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FOR INTEGRA TELECOM



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## **Integra Telecom, Inc. Secures \$245 Million In New Equity Investment**

### **Warburg Pincus to Acquire a Stake in Integra Telecom**

**Portland, Ore. - August 14, 2007** - Integra Telecom, Inc., a leading provider of voice, data and Internet communications to business and carrier customers, and its major shareholders have signed agreements with Warburg Pincus, a global private equity firm, whereby Warburg Pincus will invest at least \$245 million to obtain a substantial equity interest in Integra Telecom. The proceeds from this transaction will be paid to certain existing Integra investors in exchange for outstanding shares. Integra Telecom will continue to operate as a privately held company and will not raise any primary equity in this transaction.

"Warburg Pincus' substantial investment in Integra validates our business model and recognizes the future potential that the company has as the largest, most established competitive local exchange carrier (CLEC) in the Western United States," said Dudley R. Slater, chief executive officer of Integra Telecom, Inc. "This is a tremendous vote of confidence for the success we've accomplished to date and the strong position our team has created in the industry."

Integra announced on March 20, 2007, that it intends to acquire Eschelon Telecom, Inc. The Warburg Pincus equity transaction is separate from and not required to complete the Eschelon purchase, which will be financed through committed credit facilities arranged by Deutsche Bank, Morgan Stanley and CIBC World Markets. Upon finalizing the Eschelon acquisition, the combined companies will create the largest, most profitable CLEC in the Western United States. The Eschelon acquisition is expected to close on August 31, 2007.

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"Integra has demonstrated the value and increasing differentiation of a well-executed, customer-focused model. We believe the combined company is well-positioned to be the leading competitive alternative for the business market in the Western United States," said Jim Neary, a managing director of Warburg Pincus.

Deutsche Bank Securities acted as exclusive mergers and acquisitions advisor to Integra, and Morgan Stanley acted as the exclusive merger and acquisitions advisor to Warburg Pincus. The transaction is subject to a number of approvals, including regulatory approvals, and is expected to close in the fall of 2007.

## **About Integra Telecom Inc.**

Integra Telecom Inc. provides voice, data and Internet communications to thousands of business and carrier customers in 11 Western states, including: Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and Washington. The company owns and operates a best-in-class fiber-optic network composed of metropolitan access networks, a nationally acclaimed tier one Internet and data network, and a 4,700-mile high-speed long haul network. The company has earned some of the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Warburg Pincus, Banc of America Capital Investors and Boston Ventures. Integra Telecom and Electric Lightwave, Eschelon Telecom, Unicom and OneEighty Communications are registered trademarks of Integra Telecom Inc. For more information, visit [www.integratelecom.com](http://www.integratelecom.com).

**About Warburg Pincus** - Warburg Pincus has been a leading private equity investor since 1971. The firm currently has more than \$20 billion of assets under management. Since inception, Warburg Pincus has invested more than \$27 billion in more than 585 companies in 30 countries and across a range of sectors, including healthcare, consumer and retail, industrial, financial services, energy, real estate and technology, media and telecommunications. Warburg Pincus also has a long history as a leading investor in the information and communication technology sectors, including investments in Avaya, BEA Systems, Bharti Tele-Ventures, Cassatt, Harbour Networks, NeuStar, Telcordia and

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VERITAS Software. The firm is an experienced partner to entrepreneurs seeking to create and build durable companies with sustainable value. For more information, visit [www.warburgpincus.com](http://www.warburgpincus.com).

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