F910605000194

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 affirms 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: SAC

St. Lawrence

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

SC 3/10

REFERENCE # 15192-828066

INFO.

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910605000210

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

Rev. 06/07

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

950630000263

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: (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 provided for: (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 5 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 6, 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

F950630000263

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

[illegible] THE WITHIN IS A [illegible] COPY OF [illegible] OFFICE OF THE [illegible] NEW YORK

ATTORNEY

RECEIVED

JUN 30 8 45 AM '95

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

Return Filing Receipt to:

Rifken, Frankel, Greenman & Kline
5789 Widewaters Parkway
Post Office Box 450
Dewitt, New York 13214-0450

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 30 1995
TAX $ 615.00
BY: JD

RECEIVED

VANGUARD-52

BILLED

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tax 615.00
fax

950630000281

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

Rev. 06/07

F970820000296

VANGUARD-52

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

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.

Pres.
Frank S. Caruso, Jr., President

Andrea Osborne, Secretary

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F970820000296

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

RECEIVED
AUG 20

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED AUG 20 1997
TAX $ 0
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

3

970820000303

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

Rev. 06/07

F 971002000358

VANGUARD-52

CERTIFICATE OF MERGER

OF

SCC TELECOMMUNICATIONS, INC.

INTO

BRIAR JOY DEVELOPMENT CORPORATION

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., President

By: Andrea V Osborne
Andrea Osborne, Secretary

SCC TELECOMMUNICATIONS, INC.

By: ____________________
Vern M. Kennedy, President

By: ____________________
Terrence J. Anderson, Secretary

C971002000387

CERTIFICATE OF MERGER OF

SCC TELECOMMUNICATIONS, INC.

INTO

BRIAR JOY DEVELOPMENT CORPORATION

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

RECEIVED

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED OCT 0 2 1997
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BY: JW
ST LAWRENCE

VANGUARD-52

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RECEIVED
OCT 2 AM 11 51

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

3

971002000387

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

Rev. 06/07

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 16th day of April, 1998.

By: ______________________
Varn [illegible] Kennedy, President

By: ______________________
Terrance J. Anderson, Secretary

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CSC 45

980421000644

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

SCC TELECOMMUNICATIONS, INC.

Under Section 805 of the Business Corporation Law

FILED
APR 21 3 14 PM '98

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APR 21 2 11 PM '98

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STATE OF NEW YORK
DEPARTMENT OF STATE
FILED APR 21 1998
TAX $
BY: St. Law

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

787715 mil

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BILLED

980421000651

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

Rev. 06/07

CT-07

991006000688

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

Under Section 805 of the New York Business Corporation Law

The undersigned, Vann 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.

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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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

RECEIVED
OCT 5 3 47 PM '99

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED OCT 06 1999
TAX $ —
BY:

St Lawrence

3

991006000727

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

Rev. 06/07

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CT-07

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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 at par value of $0 10 of which 1,819,856 shares are presently issued and outstanding and 560,144 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 1:1,819 856

~~THIRD (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 $.01 each, and all of which are of the same class

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 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., 45-18 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: /s/ Vern M. Kennedy
Name: Vern M. Kennedy
Title: President

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

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CX-07

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

FILED
MAY 3 11 02 AM '00

Mayer Brown & Platt
1675 Broadway
New York, NY 10019

10

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED MAY 03 2000
TAX $ NO TAX
BY: [illegible]

St Lawrence
↓

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TOTAL P.04

F910605000194

INFO

CERTIFICATE OF INCORPORATION

OF

[illegible] JOY DEVELOPMENT CORPORATION

Under Section 402 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

(1) The name of the Corporation is:

[illegible] 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:

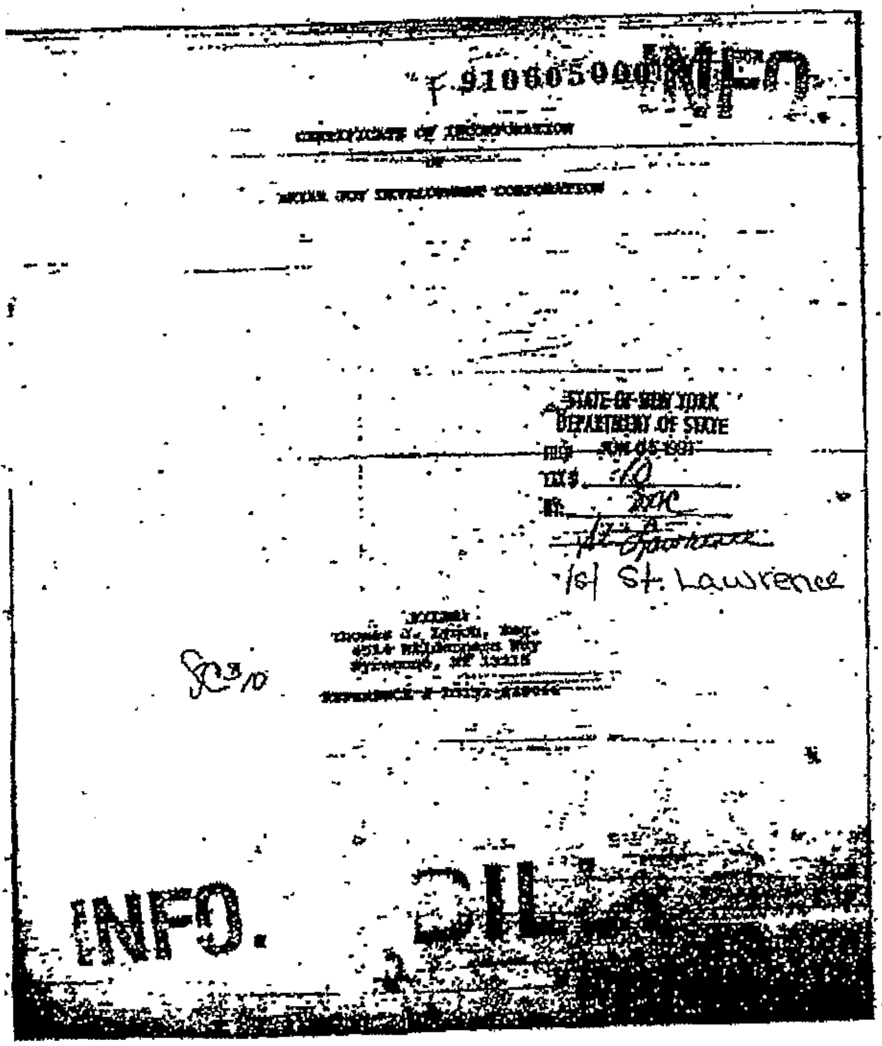
c/o Thomas J. [illegible], Esq.
4514 Wilderness Way
Syracuse, NY 13215

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 affirms that the statements made herein are true under the penalties of perjury.

Joan Terry
Joan Terry, Incorporator

[illegible]



F 910605000 MEO

CERTIFICATE OF INCORPORATION

OF

[illegible] DEVELOPMENT CORPORATION

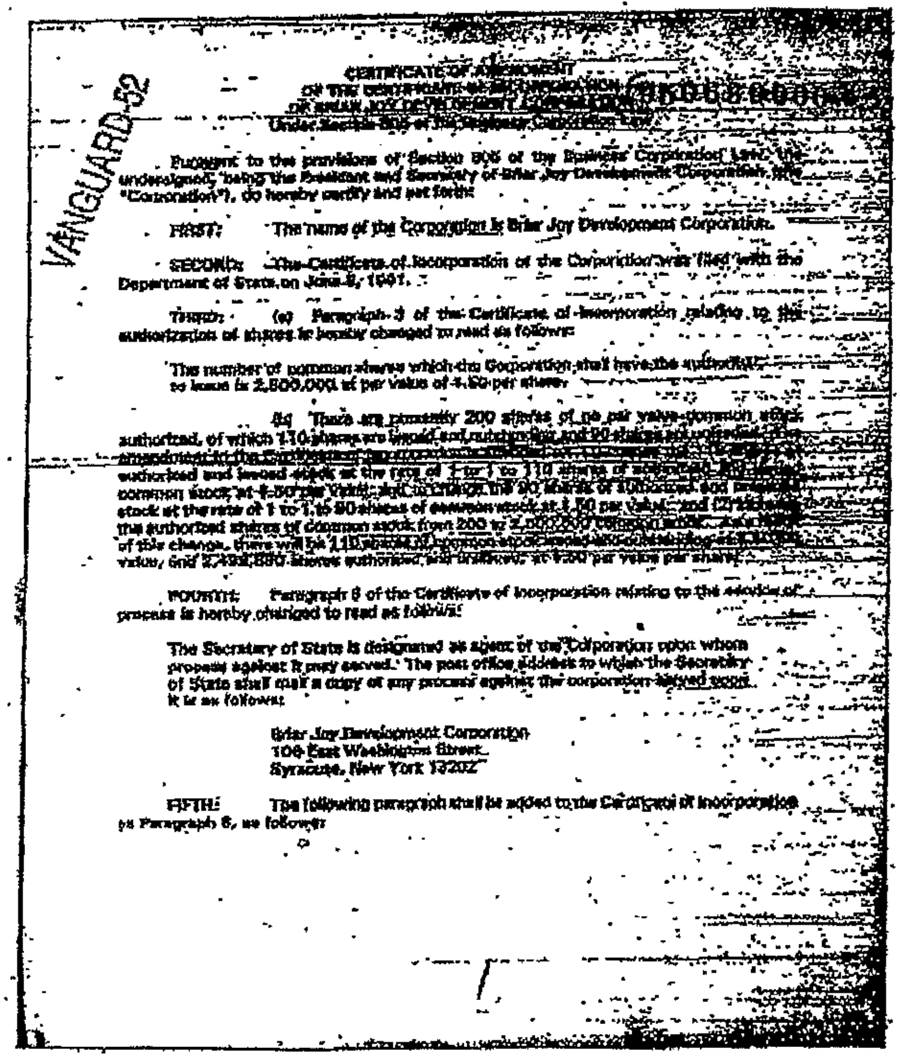
STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 05 1991
TAX $ 10
BY: [illegible]
[illegible]

/s/ St. Lawrence

FILER:
Thomas J. Lynch, Esq.
4514 [illegible] Way
Syracuse, NY 13215

SC 3/10

INFO. DIL



CERTIFICATE OF AMENDMENT
OF THE CERTIFICATE OF INCORPORATION
OF BRIAR JOY DEVELOPMENT CORPORATION
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 8, 1991.

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 [illegible] (1) to change the 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) to 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 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 be 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 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.

/s/ Frank S. Caruso, Jr.

Frank S. Caruso, Jr., President

/s/ Frank S. Caruso, Sr.

Frank S. Caruso, Sr., Secretary

2

VANGUARD-52

BILLED

Jdx-6150

2 H4P

Return Filing Receipt to:

Rifkin, Frankel, Greenman & Kline
5789 Widewaters Parkway
Post Office Box 450
Dewitt, New York 13214-0450

[illegible]

VANGUARD-52

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

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 thereon 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 [illegible] day of August, 1997, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

/s/ Frank S. Caruso, Jr.

Frank S. Caruso, Jr., President

/s/ Andrew V. Osborne

Andrew V. Osborne

Andrew Osborne, Secretary

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

RECEIVED

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED AUG 20 1997
TAX $ -0-
BY: JBM

VANGUARD-52

18 St. Lawrence

BILLED

Filer: [illegible], Frankel & Greenman, P.C.
6780 Widewaters Parkway
DeWitt, New York 13214-2011
Telephone: (315) 449-0737

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Duquette & TiptonLLP 212 687 2835 04/20 '98 10:33 NO.032 02/03

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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 Terrence 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 Joy 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, 708 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.

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 16th day of April, 1998.

By:
Vern M. Kennedy, President

By:
Terrance J. Anderson, Secretary

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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.

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

[illegible]

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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, [illegible], Vice President and Terrence J. Anderson, Secretary 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 was formed is [illegible] 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 [illegible].

THIRD: Paragraph 2 of the Certificate of Incorporation relating to purposes 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 at 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 [illegible],839,856.

[illegible] 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 $.01 each, and all of which are of the same class.

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 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. 45-18 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 or [illegible] to any [illegible] in any action or [illegible] (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) such director's acts violated Section [illegible] of the BCL [illegible] or [illegible] prior to the date of filing of this Certificate of Incorporation. If the BCL is hereafter 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 occurring prior to the date of such repeal, amendment or modification.

EIGHTH: Paragraph [illegible] relating to [illegible] permitted by Article [illegible] 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, 2006.

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

Mayer Brown & Platt
1675 Broadway
New York, NY 10019

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STATE OF NEW YORK
DEPARTMENT OF STATE
FILED MAY 0 1 2000
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BY: MIUR

1s[St. Lawrence ~~St Lawrence~~

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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

Rev. 06/07

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

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Utah Department of Commerce
Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: http://www.commerce.utah.gov

10/14/2009
6732799-014310142009-2445227

CERTIFICATE OF EXISTENCE

Registration Number:	6732799-0143
Business Name:	BROADVIEW NETWORKS, INC.
Registered Date:	August 28, 2007
Entity Type:	Corporation - Foreign - Profit
Current Status:	Good Standing

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division (unless Delinquent); and, that Articles of Dissolution have not been filed.

Kathy Berg

Kathy Berg
Director
Division of Corporations and Commercial Code

EXHIBIT B

Financial Documentation
Of
Broadview Networks, Inc.

10-Q 1 c88950e10vq.htm FORM 10-Q

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Mark One

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Quarterly Period Ended June 30, 2009

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _________ to _________

Commission File Number 333-142946

Broadview Networks Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**11-3310798** (IRS Employer Identification Number)
800 Westchester Avenue, **Suite N501 Rye Brook, NY 10573** (Address of principal executive offices)	**10573** (Zip code)

(914) 922-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date,

Class	Outstanding at August 7, 2009
Class A Common Stock, $.01 par value per share	9,342,880
Class B Common Stock, $.01 par value per share	360,050

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

PART II — OTHER INFORMATION

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains both historical and "forward-looking statements." All statements other than statements of historical fact included in this report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements including, in particular, the statements about our plans, objectives, strategies and prospects regarding, among other things, our financial condition, results of operations and business. We have identified some of these forward-looking statements with words like "believe," "may," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate" or "continue" and other words and terms of similar meaning. These forward-looking statements may be contained throughout this report, including but not limited to statements under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." These forward-looking statements are based on current expectations about future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control and could cause our actual results to differ materially from those matters expressed or implied by forward-looking statements. Many factors mentioned in our discussion in this report will be important in determining future results. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements (including oral representations) are only predications or statements of current plans, which we review continuously. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including, among other things, risks associated with:

- servicing our substantial indebtedness;
- our history of operating losses;
- the elimination or relaxation of certain regulatory rights and protections;
- billing and other disputes with vendors;
- failure to maintain interconnection and service agreements with incumbent local exchange and other carriers;
- the loss of customers in an adverse economic environment;
- regulatory uncertainties in the communications industry;
- system disruptions or the failure of our information systems to perform as expected;
- the failure to anticipate and keep up with technological changes;
- inability to provide services and systems at competitive prices;
- difficulties associated with collecting payment from incumbent local exchange carriers, interexchange carriers and wholesale customers;
- the highly competitive nature of the communications market in which we operate including competition from incumbents, cable operators and other new market entrants, and declining prices for communications services;
- continued industry consolidation;
- restrictions in connection with our indenture governing the notes and credit agreement governing the credit facility;
- government regulation;
- increased regulation of Internet-protocol-based service providers;
- vendor bills related to past periods;
- the ability to maintain certain real estate leases and agreements;

- interruptions in the business operations of third party service providers;
- limits on our ability to seek indemnification for losses from individuals and entities from whom we have acquired assets and operations;
- disruption and instability in the financial markets;
- solvency and liquidity of the administrative agent and primary creditor under our revolving credit facility;
- the financial difficulties by others in our industry;
- the failure to retain and attract management and key personnel;
- the failure to manage and expand operations effectively;
- the failure to successfully engage in future acquisitions;
- misappropriation of our intellectual property and proprietary rights;
- the possibility of incurring liability for information disseminated through our network;
- service network disruptions due to software or hardware bugs of the network equipment; and
- fraudulent usage of our network and services.

Because our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, we cannot give any assurance that any of the events anticipated by these forward-looking statements will occur or, if any of them do, what impact they will have on our business, results of operations and financial condition. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We do not undertake any obligation to update these forward-looking statements to reflect new information, future events or otherwise, except as may be required under federal securities laws.

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Broadview Networks Holdings, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)

	December 31, 2008	June 30, 2009 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,070	$ 22,343
Investment securities	23,533	23,540
Accounts receivable, less allowance for doubtful accounts of $11,934 and $12,434	53,486	47,342
Other current assets	12,614	12,740
Total current assets	113,703	105,965
Property and equipment, net	85,248	82,475
Goodwill	98,111	98,238
Intangible assets, net of accumulated amortization of $150,556 and $159,921	45,220	35,855
Other assets	16,746	16,289
Total assets	$ 359,028	$ 338,822
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	$ 17,044	$ 24,604
Accrued expenses and other current liabilities	42,699	24,730
Taxes payable	10,680	13,500
Deferred revenues	11,967	10,964
Current portion of capital lease obligations and equipment notes	4,142	4,158
Total current liabilities	86,532	77,956
Long-term debt	327,424	325,980
Deferred rent payable	2,400	2,267
Capital lease obligations and equipment notes, net of current portion	5,212	3,406
Deferred income taxes payable	2,071	2,555
Other	655	689
Total liabilities	424,294	412,853
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 $139,428 and $147,919	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 $160,917 and $170,717	1	1
Series B Preferred stock — $.01 par value; authorized 93,180 shares, designated, issued and outstanding 91,202 shares entitled in liquidation to $145,737 and $154,612	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 $103,845 and $110,169	1	1
Series C Preferred stock — $.01 par value; authorized 52,332 shares, designated, issued and outstanding 14,402 shares entitled in liquidation to $15,577 and $16,979	—	—
Additional paid-in capital	140,563	140,679
Accumulated deficit	(205,966)	(214,826)
Accumulated other comprehensive income	22	1
Total stockholders' deficiency	(65,266)	(74,031)
Total liabilities and stockholders' deficiency	$ 359,028	$ 338,822

See notes to unaudited condensed consolidated financial statements.

Table of Contents

Broadview Networks Holdings, Inc.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Revenues	$ 128,313	$ 116,818	$ 251,856	$ 239,526
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	65,427	57,477	131,448	119,128
Selling, general and administrative (includes share-based compensation of $63, $59, $179 and $116)	43,935	39,907	85,675	81,836
Software development	275	490	822	931
Depreciation and amortization	17,480	12,245	36,696	25,803
Total operating expenses	127,117	110,119	254,641	227,698
Income (loss) from operations	1,196	6,699	(2,785)	11,828
Interest expense	(9,927)	(10,124)	(19,455)	(20,101)
Interest income	160	12	431	96
Other income (expense)	(8)	16	(8)	16
Loss before provision for income taxes	(8,579)	(3,397)	(21,817)	(8,161)
Provision for income taxes	(451)	(358)	(795)	(699)
Net loss	(9,030)	(3,755)	(22,612)	(8,860)
Dividends on preferred stock	(15,730)	(17,704)	(31,001)	(34,892)
Loss available to common shareholders	$ (24,760)	$ (21,459)	$ (53,613)	$ (43,752)
Loss available per common share — basic and diluted	$ (2.56)	$ (2.21)	$ (5.54)	$ (4.52)
Weighted average common shares outstanding — basic and diluted	9,676,996	9,688,771	9,672,338	9,684,139

See notes to unaudited condensed consolidated financial statements.

Table of Contents

Broadview Networks Holdings, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2008	2009
Cash flows from operating activities		
Net loss	$ (22,612)	$ (8,860)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	15,531	16,404
Amortization of deferred financing costs	1,326	1,313
Amortization of intangible assets	21,131	9,365
Amortization of bond premium	(396)	(444)
Provision for doubtful accounts	3,321	3,916
Share-based compensation	179	116
Deferred income taxes	457	484
Other	35	41
Changes in operating assets and liabilities:		
Accounts receivable	(2,552)	2,228
Other current assets	(601)	(126)
Other assets	(1,579)	(856)
Accounts payable	(121)	7,560
Accrued expenses and other current liabilities	(2,239)	(17,969)
Taxes payable	(1,440)	2,820
Deferred revenues	1,477	(1,003)
Deferred rent payable	(307)	(133)
Net cash provided by operating activities	11,610	14,856
Cash flows from investing activities		
Purchases of property and equipment	(22,396)	(13,631)
Purchases of investment securities	—	(60,574)
Sales of investment securities	—	60,539
Other	(83)	(127)
Net cash used in investing activities	(22,479)	(13,793)
Cash flows from financing activities		
Repayments on revolving credit facility	—	(1,000)
Proceeds from capital lease financing and equipment notes	1,166	215
Payments on capital lease obligations and equipment notes	(1,725)	(2,005)
Other	(63)	—
Net cash used in financing activities	(622)	(2,790)
Net decrease in cash and cash equivalents	(11,491)	(1,727)
Cash and cash equivalents at beginning of period	41,998	24,070
Cash and cash equivalents at end of period	$ 30,507	$ 22,343

See notes to unaudited condensed consolidated financial statements.

Broadview Networks Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands, except share information)

1. Organization and Description of Business

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared based upon Securities and Exchange Commission ("SEC") rules that permit reduced disclosure for interim periods. These financial statements reflect all adjustments necessary for a fair presentation of the results of operations and financial condition for the interim periods shown, including normal recurring accruals and other items. The results for interim periods are not necessarily indicative of results for the full year. For a more complete discussion of significant accounting policies and certain other information, the Company's interim unaudited financial statements should be read in conjunction with its audited financial statements as of and for the year ended December 31, 2008 included in the Company's Form 10-K. The condensed consolidated interim financial statements include both the Company's accounts and the accounts of its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The Company has evaluated the impact of subsequent events through August 7, 2009, which is the date the condensed consolidated financial statements were issued and filed with the SEC.

The preparation of the condensed 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 condensed 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.

The Company is an integrated communications company whose primary interests consist of wholly-owned subsidiaries Broadview Networks, Inc. ("BNI"), Bridgecom Holdings, Inc. ("BH"), Corecomm-ATX, Inc. ("ATX") and Eureka Broadband Corporation ("Eureka", "InfoHighway" or "IH"). 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 providing domestic wireline telecommunications services consisting of local and long distance voice services, Internet, and data services to commercial and residential customers in the northeast United States.

2. Investment Securities

Investment securities represent the Company's investment in short-term U.S. Treasury notes. The Company's primary objectives for purchasing these investment securities are liquidity and safety of principal. The Company considers these investment securities to be available-for-sale. Accordingly, these investments are recorded at their fair value of $23,540 as of June 30, 2009. The fair value of these investment securities are based on publicly quoted market prices, which are Level 1 inputs. All of the Company's investment securities mature in less than one year. The cost of these investment securities is $23,539. During the six months ended June 30, 2009, the Company purchased $60,574 and sold $60,539 of U.S. Treasury notes. During the six months ended June 30, 2009, the Company realized a gain of $30 upon the sale of its investment securities, which is included in interest income. All unrealized and realized gains are determined by specific identification.

Broadview Networks Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (continued)
(in thousands, except share information)

3. Comprehensive Loss

Comprehensive loss represents the change in net assets of a business enterprise during a period from non-ownership sources. The Company's other comprehensive income is comprised exclusively of unrealized gains on the Company's investments in U.S. Treasury notes. The comprehensive loss for the three and six months ended June 30, 2008 and 2009 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Net loss	(9,030)	(3,755)	(22,612)	(8,860)
Unrealized gains on investment securities	—	1	—	1
Reclassification adjustments for realized gains included in net income	—	—	—	(22)
Comprehensive loss	$ (9,030)	$ (3,754)	$ (22,612)	$ (8,881)

4. Recent Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board ("FASB") issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* ("SFAS 107"), to require an entity to provide interim disclosures about the fair value of all financial instruments within the scope of SFAS 107 and to include disclosures related to the methods and significant assumptions used in estimating those instruments. This FSP is effective for interim and annual periods ending after June 15, 2009. The Company has included additional disclosures in Notes 2 and 5, as a result of adopting this FSP.

In May 2009, the FASB issued SFAS 165, *Subsequent Events* ("SFAS 165"). SFAS 165 establishes general standards of accounting for disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Although there is new terminology, the standard is based on the same principles as those that currently exist in the auditing standards. The standards, which include a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009. The adoption of this standard has not had a significant impact on the Company's financial position or results of operations. The Company has included additional disclosures in Note 1 as a result of adopting this standard.

On June 3, 2009, the FASB voted to approve FASB Accounting Standards Codification ("ASC") as the source of authoritative accounting and reporting standards in the United States in addition to guidance issued by the SEC. FASB ASC is a restructuring of accounting and reporting standards designed to simplify user access to all authoritative U.S. Generally Accepted Accounting Principles ("GAAP") by providing the authoritative literature in a topically organized structure. FASB ASC will reduce the hierarchy established by SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, to two levels, one that is authoritative and one that is not. FASB ASC is not intended to change U.S. GAAP or any requirements of the SEC. FASB ASC became authoritative upon its release on July 1, 2009 and is effective for interim and annual periods ending after September 15, 2009.

5. InfoHighway Acquisition

In connection with the acquisition of InfoHighway in 2007, the Company issued 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, which 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.

Broadview Networks Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (continued)
(in thousands, except share information)

5. InfoHighway Acquisition (continued)

As of August 7, 2009, the exercise price on the warrants have 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 will not adjust the value of the warrants until an exercise price has been determined. When the exercise price for the warrants are 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 such point of determination. The Company has determined that once the exercise price is resolved, the warrants will be classified as equity.

6. 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 consists primarily of long-term debt with fixed interest rates. The Company is not exposed to markets 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 exchanges rates. The carrying amounts 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 and June 30, 2009 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 $23,540, which is based on the publicly quoted market price as June 30, 2009.

The fair value of the long-term debt outstanding under the Company's revolving credit facility approximates its carrying value of $22.5 million due to its variable interest rate. The fair value of our 11 3/8% senior secured notes due 2012 at June 30, 2009 was approximately $237 million, which was based on the publicly quoted closing price of the notes at that date. The publicly quoted closing price used to value the Company's senior secured notes is considered to be a Level 1 input.

7. Commitments and Contingencies

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 June 30, 2009 was approximately $22 million. 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 June 30, 2009. 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.

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 six months ended June 30, 2009, the Company met the minimum purchase obligations. The agreements, which expire in 2010 and 2011, require certain minimum purchase obligations and contain fixed but escalating pricing over their term.

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 condensed consolidated financial position, results of operations, or cash flows. For more information, see our Form 10-K for the year ended December 31, 2008.

Broadview Networks Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (continued)
(in thousands, except share information)

8. Long-term Debt Guarantees

The Company's senior secured 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 revolving credit facility with an aggregate principal amount of $25,000 and certain other permitted indebtedness.

9. Income Taxes

At June 30, 2009, the Company had net operating loss ("NOL") carryforwards available totaling approximately $141.6 million, which expire in various years through 2029. The utilization of NOL carryovers, resulting from previous mergers, 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. The Company has provided a full valuation allowance against the net deferred tax asset as of June 30, 2009 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.

10. 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 three and six months ended June 30, 2008 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Loss available to common shareholders (Numerator):				
Net loss	$ (9,030)	$ (3,755)	$ (22,612)	$ (8,860)
Dividends on preferred stock	(15,730)	(17,704)	(31,001)	(34,892)
Loss available to common shareholders	$ (24,760)	$ (21,459)	$ (53,613)	$ (43,752)
Shares (Denominator):				
Weighted average common shares outstanding:				
Class A common stock	9,342,880	9,342,880	9,342,880	9,342,880
Class B common stock	334,116	345,891	329,458	341,259
Total weighted average common shares outstanding — basic and diluted	9,676,996	9,688,771	9,672,338	9,684,139
Loss available per common share — basic and diluted	$ (2.56)	$ (2.21)	$ (5.54)	$ (4.52)

As of June 30, 2009, the Company had outstanding options, warrants, restricted stock units and preferred stock, which were convertible into or exercisable for common shares of 13,502,141 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. The 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 three months ended June 30, 2008 and 2009 were $15.7 million and $17.7 million, respectively. Dividends accumulated but undeclared for the six months ended June 30, 2008 and 2009 were $31.0 million and $34.9 million, respectively.

Broadview Networks Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (continued)
(in thousands, except share information)

11. Subsequent Events

On July 31, 2009, the Company entered into an agreement with Natural Convergence, Inc. ("NCI") to acquire the intellectual property and source code for the enabling technology behind the Company's hosted internet protocol phone service. This technology was previously being used under a license agreement with NCI.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and Notes to the Unaudited Condensed Consolidated Financial Statements included elsewhere in this quarterly report and our Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission (the "SEC"). Certain information contained in the discussion and analysis set forth below and elsewhere in this quarterly report, including information with respect to our plans and strategies for our business and related financing, includes forward-looking statements that involve risk and uncertainties. In evaluating such statements, prospective investors should specifically consider the various factors identified in this quarterly report that could cause results to differ materially from those expressed in such forward-looking statements, including matters set forth in our Form 10-K for the year ended December 31, 2008 filed with the SEC.

Overview

We are a leading competitive communications provider, in terms of revenue, offering voice and data communications and managed network solutions to small and medium sized business customers in 20 markets across 10 states throughout the Northeast and Mid-Atlantic United States, including major metropolitan markets such as New York, Philadelphia, Baltimore, Washington, D.C. and Boston. To meet the demands of communications-intensive business customers, we offer dedicated local and long distance voice, high-speed data and integrated services, as well as value-added products and services such as managed services. Our network architecture pairs the strength of a traditional infrastructure with an IP platform, built into our core and extending to the edge, to support dynamic growth of Voice Over Internet Protocol ("VoIP"), Multiprotocol Label Switching ("MPLS") and other next generation technologies. In addition, our network topology incorporates metro Ethernet access in key markets, enabling us to provide T-1 equivalent and high-speed Ethernet access services via unbundled network element loops to customers served from selected major metropolitan collocations, significantly increasing our margins while also enhancing capacity and speed of certain service offerings.

We recorded operating losses of $17.2 million, $32.1 million, $3.0 million for the years ended December 31, 2006, 2007 and 2008, respectively. For the six months ended June 30, 2009, we recorded operating income of $11.8 million. For the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2009, we recorded net losses of $41.5 million, $65.5 million, $42.9 million and $8.9 million, respectively. We expect to continue to have losses for the foreseeable future, the synergies we have effectuated through our acquisitions offered some areas of increasing operating efficiencies leading to potentially more profitable net results.

Our business is subject to several macro trends, some of which negatively affect our operating performance. Among these negative trends are lower usage per customer, which translates into less usage based revenue and lower unit pricing for certain services. In addition, we continue to face other industry wide trends including rapid technology changes and overall increases in competition from existing large competitors such as Verizon and established cable operators, other competitive local exchange carriers and new entrants such as VoIP, wireless and other service providers. These factors are mitigated by several positive trends. These include a more stable customer base, increasing revenue per customer due to the trend of customers to buy more products from us as we deploy new technology and expand our offerings, a focus on larger customers than those in our existing base and an overall increase in demand for data, managed and enhanced services.

As of June 30, 2009, we have approximately 300 sales, sales management and sales support employees, including approximately 200 quota-bearing sales representatives, who target small and medium sized business or enterprise customers located within the footprint of our switching centers and approximately 260 collocations. We focus our sales efforts on communications intensive business customers who purchase multiple products that can be cost-effectively delivered on our network. These customers generally purchase high margin services in multi-year contracts and result in high retention rates. We believe that a lack of focus on the small and medium sized business segment from the Regional Bell Operating Companies has created an increased demand for alternatives in the small and medium sized business communications market. Consequently, we view this market as a sustainable growth opportunity and have focused our strategies on providing small and medium sized businesses with a competitive communications solution.

We focus our business strategy on providing services based on our T-1 based products, which we believe offer greater value to customers, increase customer retention and provide revenue growth opportunities for us. Historically, the Company's revenue was dominated by off-net, voice revenue from smaller customers. We have transitioned a large percentage of our revenue base to T-1 based products. As a result our combined revenue from T-1 based products and managed services has grown by approximately 13% from 2007 to 2008. Revenue from the sale of T-1 based products and managed services grew by approximately 2.4% from the first six months of 2008 to the first six months of 2009, and represents approximately 44.1% of our total revenue and approximately 50.2% of our retail revenue stream, with typical incremental gross profit margins in excess of 60%.

Our facilities-based network encompasses approximately 3,000 route miles of metro and long-haul fiber, approximately 260 collocations and approximately 500 lit buildings. Our network has the ability to deliver traditional services, such as POTS and T-1 lines, as well as DSL, or Digital Subscriber Line, and next generation services, such as dynamic VoIP integrated T-1s, Ethernet in the first mile, hosted VoIP solutions, and MPLS Virtual Private Networks. We provide services to our customers primarily through our network of owned telecommunications switches, data routers and related equipment and owned and leased communications lines and transport facilities using a variety of access methods, including unbundled network element loops, special access circuits and digital T-1 transmission lines for our on-net customers. We have deployed an IP-based platform that facilitates the development of next generation services and the migration of our traffic and customer base to a more cost-effective and efficient IP-based infrastructure, which enhances the performance of our network. As of June 30, 2009, approximately three-fourths of our total lines were provisioned on-net.

We measure our operational performance using a variety of indicators including: (i) revenue; (ii) the percentage of our revenue that comes from customers that we serve on-net for target products; (iii) gross margin; (iv) operating expenses as a percentage of revenue; (v) EBITDA margin; (vi) free cash flow; (vii) revenue and profit per customer; and (viii) customer and revenue retention. We also monitor key operating and customer service metrics to improve customer service, maintain the quality of our network and reduce costs.

Results of Operations

The following table sets forth, for the periods indicated, certain financial data as a percentage of total revenues.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Revenues:				
Voice and data services	86.9%	86.8%	87.0%	86.8%
Wholesale	3.9%	4.2%	3.6%	4.1%
Access	5.5%	5.5%	5.8%	5.4%
Total network services	96.3%	96.5%	96.4%	96.3%
Other	3.7%	3.5%	3.6%	3.7%
Total revenues	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Network services	48.9%	47.4%	50.3%	47.9%
Other cost of revenues	2.1%	1.8%	1.9%	1.8%
Selling, general and administrative	34.2%	34.2%	34.0%	34.2%
Software development	0.2%	0.4%	0.3%	0.4%
Depreciation and amortization	13.6%	10.5%	14.6%	10.8%
Total operating expenses	99.0%	94.3%	101.1%	95.1%
Income (loss) from operations	1.0%	5.7%	(1.1%)	4.9%
Interest expense	(7.7%)	(8.6%)	(7.7%)	(8.3%)
Interest income	0.1%	0.0%	0.2%	0.0%
Other income (expense)	0.0%	0.0%	0.0%	0.0%
Loss before provision for income taxes	(6.6%)	(2.9%)	(8.6%)	(3.4%)
Provision for income taxes	(0.4%)	(0.3%)	(0.3%)	(0.3%)
Net loss	(7.0%)	(3.2%)	(8.9%)	(3.7%)

Key Components of Results of Operations

Revenues

Our revenues, as detailed in the table above, consist primarily of network services revenues, which consists primarily of voice and data managed and hosted services, wholesale services and access services. Voice and data services consist of local dial tone, long distance and data services, as well as managed and hosted services. Wholesale services consist of voice and data services, data collocation services and transport services. Access services, includes carrier access and reciprocal compensation revenue, which consists primarily of usage charges that we bill to other carriers to originate and terminate their calls from and to our customers. Network services revenues represents a predominantly recurring revenue stream linked to our retail and wholesale customers.

We generate approximately 87% of our revenues from retail end customer voice and data products and services. Revenue from end customer data includes T-1/T-3, integrated T-1 data and other managed services trending to an increasing percentage of our overall revenue even as voice revenues, predominately POTS and long distance services, remain the core of our revenue base. Data cabling, service installation and wiring and phone systems sales and installation also form a small but growing portion of our overall business. We continue to focus on data, managed and hosted services as growth opportunities as we expect the industry to trend toward lower usage components of legacy products such as long distance and local usage. This lower usage is primarily driven by trends toward customers using more online and wireless communications.

Cost of Revenues (exclusive of depreciation and amortization)

Our network services cost of revenues consist primarily of the cost of operating our network facilities. Determining our cost of revenues requires significant estimates. The network components for our facilities-based business include the cost of:

- leasing local loops and digital T-1 lines which connect our customers to our network;
- leasing high capacity digital lines that connect our switching equipment to our collocations;
- leasing high capacity digital lines that interconnect our network with the incumbent local exchange carriers;
- leasing space, power and terminal connections in the incumbent local exchange carrier central offices for collocating our equipment;
- signaling system network connectivity; and
- Internet transit and peering, which is the cost of delivering Internet traffic from our customers to the public Internet.

The costs to obtain local loops, digital T-1 lines and high capacity digital interoffice transport facilities from the incumbent local exchange carriers vary by carrier and by state and are regulated under federal and state laws. We do not anticipate any significant changes in Verizon local loop, digital T-1 line or high capacity digital interoffice transport facility rates in the near future. Except for our lit buildings, in virtually all areas, we obtain local loops, T-1 lines and interoffice transport capacity from the incumbent local exchange carriers. We obtain interoffice facilities from carriers other than the incumbent local exchange carriers, where possible, in order to lower costs and improve network redundancy; however, in most cases, the incumbent local exchange carriers are our only source for local loops and T-1 lines.

Our off-net network services cost of revenues consists of amounts we pay to Verizon and AT&T pursuant to our commercial agreements with them. Rates for such services are prescribed in the commercial agreements and available for the term of the agreements. Rates were subject to a surcharge that increased by a predetermined amount on each of the first, second and third anniversaries of the agreement term and is now fixed for the duration of the agreement term. The commercial agreements require certain minimum purchase obligations, which we have met in all of the years we were under the commercial agreements.

Our network services cost of revenues also includes the fees we pay for long distance, data and other services. We have entered into long-term wholesale purchasing agreements for these services. Some of the agreements contain significant termination penalties and/or minimum usage volume commitments. In the event we fail to meet minimum volume commitments, we may be obligated to pay underutilization charges. We do not anticipate having to pay any underutilization charges in the foreseeable future.

Table of Contents

Gross Profit (exclusive of depreciation and amortization)

Gross profit (exclusive of depreciation and amortization), as presented in this Management's Discussion and Analysis of Financial Condition and Results of Operations, represents income (loss) from operations, before depreciation and amortization, software development expenses and selling, general and administrative expenses. Gross profit (exclusive of depreciation and amortization), is a non-GAAP financial measure used by our management, together with financial measures prepared in accordance with GAAP such as revenue and cost of revenue, to assess our historical and prospective operating performance.

The following table sets forth, for the periods indicated, a reconciliation of gross profit (exclusive of depreciation and amortization), to income (loss) from operations as income (loss) from operations is calculated in accordance with GAAP:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Income (loss) from operations	$ 1,196	$ 6,699	$ (2,785)	$ 11,828
Depreciation and amortization	17,480	12,245	36,696	25,803
Software development	275	490	822	931
Selling, general and administrative	43,935	39,907	85,675	81,836
Gross profit (exclusive of depreciation and amortization)	$ 62,886	$ 59,341	$ 120,408	$ 120,398
Gross profit, as a percentage of revenue	49.0%	50.8%	47.8%	50.3%

Gross profit is a measure of the general efficiency of our network costs in comparison to our revenue. As we expense the current cost of our network against current period revenue, we use this measure as a tool to monitor our progress with regards to network optimization and other operating metrics.

Our management also uses gross profit to evaluate performance relative to that of our competitors. This financial measure permits a comparative assessment of operating performance, relative to our performance based on our GAAP results, while isolating the effects of certain items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. Our management believes that gross profit is a particularly useful comparative measure within our industry.

We provide information relating to our gross profit so that analysts, investors and other interested persons have the same data that management uses to assess our operating performance, which permits them to obtain a better understanding of our operating performance and to evaluate the efficacy of the methodology and information used by our management to evaluate and measure such performance on a standalone and a comparative basis.

Our gross profit may not be directly comparable to similarly titled measures reported by other companies due to differences in accounting policies and items excluded or included in the adjustments, which limits its usefulness as a comparative measure. In addition, gross profit has other limitations as an analytical financial measure. These limitations include the following:

- gross profit does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments to purchase capital equipment;
- gross profit does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, associated with our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will likely have to be replaced in the future, and gross profit does not reflect any cash requirements for such replacements; and
- gross profit does not reflect the SG&A expenses necessary to run our ongoing operations.

Our management compensates for these limitations by relying primarily on our GAAP results to evaluate its operating performance and by considering independently the economic effects of the foregoing items that are or are not reflected in gross profit. As a result of these limitations, gross profit should not be considered as an alternative to income (loss) from operations, as calculated in accordance with GAAP, as a measure of operating performance.

Selling, General and Administrative

SG&A is comprised primarily of salaries and related expenses, non-cash compensation, occupancy costs, sales and marketing expenses, commission expenses, bad debt expense, billing expenses, professional services expenses and insurance expenses.

Determining our allowance for doubtful accounts receivable requires significant estimates. In determining the proper level for the allowance we consider factors such as historical collections experience, the aging of the accounts receivable portfolio and economic conditions. We perform a credit review process on each new customer that involves reviewing the customer's current service provider bill and payment history, matching customers with national databases for delinquent customers and, in some cases, requesting credit reviews through Dun & Bradstreet Corporation.

Depreciation and Amortization

Our depreciation and amortization expense currently includes depreciation for network-related voice and data equipment, fiber, back-office systems, third-party conversion costs, internally developed software, furniture, fixtures, leasehold improvements, office equipment and computers and amortization of intangibles associated with mergers, acquisitions and software development costs.

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2009

Set forth below is a discussion and analysis of our results of operations for the three months ended June 30, 2008 and 2009.

The following table provides a comparison of components of our gross profit (exclusive of depreciation and amortization) for the three months ended June 30, 2008 and 2009:

	Three Months Ended June 30,				
	2008		2009		
	Amount	% of Total Revenues	Amount	% of Total Revenues	% Change
Revenues:					
Network services	$ 123,564	96.3%	$ 112,780	96.5%	(8.7%)
Other	4,749	3.7%	4,038	3.5%	(15.0%)
Total revenues	128,313	100.0%	116,818	100.0%	(9.0%)
Cost of revenues:					
Network services	62,768	48.9%	55,352	47.4%	(11.8%)
Other	2,659	2.1%	2,125	1.8%	(20.1%)
Total cost of revenues	65,427	51.0%	57,477	49.2%	(12.2%)
Gross profit:					
Network services	60,796	47.4%	57,428	49.1%	(5.5%)
Other	2,090	1.6%	1,913	1.7%	(8.5%)
Total gross profit	$ 62,886	49.0%	$ 59,341	50.8%	(5.6%)

Revenues

Revenues for the three months ended June 30, 2008 and 2009 were as follows:

	Three Months Ended June 30,				
	2008		2009		
	Amount	% of Total Revenues	Amount	% of Total Revenues	% Change
Revenues:					
Voice and data services	$ 111,417	86.9%	$ 101,526	86.8%	(8.9%)
Wholesale	5,035	3.9%	4,882	4.2%	(3.0%)
Access	7,112	5.5%	6,372	5.5%	(10.4%)
Total network services	123,564	96.3%	112,780	96.5%	(8.7%)
Other	4,749	3.7%	4,038	3.5%	(15.0%)
Total revenues	$ 128,313	100.0%	$ 116,818	100.0%	(9.0%)

Overall our revenues have declined 9.0% between 2008 and 2009. Revenues from voice services have decreased $10.4 million or 12.4% between 2008 and 2009. This decrease is due to increased line churn, lower usage revenue per customer, lower prices per unit for certain services and a lower number of lines and customers. Additionally, the voice service revenue decrease experienced during the current quarter has moderately accelerated over decreases experienced in previous quarters, which we attribute to the current economic conditions. This decrease has been slightly offset by an increased demand for our data, hosted and managed services. Our revenues from data services have increased by $1 million or 3.8% between 2008 and 2009. Our carrier access revenues have decreased primarily due to decreasing revenue from voice services, which reduces our revenues from access originations and terminations and reciprocal compensation. Our wholesale revenue from our T-1 and data products as well as from voice terminations showed only modest declines. Our other revenues, which include data cabling, service installation and wiring and phone systems sales and installation, have declined due to current economic conditions.

Cost of Revenues (exclusive of depreciation and amortization)

Cost of revenues were $57.5 million for the three months ended June 30, 2009, a decrease of 12.2% from $65.4 million for the same period in 2008 as we eliminated inefficiencies in our operating platforms. Our costs consist primarily of those incurred from other providers and those incurred from the cost of our network. Costs where we purchased services or products from third party providers comprised $51.7 million, or 79.0% of our total cost of revenues for the three months ended June 30, 2008 and $45.2 million, or 78.7% in the three months ended June 30, 2009. The most significant components of our costs purchased from third party providers consist of costs related to our Verizon wholesale advantage contract (formerly UNE-P), UNE-L and T-1 costs, which totaled $13.6 million, $6.4 million and $13.6 million, respectively, for the three months ended June 30, 2008. Combined these costs decreased by 7.4% between 2008 and 2009. These costs totaled $11.3 million, $6.3 million and $13.5 million, respectively, for the three months ended June 30, 2009. We have experienced a decrease in costs where we purchased services or products from third parties as a percentage of total cost of revenues primarily due to our effective migration of lines to lower cost platforms.

Gross Profit (exclusive of depreciation and amortization)

Gross profit was $59.3 million for the three months ended June 30, 2009, a decrease of 5.6% from $62.9 million for the same period in 2008. As a percentage of revenues gross profit increased to 50.8% in 2009 from 49.0% in 2008. The increase in gross profit as a percentage of revenues is primarily due to lower costs resulting from provisioning more lines from resale and unbundled network platform to on-net. We are focusing sales initiatives towards increasing the amount of data and integrated T-1 lines sold, as we believe that these initiatives will produce incrementally higher margins than those currently reported from POTS services. In addition, as we continue to drive additional cost saving initiatives, including provisioning customers to our on-net facilities, identifying additional inaccuracies in billing from existing carriers, renegotiating existing agreements and executing new agreements with additional interexchange carriers, we believe that our gross profit will improve.

Selling, General and Administrative

SG&A expenses were $39.9 million, 34.2% of revenues, for the three months ended June 30, 2009, a decrease of 9.1% from $43.9 million, 34.2% of revenues, for the same period in 2008. This decrease is primarily due to decreased employee costs of $1.6 million, decreased professional fees of $0.5 million and decreased commission expenses of $1.6 million between 2008 and 2009. We continue to look for additional cost savings in various categories throughout the organization.

Depreciation and Amortization

Depreciation and amortization costs were $12.2 million for the three months ended June 30, 2009, a decrease of 30.3% from $17.5 million for the same period in 2008. This decrease in depreciation and amortization expense was due to fully amortizing some of our acquired customer base intangible assets during 2008. Amortization expense included in our results of operations for customer base intangible assets for the three months ended June 30, 2009 was $3.7 million, a decrease of $5.6 million from $9.3 million included in our results of operations during the same period in 2008.

Interest

Interest expense was $10.1 million for the three months ended June 30, 2009, an increase of 2.0% from $9.9 million for the same period in 2008. The increase was primarily due to having a higher average outstanding debt balance for the three months ended June 30, 2009 compared to 2008. The higher average debt balance is due to the outstanding borrowings on our revolving credit facility. Our effective annual interest rates for the three months ended June 30, 2008 and 2009 is as follows:

	Three Months Ended June 30,	
	2008	2009
Interest expense	$ 9,927	$ 10,124
Weighted average debt outstanding	$ 309,048	$ 331,054
Effective annual interest rate	12.85%	12.23%

Net Loss

Net loss was $3.8 million for the three months ended June 30, 2009, a decrease of 57.8% from the net loss of $9.0 million for the same period in 2008. The decrease in net loss is a result of the factors discussed above.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2009

Set forth below is a discussion and analysis of our results of operations for the six months ended June 30, 2008 and 2009.

The following table provides a comparison of components of our gross profit (exclusive of depreciation and amortization) for the six months ended June 30, 2008 and 2009:

	Six Months Ended June 30,				
	2008		2009		
	Amount	% of Total Revenues	Amount	% of Total Revenues	% Change
Revenues:					
Network services	$ 242,887	96.4%	$ 230,601	96.3%	(5.1%)
Other	8,969	3.6%	8,925	3.7%	(0.5%)
Total revenues	251,856	100.0%	239,526	100.0%	(4.9%)
Cost of revenues:					
Network services	126,564	50.3%	114,720	47.9%	(9.4%)
Other	4,884	1.9%	4,408	1.8%	(9.7%)
Total cost of revenues	131,448	52.2%	119,128	49.7%	(9.4%)
Gross profit:					
Network services	116,323	46.1%	115,881	48.4%	(0.4%)
Other	4,085	1.7%	4,517	1.9%	10.6%
Total gross profit	$ 120,408	47.8%	$ 120,398	50.3%	0.0%

Revenues

Revenues for the six months ended June 30, 2008 and 2009 were as follows:

	Six Months Ended June 30,				
	2008		2009		
	Amount	% of Total Revenues	Amount	% of Total Revenues	% Change
Revenues:					
Voice and data services	$ 219,376	87.0%	$ 207,706	86.8%	(5.3%)
Wholesale	9,017	3.6%	9,882	4.1%	9.6%
Access	14,494	5.8%	13,013	5.4%	(10.2%)
Total network services	242,887	96.4%	230,601	96.3%	(5.1%)
Other	8,969	3.6%	8,925	3.7%	(0.5%)
Total revenues	$ 251,856	100.0%	$ 239,526	100.0%	(4.9%)

Overall, our revenues have declined 4.9% between 2008 and 2009. Revenues from voice services have decreased $14.3 million or 8.6% between 2008 and 2009. This decrease is due to increased line churn, lower usage revenue per customer, lower prices per unit for certain services and a lower number of lines and customers. Additionally, the voice service revenue decrease experienced during the current quarter has moderately accelerated over decreases experienced in previous quarters, which we attribute to the current economic conditions. This decrease has been partially offset by an increased demand for our data, hosted and managed services. Our revenues from data services have increased by $3.7 million or 7.3% between 2008 and 2009. The decrease in our voice services have also been partially offset by higher revenue per customer due to the trend toward multiple products per customer and a focus on larger customers. Our carrier access revenues have decreased primarily due to decreasing revenue from voice services, which reduces our revenues from access originations and terminations and reciprocal compensation. Our wholesale revenue increased primarily as a result of organic growth of our T-1 and data products as well as from voice terminations. Our other revenues, which includes data cabling, service installation and wiring and phone systems sales and installation, remains virtually unchanged from the prior year.

Cost of Revenues (exclusive of depreciation and amortization)

Cost of revenues was $119.1 million for the six months ended June 30, 2009, a decrease of 9.4% from $131.4 million for the same period in 2008 as we eliminated inefficiencies in our operating platforms. Our costs consist primarily of those incurred from other providers and those incurred from the cost of our network. Costs where we purchased services or products from third-party providers comprised $103.8 million, or 79.0% of our total cost of revenues for the six months ended June 30, 2008 and $94.0 million, or 78.9% in the six months ended June 30, 2009. The most significant components of our costs purchased from third-party providers consist of costs related to our Verizon wholesale advantage contract (formerly UNE-P), UNE-L and T-1 costs, which totaled $26.8 million, $12.9 million and $27.6 million, respectively, for the six months ended June 30, 2008. Combined, these costs decreased by 5.3% between 2008 and 2009. These costs totaled $23.7 million, $12.9 million and $27.1 million, respectively, for the six months ended June 30, 2009. We have experienced a decrease in costs where we purchased services or products from third parties as a percentage of total cost of revenues primarily due to our effective migration of lines to lower cost platforms.

Gross Profit (exclusive of depreciation and amortization)

Gross profit was $120.4 million for the six months ended June 30, 2009, unchanged from $120.4 million for the same period in 2008. As a percentage of revenues gross profit increased to 50.3% in 2009 from 47.8% in 2008. The increase in gross profit as a percentage of revenues is primarily due to lower costs resulting from provisioning more lines from resale and unbundled network platform to on-net. We are focusing sales initiatives towards increasing the amount of data and integrated T-1 lines sold, as we believe that these initiatives will produce incrementally higher margins than those currently reported from POTS services. In addition, as we continue to drive additional cost saving initiatives, including provisioning customers to our on-net facilities, identifying additional inaccuracies in billing from existing carriers, renegotiating existing agreements and executing new agreements with additional interexchange carriers, we believe that our gross profit will improve.

Selling, General and Administrative

SG&A expenses were $81.8 million, 34.2% of revenues, for the six months ended June 30, 2009, a decrease of 4.6% from $85.7 million, 34.0% of revenues, for the same period in 2008. This decrease is primarily due to decreased employee costs of $1.4 million, decreased professional fees of $0.5 million, decreased commission expenses of $2.3 million and decreased use of outside consultants of $0.5 million between 2008 and 2009. These decreases were partially offset by increased bad debt expenses of $0.6 million from increased accounts receivable write-offs during the six months ended June 30, 2009. We continue to look for additional cost savings in various categories throughout the organization.

Depreciation and Amortization

Depreciation and amortization costs were $25.8 million for the six months ended June 30, 2009, a decrease of 29.7% from $36.7 million for the same period in 2008. This decrease in depreciation and amortization expense was due to fully amortizing some of our acquired customer base intangible assets during 2008. Amortization expense included in our results of operations for customer base intangible assets for the six months ended June 30, 2009 was $8.4 million, a decrease of $11.5 million from $19.9 million included in our results of operations during the same period in 2008.

Table of Contents

Interest

Interest expense was $20.1 million for the six months ended June 30, 2009, an increase of 3.1% from $19.5 million for the same period in 2008. The increase was primarily a result of having a higher average outstanding debt balance for the six months ended June 30, 2009 compared to 2008. The higher average debt balance is due to the outstanding borrowings on our revolving credit facility. Our effective annual interest rates for the six months ended June 30, 2008 and 2009 are as follows:

	Six Months Ended June 30,	
	2008	**2009**
Interest expense	$ 19,455	$ 20,101
Weighted average debt outstanding	$ 309,115	$ 331,747
Effective annual interest rate	12.59%	12.12%

Net Loss

Net loss was $8.9 million for the six months ended June 30, 2009, a decrease of 60.6% from the net loss of $22.6 million for the same period in 2008. The decrease in net loss is a result of the factors discussed above.

Off-Balance Sheet Arrangements

We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support, and we do not currently engage in hedging, research and development services, or other relationships that expose us to any liabilities that are not reflected on the face of our financial statements.

Liquidity and Capital Resources

Our principal sources of liquidity are cash from operations, our cash, cash equivalents and investments and access to undrawn portions of our $25.0 million credit facility and our capital lease line. Our short-term liquidity requirements consist of interest on our notes, capital expenditures and working capital. Our long-term liquidity requirements consist of the principal amount of our notes and our outstanding borrowings under our revolving credit facility. Based on our current level of operations and anticipated growth, we believe that our existing cash, cash equivalents and available borrowings under our credit facility will be sufficient to fund our operations and to service our notes for at least the next 12 months. Further, a significant majority of our planned capital expenditures are "success-based" expenditures, meaning that it is directly linked to new revenue, and if they are made, they will be made only when it is determined that they will directly lead to more profitable revenue. As of June 30, 2009, we have $7.0 million of capital lease obligations outstanding under our capital lease line. As of June 30, 2009, we had $22.5 million of outstanding borrowings under our revolving credit facility, all of which we have invested in U.S. Treasury notes. Additionally, we have used our credit facility to collateralize $1.3 million of outstanding letters of credit as of June 30, 2009. During July 2009, we withdrew an additional $1.0 million from our credit facility. Our cash and cash equivalents are being held in several large financial institutions, although most of our balances exceed the Federal Deposit Insurance Corporation insurance limits.

As of June 30, 2009, we required approximately $119.4 million in cash to service the interest due on our notes throughout the life of the notes. We may need to refinance all or a portion of our indebtedness, including the notes, at or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including the notes and our credit facility, on commercially reasonable terms or at all. However, we continuously evaluate and consider all financing opportunities. Any future acquisitions or other significant unplanned costs or cash requirements may also require that we raise additional funds through the issuance of debt or equity.

For information regarding our revolving credit facility and senior secured notes, see our Form 10-K for the year ended December 31, 2008.

Table of Contents

Disputes

During December 2008, we finalized a settlement with Verizon, which extinguished virtually all outstanding disputes between the parties as of March 31, 2008. The settlement included a comprehensive mutual release of any liability or potential liability between the parties effective as of that date. We nonetheless continue to be involved in a variety of disputes with multiple carrier vendors relating to billings of approximately $22.0 million as of June 30, 2009. We believe we have accrued an amount appropriate to settle all remaining disputed charges. However, it is possible that the actual settlement of any remaining disputes may differ from our reserves and that we may settle at amounts greater than the estimates. We have sufficient cash on hand to fund any differences between our expected and actual settlement amounts.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2009

Cash Flows from Operating Activities

Cash provided by operating activities was $11.6 million for the six months ended June 30, 2008, compared to cash provided by operating activities of $14.9 million for 2009. During the six months ended June 30, 2009 and 2008, we paid $17.1 million in interest expense on our notes. The change in cash provided by operations was due to the improvement in our income from operations partially offset by payments made in connection with our settlement with Verizon.

Cash Flows from Investing Activities

Cash used in investing activities was $22.5 million for the six months ended June 30, 2008, compared to cash used in investing activities of $13.8 million for 2009. The change in cash flow from investing activities was primarily due to decreased capital expenditures during the six months ended June 30, 2009.

Cash Flows from Financing Activities

Cash flows used in financing activities was $0.6 million for the six months ended June 30, 2008, compared to cash used in financing activities of $2.8 million for 2009. The change in cash flows from financing activities was primarily due to a reduced amount of borrowing from our capital lease line, offset by a $1.0 million repayment on our credit facility in the six months ended June 30, 2009 as compared to the same period in 2008.

New Accounting Standards

See Note 4 to this Item 1 for accounting standards that were issued since the filing of our Form 10-K for the year ended December 31, 2008. These new accounting standards are not expected to have a material impact on our financial position, results of operations or liquidity.

Application of Critical Accounting Policies and Estimates

The preparation of the condensed consolidated financial statements in accordance with GAAP requires us to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. We use historical experience and all available information to make these judgments and estimates and actual results could differ from those estimates and assumptions that are used to prepare our financial statements at any given time. Despite these inherent limitations, management believes that Management's Discussion and Analysis of Financial Condition and Results of Operations and the accompanying condensed consolidated financial statements and footnotes provide a meaningful and fair perspective of our financial condition and operating results for the current period. For more information, see our Form 10-K for the year ended December 31, 2008.

Other Matters

At June 30, 2009, we had NOL carryforwards for federal and state income tax purposes. The amount of such available NOL carryforwards which may be available to offset future taxable income was approximately $141.6 million. The Company has provided a full valuation allowance against the net deferred tax assets as of June 30, 2009 because management does not believe it is more likely than not that this asset will be realized.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, our financial position is subject to a variety of risks, such as the collectability of our accounts receivable and the recoverability of the carrying values of our long-term assets. Our long-term obligations consist primarily of long-term debt with fixed interest rates. We are not exposed to market risks from changes in foreign currency exchange rates or commodity prices. We do not hold any derivative financial instruments nor do we hold any securities for trading or speculative purposes.

We continually monitor the collectability of our accounts receivable and although our write-offs have increased during the six months ended June 30, 2009, we have not noted any significant changes in our collections as a result of the current economic and market conditions. We believe that our allowance for doubtful accounts is adequate as of June 30, 2009. Should the market conditions continue to worsen or should our customers' ability to pay decrease, we may be required to increase our allowance for doubtful accounts, which would result in a charge to our SG&A expenses.

Our 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. Substantially all of our cash flows are derived from our operations within the United States and we are not subject to market risk associated with changes in foreign exchange rates.

Our investment securities are classified as available for sale, and consequently, are recorded on the balance sheet at fair value with unrealized gains and losses reflected in stockholders' deficiency. Our investment securities are comprised solely of short-term U.S. Treasury notes with original maturity dates of three or six months. These investment securities, like all fixed income instruments, are subject to interest rate risk and will fall in value if market interest rates increase.

The fair value of our 11 3/8% senior secured notes due 2012 was approximately $237 million at June 30, 2009. Our senior secured notes, like all fixed rate securities are subject to interest rate risk and will fall in value if market interest rates increase.

The fair value of the long-term debt outstanding under our Revolving Credit Facility approximates its carrying value of $22.5 million due to its variable interest rate. A change in interest rates of 100 basis points would change our interest expense by $225 on an annual basis.

Item 4T. Controls and Procedures

Evaluation of Disclosure 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, 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 management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In 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.

As required by SEC Rule 15d-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2009. For information regarding the Company's internal control over financial reporting, see our Form 10-K for the year ended December 31, 2008.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are currently a party to several legal actions. AT&T Communications of New York, Inc. and Teleport Communications Group, Inc. commenced an action against us in the U.S. District Court for the Southern District of New York in March, 2008. Plaintiffs seek monetary relief, including recovery of amounts billed for switched access service. This matter has been referred to the New York Public Service Commission.

We are also a party to certain legal actions and regulatory investigations and enforcement proceedings arising in the ordinary course of business. We do not believe that the ultimate outcome of any of the foregoing actions will result in any liability that would have a material adverse effect on our financial condition, results of operations or cash flows. We are involved in certain billing and contractual disputes with our vendors.

For more information, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Form 10-K for the year ended December 31, 2008.

Item 1A. Risk Factors

The CIT Group/Business Credit, Inc. ("CIT"), one of our lenders under our credit facility has recently faced significant challenges, which threaten its financial viability. The amount of our credit facility may be negatively impacted if CIT is unable to satisfy its obligations under the credit facility, or if any of our other lenders under the credit facility suffer similar liquidity issues. In such an event, we may not be able to draw on any of the amounts available under our credit facility, or a substantial portion thereof. Our management is closely monitoring the situation. However, it is unknown at the present time what impact, if any, CIT's bankruptcy filing would have on us.

Other than the risk factor noted above, there have been no material changes in our risk factors from those set forth in our Form 10-K for the year ended December 31, 2008, which should be read in conjunction with this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

The following exhibits are filed herewith:

Exhibit No.	Description
31.1	Certification of the Company's Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Company's Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 7, 2009.

BROADVIEW NETWORKS HOLDINGS, INC.

By: /s/ MICHAEL K. ROBINSON
Name: Michael K. Robinson
Title: Chief Executive Officer,
President and Assistant Treasurer

By: /s/ COREY RINKER
Name: Corey Rinker
Title: Chief Financial Officer,
Treasurer and Assistant Secretary

Table of Contents

EXHIBIT INDEX

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32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT C

Management/Technical Qualifications
Of
Broadview Networks, Inc.

Broadview Networks, Inc., will not have officers or directors physically located within the State of Utah. The following individuals, who direct the business of Applicant from Broadview's main headquarters, 800 Westchester Avenue, Suite N-501, Rye Brook, NY 10573, will also direct Applicant's Colorado operations:

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

Professional biographies of members of Broadview's executive team immediately follow.

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 15 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, biling, 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, ant 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 30-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. Shulman is also responsible for the Company's patented integrated provisioning, billing and CRM systems, software and IT infrastructure. Mr. Shulman has 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 D

Telecommunications Certifications
Of
Broadview Networks, Inc.

Broadview Networks, 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. Broadview is also certified, or otherwise authorized to provide interexchange long distance telecommunications services throughout the contiguous United States.

Additionally, Broadview has authority to provide local exchange telecommunications services in California, Connecticut, the District of Columbia, Delaware, Florida, Georgia, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia and Washington.