was divided up among a number of so called "Baby Bells." One of these became the SBC name we know today. Then in 1996, the Telecommunications Act spelled out what the local and long distance companies could and could not do. Basically, the local companies won the battle and are now taking over the long distance companies. So with the acquisition of AT&T by SBC we are in some ways back to where we were before. However, 20 years of legislation has made it a very different ball game compared to the days of "Ma Bell".

Q Why would SBC want to acquire AT&T?

Raue: The acquisition made a lot of sense. AT&T is very strong in the corporate sector, which SBC can now tap into. AT&T also has the largest long distance network in the country and SBC has the most Digital Subscriber Lines. AT&T is also one of the world's most recognized brands and SBC has wisely decided to continue to operate under the AT&T name. So when you combine SBC and AT&T you get a company that can offer a full portfolio of local, long-distance, and wireless services to businesses and consumers. The merger also positions the company strongly to battle against the cable companies over high-speed Internet and on-demand TV services.

Q So what does this acquisition mean for Telegration customers?

Raue: An acquisition like this raises a lot of questions and can be confusing for customers. That's why you need a partner like Telegration to help you navigate the complexities of services and pricing. We've taken a major step forward by becoming an Authorized AT&T® Solution Provider. This enables Telegration to sell AT&T services in all 13 states that SBC serves, as well as AT&T services nationwide, including MPLS Integrated Access and Data services over AT&T's Global Network. We also continue our long-time partnership with SBC as an SBC® 5-Star Authorized Distributor. So we really offer the best of both worlds to our customers. Our reps know both product and service lines very well so we can help our customers make the best product selection for their needs at the most competitive pricing.

Perhaps the most important fact is that because our agreement with AT&T is non-exclusive we can supplement its products and services with those of other providers if there are better options for our customers. That's been a key driver behind our agreements with Broadwing, Global Crossing, TDS Metrocom and XO Communications. We're all about doing what's best for our customers and not limiting their choices.

Q Why should companies work through Telegration when they can go directly to the new AT&T?

Raue: You lose nothing from AT&T by selecting Telegration – you still have access to its 800-number, customer service and other AT&T contacts. But you gain a lot. With Telegration,

It's better here!

BETTER CHOICES AND BETTER RATES

As a non-exclusive Authorized AT&T® Solution Provider, Telegration can partner with the industry's leading telecommunications service providers to deliver voice, data/Internet, local, long distance and cellular service to businesses in the Great Lakes region and beyond.

In the first quarter, Telegration was busy signing agreements with other telecommunications providers including Broadwing, Global Crossing, TDS Metrocom and XO Communications.

As a result, Telegration can offer "best-in-class" products, services and rates – no matter what telecom needs a business has. Telegration's key alliance providers include:

AT&T: As an Authorized AT&T® Midwest 5-Star Solution Provider, Telegration offers a wide range of quality voice, data and usage solutions in all 13 States AT&T has local services. Telegration also provides all of AT&T services nationwide including MPLS, integrated access and data services from the most comprehensive product provider over AT&T's Global Network.

Broadwing: As a High Volume Business Partner, Telegration markets Broadwing's complete business communications and data services, including Integrated Voice and Data (IVAD) Services, dedicated Internet access, and Broadwing Converged Services.

Global Crossing: As a Global Channel Partner, Telegration has access to a wide variety of managed IP services and private line services from an industry-recognized leading IP network.

Qwest: Telegration offers complete sales and support capabilities for Qwest solutions nationwide.

Sprint PCS: Telegration provides wireless voice and wireless data solutions that take advantage of Sprint's all digital PCS Network.

TDS Metrocom: Telegration sells TDS METROCOM services such as X-Data and its DIME product, which is an attractive offering for customers with office locations in the Great Lakes region.

US Signal: As a distributor with a strategic partnership with US Signal, Telegration has access to over 3,000-miles of fiber optic network and 80 on-off ramps throughout the Great Lakes region. Telegration offers US Signal's services for private line, MPLS, collocation and Internet access.

Verizon and Sprint: Telegration utilizes the Verizon and Sprint long distance network for its private-branded long distance services for voice, data and video applications. As a result, Telegration can provide an economical, high quality alternative to national long-distance providers.

XO Communications: Telegration is an Authorized Agent for XO Communications, a leading telecommunications provider offering nationwide communication solutions exclusively for businesses, agents and carriers. Telegration is authorized to sell XOptions® Flex, XO's award-winning VoIP bundle, as well as XO DIA, PRI, Integrated Access Standard Managed VPN & Firewall, and POTS nationwide.

Other Alliances: Telegration partners with local providers such as Verizon, Sprint EMBARQ and Bell South, as well as other long distance providers, so it can offer voice services in markets nationwide.

For more information on the new agreements with AT&T, Broadwing, Global Crossing, TDS Metrocom and XO Communications, please read the press releases on www.telegration.com

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company's sales and service performance. What's more, Telegation was one of only 13 providers awarded 5-Star status this year.

As a Midwest 5-Star Distributor, Telegation provides the entire product line including PRI, DS1, DS3, DS0, ADSL, OC, dedicated Internet and Centrex services in the five-state region (Illinois, Indiana, Michigan, Ohio, and Wisconsin). Telegation also provides services nationwide.

"It is a tribute to Telegation's reputation that AT&T and SBC recognized the value of our service levels and incorporated 5-Star into the newly formed Midwest Authorized AT&T® Solution Provider program," said Denis Raue "The recognition of making 5-Star Distributor status for 11 years running is something that no other company can boast. I am extremely proud of all of our employees and agents whose commitment to excellence helped us achieve this milestone."

Just as the industry continues to change and evolve so does Telegation to ensure that it remains the best choice for its customers.

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tap into Telegation's unique "back office" resources – the company's sales engineers, full-time customer care representatives and full-time order fulfillment representatives.

To attract more highly qualified agents nationwide, Telegation is running an advertising campaign in industry agent channel magazines using the theme "It's better here." Telegation will use this same theme in customer advertisements later this year.

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you receive personalized attention and customer service that really is exceptional in our business.

Our job is to analyze your particular business needs and put the best package together for your company, now and into the future. Telegation provides these services on a consultative basis and delivers world-class personalized service supported by customer care reps you can call at 1-800-860-8881. We have sales engineers, full-time customer care reps and full-time order fulfillment reps to work on orders with our providers to deliver what is outlined in our proposal. We have proactive sales managers, an inside Corporate Account Manager team that services existing customers, and resources inside and outside our providers to help you, enabling us to deliver a level of individualized care that you would expect from a small company. However, Telegation has the resources of a very large company to meet all your telecom needs.

We've successfully serviced customers throughout our history by making sure we help our customers make the right decisions for current and future needs and we will continue to do that to the best of our ability.

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