
TELEGRATION ACHIEVES
SBC 5-Star status
 FOR 10th CONSECUTIVE YEAR

ONCE AGAIN, TELEGRATION HAS BEEN NAMED A 5-STAR AUTHORIZED DISTRIBUTOR BY SBC. THIS IS THE 10TH YEAR THAT THE COMPANY HAS BEEN AWARDED WITH THIS HONOR. EVEN BETTER, TELEGRATION ACHIEVED ITS HIGHEST SCORE EVER: 970 POINTS OUT OF 1,000.

“Over the last 12 months everyone at Telegration has had a renewed focus on customer service and efficiency,” said Telegration President Denis Raue. “We made some changes in our customer service organization and put in place some more streamlined processes. I think receiving our highest score ever is a direct result of these actions.”

According to Raue, Telegration has also increased its focus on training. “We are devoting more and more resources to training each year so as we grow, we are still able to maintain the highest levels of product knowledge, service and customer care.”

Only a select few distributors achieve 5-Star status. To do so, SBC Authorized Distributors are graded objectively and subjectively in four main categories – customer service, sales and marketing, personnel and training, and business operations.

Will Telegration get 1,000 points out of 1,000 next year? No company has done it yet, but if any one can, it'll be Telegration!



TELEGRATION, INC.
 It Pays to Be Well Connected.



BIG NEWS

Telegration Referral Program PAYS YOU!

Being a Telegration customer has many advantages. Great rates. Great customer service. And a wide range of options for wireline, wireless and data services. But now Telegration offers another big advantage that few telecom providers can match.

In January 2005, Telegration launched its very own Referral Program. We've turned the tables, so now Telegration will pay YOU for any referrals that end up bringing Telegration new business.

Here's how it works. For every referral you provide that results in new business for Telegration, you will receive a 5% commission based on the total sale value. For example, if you refer a company to Telegration that purchases \$290.00 of SBC Yahoo! DSL Internet Service, the referring partner will receive \$14.50. Remember, only businesses can be referred to Telegration, not home or consumer accounts. Commissions will be paid 60 to 90 days after the sale closes and you do not have to be a Telegration customer to participate.

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Understanding VoIP

VOICE OVER INTERNET PROTOCOL

Voice Over Internet Protocol (VoIP), which allows making and receiving phone calls through a broadband Internet connection instead of a traditional phone service, enables the convergence of voice and data networks, making it one of the most exciting advancements in telecommunications over the past century. This breakthrough technology is considerably less expensive than traditional land-line phone service and very easy to implement. But is VoIP right for your business? Understanding the advantages and capabilities of VoIP is the first step to making the right decision on when, how, or even if to adopt it.

Here are four key things businesses need to know about VoIP before contracting for service:

How does VoIP work?

Analog voice signals are converted to digital signals via a broadband Internet connection then translated back into voice signals in the local phone network of the call's recipient. In most cases, dialing patterns are generally the same as those used with traditional phones, and sound quality is generally the same or slightly better than land-line phones. VoIP installation is usually simple and fast. An adapter box connects the phone to the broadband Internet connection or company's LAN via an ethernet cable. Calls can also be made using an IP phone set or directly from a computer equipped with VoIP software and a headset.

What kind of calling features should I expect?

First, expect to keep your existing phone number. Most VoIP providers will handle the number transfer process for their customers. A VoIP-enabled phone or "Internet phone" offers all of the convenient calling features as traditional phones, such as Caller ID, call waiting, call forwarding, and voicemail, plus advanced, customized calling options that are not available with land-line phone technology. For example, some advanced VoIP features can be customized to users' needs, such as a single inbox for voice and e-mail messages,

"click-to-call" functionality from computers, and "find me, follow me" call routing options, all accessible via personalized Web pages.

What are the advantages for businesses?

In addition to reducing long-distance costs with VoIP, businesses can also optimize operational costs and resources since voice and data are carried on a single network. Businesses using VoIP also report productivity gains since IP address "phone numbers" give users the advantage of having a fully functional remote office anywhere they have an Internet connection.

Moreover, VoIP solutions offer robust and cost-effective scalability as a business evolves and changes. These are some of the time- and cost-saving advantages of VoIP.

What should IT know about VoIP?

IT departments should conduct a thorough assessment of network resources and performance before implementing a VoIP solution. In particular, IT should confirm that E-911 emergency automatic location service is not interrupted by the VoIP installation. Also, consider the security of the VoIP service provider. It is safe, for example, to transport voice and data traffic over a private IP backbone rather than over the public Internet. After the implementation, IT should consistently use and review the performance of any firewall or security features included in VoIP software.

How do I get started with VoIP?

The impact of VoIP on the telecommunications marketplace is just beginning. Telegration can advise customers as they begin looking into the new technology, which is early in its product life cycle – saving your business time and money.

To learn more about VoIP and how to customize it to the needs of your business, visit www.telegration.com or call Telegration at 1-800-TEL-GRTN.

A D D Conference Calling

TO YOUR EXITING SERVICE

In today's fast-paced and highly efficient business environment, few companies can afford the time and money required for regular face-to-face meetings. Especially if a lot of people and different locations are involved. That's why more and more businesses such as doctor's offices, medical facilities, real estate companies, law firms, banks and manufacturers are adding Telegration's conference calling options to their existing service.

Telegration long distance customers can choose from several different types of conference calling options:

- **Meet Me Automated** – Simply email customerservice@telegration.net or fax Telegration's Customer Care department a list of how many will be on the call, the date, the begin and end time (watch that time zone!) and whether toll free access is required or not. Then, Telegration sets up the call and calls the contact back with an access number – which can be dial up or toll free – and a pin number. Attendees then dial into the call at the agreed upon time and enter the pin number. Keep in mind the call gets shut off automatically at the specified end time. Typically we add a little extra time to ensure the call can be completed if it exceeds its limit.
- **Always On** – Email customerservice@telegration.net or fax Telegration's Customer Care department that your business would like an “Always On” conference call. A line, toll free or regular access line, will be reserved for you, with a static pin number. You can dial in at any time and enter the pin number for a conference call that lasts as long as you need.
- **Operator Assisted** – Simply email customerservice@telegration.net or fax Telegration Customer Care department a list of the date, time, names and phone numbers of those who need to be contacted. The operator, at the prescribed time, will call the attendees to connect them to the call. Attendees are expected to be at the listed number at the listed time as the operator will not page attendees or wait for them.

To open a Telegration conference calling account, contact your local sales representative or send an email to customerservice@telegration.net or a fax to Telegration Customer Care at 800-860-6571 requesting the service. Once the account is set up with our provider, you can choose the conference call option that best suits the requirements of your business.

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|-------------------|--------|--------|--------------------|
| Automated | \$0.15 | N/A | Customer's LD Rate |
| Always On | \$0.15 | N/A | Customer's LD Rate |
| Operator Assisted | \$0.40 | \$2.00 | Customer's LD Rate |

CHICAGO HAPPENINGS

Telegration has been quite active in the Chicago market in recent months.

In July of 2004, the company's Chicago office moved from the hustle and bustle of Michigan Avenue, in the heart of downtown Chicago, to the peace and quiet of Oakbrook, a popular suburb 21 miles west. The new office is more spacious and well positioned to service the many growing suburban businesses in the Chicagoland area. Currently, five Telegration staff work out of the Oakbrook office with more joining in the coming months if business continues to expand.

Last fall, Telegration was an educational sponsor at the *Fall Channel Partners Conference & Expo*, held in downtown Chicago. The show, which had more than 2,000 participants, attracted agents and Value Added Resellers (VARs) to learn more about today's hot telecom topics such as Voice over Internet Protocol (VoIP), Wi-Fi and wireless services, as well as new agent programs. The conference kicked off with Chicago hero Mike Ditka, the Super Bowl winning coach of the Chicago Bears in 1986, making the keynote address.

Telegration had a high profile at the conference and expo. As an educational sponsor, the company had the opportunity to sponsor all the break out sessions during the three-day conference. Telegration's Vice President of Business Development & Alternate Channels, Tim Basa, also gave a presentation on “*Sales, Marketing, and Revenue Generating Strategies for Telecommunications Consultants*” to a packed house. To highlight Telegration's capabilities, the company also had a booth in the exhibition center, staffed by members of the Oakbrook sales team.

TELEGRATION CELEBRATES

15 YEARS

IN TELECOMMUNICATIONS

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This year marks the 15th anniversary of the founding of Telegration. Few companies last that long in such a volatile industry. We asked Telegration President, Denis Raue, to comment on the industry milestones over the past 15 years and how they have affected both Telegration and its customers.

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What was the telecommunications industry landscape like when Telegration opened its doors in 1990?

Raue: The last decade and a half was an exciting time to enter the telecom market. In the 1990s, fiber optics were introduced, data networks were just being deployed, and the Internet was just beginning to make an impact on daily life. A few years later, in 1993, the first all-digital cellular network was launched, giving consumers unprecedented freedom to communicate anywhere and any time. By 1995, there were 25 million subscribers to cellular service in the U.S. alone, while 30 million worldwide were communicating on the Internet. By the end of the decade, businesses were able to streamline communication with their customers and peers using secure Virtual Private Networks (VPN), a more mature level of desktop video conferencing, and a high-performance network infrastructure for next-generation Internet connectivity. The momentum of innovation has continued in the first years of the new millennium, with Internet-based Voice Over IP (VoIP) revolutionizing the way businesses and individuals make and receive phone calls. Today, Telegration is serving customers in ways we never even dreamed of in 1990.

Was there a certain trend in particular that shaped Telegration's corporate strategy and/or mission?

Raue: Telegration has experienced dramatic growth over the years by adhering to one key strategy – to provide our customers with a wide range of the highest quality telecom services at the industry's most competitive prices. There are several key trends that I believe have shaped the way Telegration does business.

The first is the rapid change in telecom technology. Over the past 15 years we have seen huge advances in everything from fiber optics for greater clarity to the convergence of voice and data networks for VoIP. Telegration continually offers new services that keep pace with emerging technology.

Second, mergers and acquisitions in the telecom industry can make it difficult, if not impossible, for businesses to develop and maintain a long-term relationship with their telecom provider. When problems arise, they often don't know who to turn to. Telegration gives businesses a consistent business partner they can depend on, no matter how the marketplace changes.

Third, regulatory issues have changed the face of telecom. In particular, the Telecommunications Act of 1996 not only expanded opportunities for local phone markets, but also raised the bar for competition to both gain new customers and keep existing ones. Telegration took full advantage of this regulation by expanding our offerings and business partnerships, all benefitting our customers.

What would you say was the most significant change in telecommunications over the past 15 years?

Raue: There are several. One of the most exciting recent changes is the advances in wireless communication, both voice and wireless Internet, which allow businesses to have real-time communication wherever they have a wireless access point. Other notable innovations include toll-free number portability, equal access or the right for consumers and businesses to choose their primary long-distance carrier, and T-1 technology.

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Of course, the most significant for Telegration is the Telecommunications Act of 1996 that opened up a newly competitive market for telecom services and gave consumers and businesses a choice for local services. However, the Telecommunications Act has changed dramatically the last few years. In 2003, the Regional Bell Operating Companies were allowed to provide long distance service. And in 2004, the FCC ruled against the Competitive Local Exchange Carriers that had built their business plan on reselling local services. Now, you have an entire industry that must move to facility-based competition for both local and long distance services. Giving customers a wide range of choices is what Telegration is all about and we have navigated these changes to provide customers with sound advice on their day-to-day telecom decisions.

Pretend you have a crystal ball. What changes do you see in the future of telecommunications and what will those changes mean for Telegration and its customers?

Raue: I see the industry moving toward an emphasis on bundled services — wireless with DSL, traditional long distance with VoIP, for example — to make it easier and more cost effective for businesses to optimize their communications. Telegration already has taken a leadership position in packaging integrated telecommunication solutions for businesses nationwide. However, customers don't always fit the profile for the latest technology. Most customers today can be better served by concentrating efforts at streamlining their current services. Also, as telecom industry giants continue to consolidate, there will be fewer choices for consumers. Telegration, however, will continue to draw upon our 15 years of experience providing the full range of high quality local, long distance, data, voice, Internet, and wireless services to ensure that our customers have the flexibility and choices they need to maintain a competitive advantage. In many cases, the incumbent local carriers have advantages for both price and service options. It's our duty to sort out the best options available for our customers.

What challenges does your company face on a daily basis that impact customers?

Raue: Currently, I see customers needing help managing their providers' contracts. Many customers sign agreements that commit their company to volume and term commitments in order to maximize savings. We can help customers

make decisions regarding contract commitments. However, companies may have downsized or changed decision makers. We try to stay in close contact with our customers to help them avoid termination fees and make smart decisions on future commitments. In addition, we have to help customers evaluate new technologies and manage their current day-to-day issues. Nothing is more frustrating for a business or us than to have a customer experience financial penalties for not meeting a contract commitment or experience problems when implementing new technology. We spend a majority of our time refining our service processes daily, especially with the wide array of service options available to customers today.

In your last newsletter, you commented on the turmoil in the industry, the future of MCI, rate changes and why customers should choose Telegration. How do you think your comments worked out?

Raue: What a set-up question! Actually, since our inception, we have been able to take advantage of change. As a smaller company, we've been able to package and integrate the right services for our customer. Hence, the name "Telegration". I think we've done an exceptional job putting the pieces of the puzzle together for our customers.

Regarding MCI, we realized that they would emerge from bankruptcy. However, the current pending acquisition of MCI and the pending acquisition of AT&T by SBC were not expected. In hindsight, the regulatory environment has changed and looks like it is here to stay for the immediate future. The Regional Bell Companies are very powerful right now. Only competition from the cable companies and new competitors with facility based services will compete against the Bell companies.

Regarding rate changes, we did not expect the rate war for long distance services to be as dramatic as it has been the past few years. We took a lot of hits in our long distance base. We are very thankful for our loyal customers who transitioned with us to the new market rates. However, we have worked feverishly re-termining customer contracts and stabilizing our customer base. Now that the rate war is stabilizing, we can concentrate on value-added service and ensuring our customers are provisioned correctly. I firmly believe in one of our slogans, **"It Pays to be Well-Connected"**. We will continue to provision and maintain long distance services and provide accurate

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billing better than our competitors. Unlike most forecasters, I see managing long distance costs to still be a top concern of our customers for a long period of time. We are actually forecasting growth in long distance usage.

Why should customers remain with Telegation or switch services to Telegation?

Raue: We have created a company to help customers consolidate services and improve communications efficiency. Telegation offers voice, usage, data and Internet services from the industry's leading providers over the best networks, and all at the most competitive rates. We analyze our customer's particular business needs and put the best package together for the customer and we will work with the customer to adjust services as their needs change. The bottom line is that we help businesses and consumers save money and maximize efficiency through new technology and services.

Customers should also be comfortable placing orders with Telegation. We have been refining our order processes for 15 years. The complexity of order provisioning has changed dramatically with the array of services available over the years. We are extremely confident in our ability to provision new services and have mastered day-to-day maintenance of customer services. We are very proud of our reputation for service excellence given the enormous task of managing order provisioning and resolving potential breakdowns or delays for any given order. All of our staff – sales representatives, sales administrators, engineers and order fulfillment personnel – are skilled professionals who receive ongoing training to ensure quality service. I would not want to be a customer going it alone in today's complex telecom environment without a partner like Telegation.

Thanks for your insight, Denis. And congratulations on 15 successful years in a dynamic and challenging industry.

Raue: We couldn't have done it without our great customers and great staff!



**We've
Got it Covered**

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THANKS TO OUR CUSTOMERS FOR 15 YEARS of SUPPORT

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"Referral programs have been quite successful in other industries, so we are confident that it will work for us," says Telegation President Denis Raue. "We've built a special web page where referring partners can track their leads and with a generous commission rate we think the program will get a lot of interest."

To enroll in the program, simply sign up on the Telegation website at Telegation.com, contact your representative, or contact either Brandon Burchard, Ian Branam or Roxanne Redmond at 800-835-4786 (800-TEL-GRTN).