

thereof. However, MFS and WorldCom, Inc. are continuing to evaluate alternative structures for the transaction and the implications of those structures and, upon mutual agreement, could modify the structure in a way which might result in the holders of MFS notes not having the right to require repurchase of those notes.

Closing Expected in Four to Eight Months

The parties hope to complete the merger within four to eight months. Consummation of the merger is subject to typical conditions including approval of the stockholders of each of the companies, Hart-Scott-Rodino clearance and approval of the Federal Communications Commission and various state regulatory authorities.

The merger agreement provides for options on the part of each company to purchase a number of shares of the other (equal to approximately 20 percent of the outstanding shares) under certain circumstances and also provides for the payment of fees and the provision of communication services in the event of termination of the merger agreement under certain circumstances.

Uncertainties Relating To Forward Looking Statements

This press release contains forward looking statements that involve risks and uncertainties, including the satisfaction of the conditions to the transaction and the successful integration of WorldCom, Inc. and MFS, competitive and regulatory risk associated with the telecommunications and Internet industries, and other risks detailed from time to time in the SEC reports filed by WorldCom, Inc. and MFS, including the report on Form 10-K filed by WorldCom, Inc. for the year ending December 31, 1995, and the report on Form 10-K filed by MFS for the year ended December 31, 1995. Actual results, events and performance may differ materially.

Company Descriptions

Headquartered in Jackson, Mississippi, WorldCom, Inc. is one of the largest long distance telecommunications companies in the United States, offering domestic and international voice, data and video products and services to business customers, other carriers and the residential market. The company operates a nationwide digital fiber optic network and has worldwide network capacity. The common shares of WorldCom, Inc. trade on the Nasdaq Stock Market under the symbol WCOM.

MFS is a leading provider of communication services for business and government. Through its operating company subsidiaries, MFS provides one-stop shopping for integrated local and long-distance services as well as a wide range of high quality voice, data and other enhanced services and systems specifically designed to meet the requirements of business and government customers. MFS' common stock is traded on the Nasdaq Stock Market under the symbol MFST. MFS is headquartered in Omaha, Nebraska.

Recently merged with MFS, UUNET is a leading national and international provider of a comprehensive range of Internet access options, applications, security products and consulting services to businesses, professionals, and on-line service providers. UUNET is recognized as the first commercial Internet Service Provider. SOURCE MFS Communications Company, Inc.

NOTE TO EDITORS:

Summary of Significant Terms Tax-Free Merger of MFS and WorldCom, Inc.

MFS ANNOUNCES NEW INITIATIVES

Moves Aimed At Capitalizing on Telecom Act and New Internet Technologies

Omaha, Nebraska, May 7, 1996 - MFS Communications Company, Inc. (MFS) today announced that it plans to undertake a series of initiatives designed to position the Company to take advantage of opportunities created by changes in telecommunications laws and the rapid development of Internet-based communications networks.

"We believe that a shift in the nature of communications is occurring which is as fundamental as the change from telegraph to telephone," said James Q. Crowe, Chairman and Chief Executive Officer of MFS. "Internet-based technology makes it possible to communicate in whole new ways, and at far lower cost than was previously possible. We further believe that the pending UUNET merger -- which combines their acknowledged expertise in Internet-based business communications with the tremendous capacity of MFS' optical fiber transmission network -- uniquely positions the merged company to benefit from this communications revolution."

Recent regulatory and legislative changes, as well as the shift to Internet technology, have created a number of new opportunities for the Company. The Telecommunications Act of 1996 requires incumbent local phone companies to enter into pro-competitive arrangements with MFS throughout the United States. International regulatory reforms, particularly in Western Europe, are accelerating and will enable the Company to compete as a facilities-based service provider more quickly than previously anticipated.

In response to these new opportunities, the Company intends to undertake certain initiatives which involve increasing the number of cities served, expanding its networks in existing cities, constructing or acquiring its own intercity high capacity network, accelerating central office interconnection, deployment of additional switches, and providing high-speed local Internet access.

Construction and Expansion of Networks

The Company plans to expand the number of U.S. cities served to approximately 85 over the next two to four years. This number is up from the previously planned target of approximately 65 cities, 45 of which are currently in operation or under active development. In addition, the Company plans to construct approximately 35 major expansions to existing city networks. Taken together with the aforementioned regulatory changes, MFS believes that upon completion these initiatives will enable the Company to sell its services to approximately 70% of the U.S. business market.

The Company also intends to increase the number of international financial centers served to 45, up from the previously planned 25 cities, seven of which are currently operational or under development. A number of the cities are expected to be developed in Asian countries where regulatory reform has created new opportunities to serve the needs of communications intensive business customers. The pace of international city development is dependent on a number of factors including the speed of regulatory reform.

Intercity High Capacity Network

The Company currently leases U.S. and international long distance connections from other providers, the cost of which represents a significant portion of the Company's network expense. The Company intends to build or acquire its own U.S. and international intercity and transoceanic fiber optic networks, to be deployed over a two to four year period. In accordance with this strategy, MFS has begun construction

of intercity connections along the Eastern seaboard with the intent of linking the Company's city networks from Washington, D.C. to Boston. Deployment of intercity networks with high speed SONET (or internationally, the equivalent SDH standard) equipment is expected to lower the cost of long distance connections and, in combination with MFS' high capacity local networks, enable it to provide a range of new Internet-related services, including, over time, high quality voice and video communications service.

Central Office Interconnection and Switch Deployment

The Telecommunications Act of 1996 mandates that local exchange carriers throughout the country enter into arrangements with competitors such as MFS for central office collocation and unbundling of local services. The Company believes that implementation of these pro-competitive policies creates a unique opportunity to provide a full range of local and long distance services through interconnection with local exchange carriers. The Company has notified 21 local exchange carriers of its intention to enter into collocation agreements in specific MFS cities and has dedicated approximately 100 employees to the task of negotiating and implementing such arrangements. The Company plans to interconnect at LEC central offices in all its network cities and plans to deploy approximately 25 additional local switches over the 25 previously planned.

Internet Opportunities

On April 30, 1996, the Company and UUNET Technologies, Inc. jointly announced the execution of a merger agreement. MFS believes that the combined company will be in a strong position to offer a broad range of services based on Internet technologies.

In the U.S., the acceleration of central office interconnection arrangements and the availability of unbundled local loops is expected to enable the Company to offer a variety of higher speed local Internet access services based on ISDN (Integrated Service Digital Network) technology and, in the future, on such technologies as ADSL (Asymmetric Digital Subscriber Loop). In addition, the Company plans to significantly expand its existing "Internet Hotel" space (i.e., facilities space specifically created to allow Internet Service Providers, Web Page Hosting Service Providers and others to collocate with and utilize the network services of the Company). Internationally, the Company intends to pursue a range of new initiatives similar to those planned for the U.S. as regulatory reform and other factors allow, and to expand its "Internet Hotel" space and international transport service in both Europe and Asia.

MFS believes these initiatives together with UUNET's 255 U.S. and 288 international points of presence will uniquely position the combined company to benefit from the rapid growth in demand for Internet-related services.

Financial Flexibility

Specific expenditures for the initiatives announced today are subject to the Company's review of a number of factors including cost of any additional capital required, technological developments and market conditions. In addition, each initiative may be implemented in whole or in part, and independently of any other initiative, ensuring that the Company retains maximum financial and operating flexibility.

The Company anticipates that implementation of these initiatives will result in an increase in annual capital expenditures of approximately \$500 million which, together with currently anticipated expenditures, is expected to bring total capital expenditures to approximately \$1 billion per year over the period of implementation.

MFS SIGNS CO-CARRIER INTERCONNECTION AGREEMENT WITH BELL ATLANTIC Company Requests Formal Arbitration Over Pricing of Unbundled Local Loops

OMAHA, NEB., July 17, 1996 -- MFS Communications Company, Inc. (MFS) announced today that -- in line with the pro-competitive provisions of the Telecommunications Act of 1996 -- it has entered into a local telephone service co-carrier interconnection agreements with Bell Atlantic, covering Delaware, the District of Columbia, Maryland, New Jersey, Pennsylvania and Virginia.

This is the first interconnection agreement that MFS has signed with Bell Atlantic. It follows on the heels of MFS' interconnection agreements with Ameritech and NYNEX and is based on the same MFS contract templates from which those agreements were developed.

"This agreement gives MFS the opportunity to accelerate its provision of competitive local telephone services and, at the same time, with more favorable economic and technical terms and conditions," said James Q. Crowe, chairman and chief executive officer of MFS. "Instead of having to wait for the state commissions to set interim arrangements, we are now able to aggressively get into these markets and offer business customers a competitive choice."

Under the Telecommunications Act of 1996, many of the new rights enjoyed by the Regional Bell Operating Companies (RBOCs) are contingent upon their ability to create an environment allowing economically efficient competition in their local markets. The Act mandates a specific 14 point co-carrier "checklist" that defines various pro-competitive actions that RBOCs must take before being allowed to provide inter-LATA long-distance service within their own service territories.

The Bell Atlantic agreement covers all the aspects of the checklist, except the pricing of unbundled local loops. The two companies could not come to agreement on the pricing of unbundled local loops, therefore, MFS will file a request for arbitration over this issue.

Elements of the Agreement

The MFS/Bell Atlantic agreement builds on MFS' practical experience of providing local services in other markets and addresses the myriad complex procedures necessary to effect local competition and the interconnection of the two companies' networks. Included in the agreement are provisions providing for:

- Interconnection at any technically feasible point within Bell Atlantic's network, equal in quality to what it provides to itself or to affiliates, including via a dual fiber optic SONET network connection.
- Exchange of all local traffic at a fully reciprocal and identical \$.009 rate per minute, regardless of the point of interconnection.
- Receipt by MFS of terminating access charges for long-distance calls made to its customers, including residual interconnection charges and full "pass through" to MFS of such compensation on number portable calls.
- Interim number portability arrangements to allow customers to keep their telephone numbers when they switch carriers.
- Nondiscriminatory access to 911 and emergency 911 services; directory assistance services to allow MFS' customers to obtain telephone numbers; operator call completion services and white pages directory listings for MFS' customers.
- Access to the poles, ducts, conduits and rights-of-way owned or controlled by Bell Atlantic at just, reasonable and nondiscriminatory rates.

MFS NOW OFFERING LOCAL TELEPHONE SERVICES OVER ITS OWN FIBER NETWORK IN BALTIMORE

BALTIMORE, M.D., April 1, 1996 -- MFS Communications Company, Inc. (MFS) announced today that it is now offering a full range of local, facilities-based telephone services over its 100-route-mile, fiber-optic network in the greater Baltimore area.

"We're committed to delivering personalized customer service and tailored communications solutions, supported by our reliable state-of-the-art network facilities, to Baltimore-area companies of all sizes," said Royce J. Holland, president of MFS. "Our customers rely on us to be the single point-of-contact for their telecommunications needs. This allows them to focus on what they do best -- growing their businesses."

MFS Intelenet, Inc., an operating unit of MFS, has been providing resale-type local telephone services to a sizable customer base in Baltimore since 1993, and greatly expands its presence in downtown Baltimore, the surrounding suburbs and suburban Maryland with this end-to-end service offering over MFS' network. The company's first facilities-based customers are already installed and taking advantage of the benefits of competition, such as lower costs and reliable, state-of-the-art facilities. MFS Intelenet offers one-stop shopping for communications services to medium and small businesses. It provides local telephone service, domestic and international long-distance service and a variety of enhanced services -- voice mail, calling card, 800/888 number services, customized billing and management reports.

Since 1989, MFS Telecom, Inc., another operating unit of MFS, has been serving business and government customers in Baltimore by providing critical fiber links directly from a customer's location to long-distance carriers or to other customer locations. Now, MFS Telecom is also offering its customers local telephone services over MFS' fiber-optic network.

MFS is a leading provider of communication services for business and government. The Company provides one-stop shopping for integrated local and long-distance services as well as a wide range of high-quality voice, data and other enhanced services and systems specifically designed to meet the requirements of business and government customers. MFS' common stock is traded on Nasdaq under the symbol MFST. MFS is headquartered in Omaha, Nebraska.

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MFS GRANTED FULL COMPETITIVE LOCAL TELEPHONE EXCHANGE SERVICE AUTHORITY IN WASHINGTON, D.C.

OMAHA, NEB., July 30, 1996 -- MFS Communications Company, Inc. (MFS) announced today that it is has been granted authority by the District of Columbia Public Service Commission (DCPSC) to provide a full range of local, facilities-based telephone services in the District of Columbia. MFS' fiber-optic network is 500-route-miles, covering the District of Columbia and parts of Northern Virginia and suburban Maryland.

MFS is the first facilities-based competitor and the first company to be granted full local exchange service authority in Washington, D.C. This authority will allow MFS to expand its existing local and long distance services. The Company has been providing limited private line and special access communication services to businesses in the District since 1991.

The DCPSC's decision follows three months after MFS' April 29th petition to the Federal Communications Commission (FCC). In its petition, MFS asked the FCC to override the District of Columbia's inaction on MFS' efforts to offer local switched services and otherwise expand its telecommunications services in the District. MFS had two applications for Certificates of Public Convenience and Necessity pending with the DCPSC for several years, one filed in 1989 regarding private line service, and one filed in 1994 regarding switched services.

"We are pleased that the DCPSC has granted our applications so that our customers in the District can reap the full benefits of competition, similar to those in the neighboring states of Maryland and Virginia," said Royce J. Holland, president of MFS.

"We're committed to delivering personalized customer service and tailored communications solutions, supported by our reliable state-of-the-art network facilities, to Washington, D.C.-area companies of all sizes," said Holland. "Our customers rely on us to be the single point-of-contact for their telecommunications needs. This allows them to focus on what they do best -- growing their business."

MFS is a leading provider of communication services for business and government. Through its operating company subsidiaries, MFS provides one-stop shopping for integrated local and long-distance services as well as a wide range of high-quality voice, data and other enhanced services and systems specifically designed to meet the requirements of business and government customers. The Company is headquartered in Omaha, Nebraska. Its World Wide Web address is <http://www.mfst.com>. MFS' common stock is traded on the Nasdaq National Market under the symbol MFST.

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By virtually any measure, 1995 was a strong year for MFS.

In 1995 . . .

- We continued our aggressive growth—more than doubling our revenue over the prior year, as we have every year since we went public.
- We began offering services over our networks in 16 new cities including Frankfurt, Paris and Stockholm, as we continued to invest in the build—out of our international network platform—an increasingly valuable and unique strategic asset.
- We nearly doubled the number of fiber miles in our network platform and, importantly, more than doubled the number of buildings connected to our network.
- We continued to substantially pre-fund our capital requirements through a combination of debt, equity and financing arrangements totaling more than \$700 million in 1995.
- Our EBITDA margins bottomed out in the fourth quarter of 1994 and have steadily improved since then.
- We broadened our shareholder ownership when Peter Kiewit Sons', Inc. completed a spin-off of its MFS stock to over 1,300 of its shareholders.

And, in 1996, we haven't slowed down. We have begun offering service in two more key international financial centers, Zurich and Hong Kong. Equally important, we have continued to achieve success in the capital markets by successfully raising \$600 million through a bond offering in January. The capital will enable us to meet new customer demand for service—demand that has grown even faster than we anticipated.

And yet, as dramatic as our growth has been, the opportunities before us have grown even faster.

NETWORK DEVELOPMENT

At the beginning of 1995, we said we would accelerate the expansion of our network platform and anticipated seeing an 80 percent increase in the geographical reach of our individual networks within the cities in which we were already operating. The following statistics are indicators of our progress in achieving this goal.

First, we deployed 92,000 additional fiber miles in 1995. Fiber miles now total 199,000, an 85 percent increase over year-end 1994. Second, and perhaps more importantly, we also saw the number of buildings connected to our network increase by 108 percent. We are now connected to more than 5,700 buildings, which are on our network or accessed through interconnection with a local exchange carrier. This kind of rapid progress is the foundation of operating leverage, as we are better able to maximize the value of existing infrastructure and capabilities.

REVENUE GROWTH

The revenue increases in 1995 were based in large part on four fast-growing areas of our business:

One-Stop Shopping

Sales of combined local and long-distance service to medium and small businesses accounted for over half of our revenue in the calendar year. We expect this trend to continue, based on our ability to meet strong customer demand for a single-supplier option.

Special Access, Private Lines

Volume from special access and private lines (leased dedicated circuits) is up 67 percent as measured by equivalent voice grade circuits (see "Circuits In Service" on pg. 4). Typically, this product offering is sold to large corporations, which use the lines for long-distance access, private voice and data networking.

Internet-Related

Just over 25 percent of MFS incremental new sales are currently derived from Internet-related services. This business, which was practically non-existent at the beginning of 1995, has developed very quickly. Currently, MFS sells

service to Internet Service Providers (ISPs) which, in turn, market to end users and to corporations which connect to—and form a part of—the Internet.

International

In 1995, this was the fastest growing sector of our business. Like the United States, many nations are effecting regulatory changes that offer significant opportunities for competitive service providers. Having commenced service in several European cities in 1995, we expect to continue to move forward to our earlier stated goals of serving 25 financial centers, primarily in Western Europe, over the next few years.

PERFORMANCE-BASED COMPENSATION ALIGNS EMPLOYEE AND SHAREHOLDER INTERESTS

We have taken a number of steps to keep the interests of our directors and employees aligned with those of our shareholders.

- First, with our stockholders' approval, we've converted all of our directors' fees to stock-based compensation.
- Second, all of our employees are now participants in a stock ownership plan.
- Third, we have adopted, with shareholder approval, outperform stock options for our key executives. These options have value only to the extent that MFS' share price increases at a greater rate than the S&P 500.

REGULATORY REVOLUTION

The Telecommunications Act of 1996 became law in February. We believe we are well positioned to benefit from the sweeping changes which will flow from this historic legislation.

Impact on MFS

The exact provisions of this new statute are covered elsewhere in this report. We would, however, like to address two areas of particular interest to you as shareholders of MFS—the law's effects on MFS' revenues and costs.

We anticipate a positive impact on revenues. We should be able to offer our services over a greater geographic area than we would have otherwise, because federal regulation now mandates interconnection and unbundling. We will be able to reach customers throughout any area we choose to serve—even those not physically connected to our own network—by buying piece parts from the incumbent local phone company and using those parts in conjunction with our own facilities.

In theory, prior to passage of the law, we had such rights in roughly half the states. The federal law extends these to every market and gives the incumbent local phone companies a powerful incentive—the right to offer long-distance services—if they cooperate with companies like MFS to create a competitive marketplace. The substantial increase in available market means potentially greater sales for MFS.

Just as important is the effect the federal regulations should have on our costs. We will now receive payment for local phone calls made to our customers from off our network. Second, we will now be paid for long-distance calls that are made to our customers, receiving our fair share of the \$15–\$18 billion paid by long-distance companies to local phone companies for access to the local carrier's network. Both of these payments are accounted for as a reduction in cost. Third, we expect to see lowered costs for such key items as number portability, white and yellow page listings for our customers, 911 services and more. Finally, the new framework gives us an opportunity to reexamine our right-of-way costs, pole attachment fees and franchising costs to make sure that we have parity across the board with the incumbent local phone company.

SUMMARY

During 1995, we've seen increasing evidence that the strategy we've been pursuing over the last several years is the right one.

For the last seven years we've been building networks. It is now clear that those are the right assets, at the right place, at the right time.

This last year, we've seen clear evidence of our ability to sell services over those networks. In particular, we've seen that MFS' early move toward combin-

ing local and long-distance—something we started three years ago—is the right strategy.

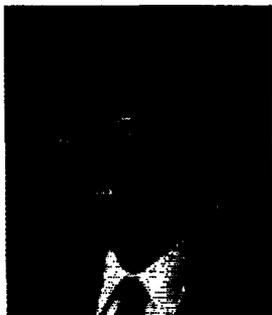
We believe that we will see continuing strong results in the quarters ahead. Those results will get a clear boost, over time, from the sweeping regulatory change that is occurring worldwide—particularly from implementation of the Telecommunications Act of 1996.

Our results, to date, are due in no small part to our ability to capitalize on opportunities resulting from change. We believe change will continue and, in fact, accelerate—creating whole new opportunities that play to our strengths.

In closing, we want to express our gratitude to our shareholders who have given us so much support and to our employees who have contributed so much hard work and energy. On behalf of management and our board, thank for your commitment and enthusiasm.



James Q. Crowe
James Q. Crowe
 Chairman and Chief
 Executive Officer



Royce J. Holland
Royce J. Holland
 President and Chief
 Operating Officer



R. Douglas Bradbury
R. Douglas Bradbury
 Executive Vice President
 and Chief Financial Officer

LOCAL COMPETITION

Other Local Competitors

Teleport Communications Group (TCG) set to build on its position as oldest and most experienced competitive local telecommunications provider. (TCG fact sheet).

LCI International seeks to provide local service on a resale basis, positioning itself aggressively in the new competitive landscape. (LCI news release, 3/27/96).

American Communications Services, Inc. (ACSI) announces construction of telecom networks in four new markets, bringing to 24 the number of networks the company currently has in service or under construction. (ACSI news release, 6/26/96).

TCG Fact Sheet

TELEPORT COMMUNICATIONS GROUP (TCG)

FACT SHEET

WHO:

Teleport Communications Group (TCG) is the nation's oldest and most experienced competitive local telecommunications provider for businesses and long distance carriers. Our network currently encompasses more than 5,000 route miles throughout 47 major markets. Each TCG network is structured to meet the requirements of the business community it serves through a unique combination of technology, innovation and local management.

TCG is owned by four of the nation's largest cable television companies: Cox Communications, Inc., Tele-Communications, Inc., Comcast Corporation and Continental Cablevision.

WHAT:

Advanced fiber optic networks for the transmission of voice, video and data; monitored 24 hours a day, seven days a week for unmatched reliability and accuracy; providing a family of innovative services to meet our customers' requirements:

- * Teleport DS3: (45 Mbps) A cost-effective option for high-capacity requirements
- * Teleport DS1: (1.544 Mbps) Our standard digital interface
- * Teleport DS1E: (2.048 Mbps) International-standard transmission rate
- * Teleport DS0: The exact bandwidth users need in multiples ranging from 2.4 to 64 Kbps.
- * Enhanced Local Switched Services: TCG provides facilities management services under two product lines. Teleport Centrexsm delivers telephone service with analog, digital or Integrated Services Digital Network (ISDN) functionality. TeleXpress® delivers local and regional calling diversity for PBX users. TCG currently operates digital switches in Baltimore, Boston, Chicago, Dallas, Detroit, Houston, Hartford, Los Angeles, Miami, Milwaukee, New York, Pittsburgh, San Diego, San Francisco and Seattle.
- * Payphone Service: TCG officially entered the public payphone market in January 1993. Following a year-long trial, TCG was awarded the contract to be the primary provider of public payphone service for all Port Authority of New York & New Jersey properties, including the three major metropolitan area airports, World Trade Center and area bridges, tunnels and piers. Our payphone service is unique in that TCG provides full service: the phone unit, the inside wiring, switching functionality, maintenance and customer service.
- * OMNILINKsm, an Optical Carrier (OC) access product providing dedicated OC3 and OC12 SONET capability on a redundant ring architecture between or among multiple customer premises and TCG nodes.

*** Switched Data Services:** A comprehensive family of LAN, MAN and WAN services based on an Asynchronous Transfer Mode (ATM) and SONET backbone. TCG Switching Services offer customers a variety of advanced, high-speed data communications services. This infrastructure offers users their platform of choice for interconnecting data traffic at rates ranging from 9.6 Kbps to 2.4 Gbps. TCG Switched Data Services consist of Ethernet, Token Ring, FDDI, Frame Relay and native ATM. They are transported over an ATM/SONET backbone and are based on state-of-the-art architecture which automatically formats all services in ATM cells.

WHEN:

Teleport Communications-New York, the flagship operation for TCG, was formed in 1984 and one year later began providing private line and other dedicated access services. TCG was formed in 1987 as the umbrella organization to manage our nationwide expansion.

WHERE:

*** New York:** In operation since 1984, TCG's New York network has grown to more than 500 route miles, serving customers throughout the greater metropolitan area, including New Jersey, Long Island and White Plains in Westchester County. In July, 1994, TCG received the authority to operate as "The *Other* Local Phone Company" in New York, providing local calling service to businesses within the New York metropolitan area.

*** Boston:** Formed in 1988, the Boston fiber optic network reaches over 440 miles and runs throughout Norfolk, Essex, Suffolk and Worcester counties.

*** San Francisco:** Formed in 1989, the San Francisco network now consists of more than 337 route miles and 83 buildings to serve the international banking, trade, and financial services industries, among others. The network runs throughout downtown San Francisco and rings the Bay, offering services in San Jose and Oakland, as well as into Napa and Sonoma counties.

*** Chicago:** Begun in 1990, the 360 mile network, initially serving the downtown "Loop", is TCG's first SONET-capable (Synchronous Optical Network) operation. TCG is also the first non-telco local carrier in Illinois to receive permission to operate by the Illinois Commerce Commission. The network now extends through the Chicago metropolitan area, and from Waukegan in the north, west to Arlington Heights, southwest to Oakbrook and to the Midway Airport area in the south. In September, 1994, TCG's Chicago operation received permission from the ICC to operate as "The *Other* Local Phone Company" in the Chicago area, providing end-to-end local calling services on TCG's fiber optic network.

*** Houston:** Also opened in 1990, the Houston network began development of a seven-mile system in the heart of the city's Financial District and has expanded to reach more than 322 miles, connecting the Brookhollow, Greenspoint, Energy Corridor, Westchase, The Galleria and Greenway Plaza areas. TCG-Houston became SONET capable in mid-1992, and in early 1996 received authority from the Texas Public Utility Commission to operate as a full service local exchange carrier.

*** Los Angeles:** Formed in 1990, the network now consists of more than 350 route miles of fiber spanning the city's downtown area as well as business centers and communities throughout Orange County. Some of the growing communities we serve are Anaheim, Beverly Hills, Burbank, Culver City, El Segundo, Glendale, Hollywood, Irvine, Long Beach, Pasadena, Santa Monica and Sherman Oaks.

* **Dallas:** Operational since 1991, the Dallas network covers 390 miles of network fiber build, encompassing all of the Dallas central business district, extending up the Stemmons Corridor into Irving, Texas, to serve the prestigious business areas of Las Colinas and Royal Tech Park. The network also extends northward into the Galleria Area, serving the northern most part of Dallas and the cities of Farmers Branch, Carrollton and Addison. From the Galleria Hub, where the DMS-100, digital switch is located, a loop extends into the Park Central business area. Further loops have been constructed to serve the Telecom Corridor in Richardson, Texas, and northward into Plano, Texas, to serve Legacy Park businesses.

* **Milwaukee:** In the fall of 1994, TCG Milwaukee became the first competitive local telecommunications carrier in Wisconsin, and quickly doubled route miles as the network expanded to serve Brown Deer, West Allis, New Berlin, Brookfield, and more recently north to Racine and Kenosha in addition to serving Milwaukee's downtown business district. TCG Milwaukee grew in 1995 to more than 130 route miles of fiber.

* **Omaha:** Operational since 1993, Omaha's network of more than 110 route miles runs in a ring configuration from the ConAgra campus in the central business district, west to the Old Mill/Miracle Hills area; from "Q" Street in the south to Fort Street up north. A recent northeastern fiber loop also extends the network to the Eppley Airfield area. In October 1993, TCG was granted statewide intrastate private line authority. In August, 1994, Omaha received the authority to provide intra-LATA toll service and to market its TeleXpress® service.

* **San Diego:** Begun in 1993, the San Diego fiber optic network stretches more than 300 route miles, from the Mexican border to Camp Pendleton. Primary customers include hospitals, long distance carriers, educational and government agencies.

* **Seattle:** TCG took over management responsibility of Digital Direct of Seattle in 1993. The network consists of more than 300 route miles throughout Seattle's central business district, north to Blaine and south to Kent. TCG provides enhanced local switched services and is authorized to be "The *Other* Local Phone Company.SM"

* **Detroit:** Begun in early 1994, the Detroit network currently spans more than 150 route miles and includes sophisticated digital switching technology. As a full-service competitive Local Exchange Carrier (CLEC), TCG Milwaukee offers services in metropolitan Detroit as well as the communities of Southfield, Birmingham, Pontiac, Warren, Rochester Hills, Auburn Hills and Troy. Customers include long distance carriers, government and educational agencies, brokerage firms and financial institutions.

* **Hartford:** Since 1994, Hartford-area businesses have been served via TCG's competitive local fiber-optic network which spans more than 325 route miles and includes New London, New Haven, Fairfield, Litchfield and Hartford counties.

* **Indianapolis:** The Indianapolis network, started in 1994, encompasses over 113 route miles throughout downtown Indianapolis. TCG-Indianapolis, which is SONET-capable, is a self-healing, state-of-the-art fiber optic network serving banking organizations, financial institutions, entertainment companies, and government entities.

* **Phoenix:** Formed in 1994, the Phoenix fiber optic network has more than 180 route miles serving Phoenix's central business district and the Camelback Business Corridor, as well as the cities of Tempe,

Mesa, Chandler and Scottsdale.

- * **New Jersey:** TCG's New Jersey network, which has been operational since 1994, offers businesses throughout Bergen, Passaic, Union, Hudson, Somerset, Middlesex, Mercer, Morris, Essex and Monmouth counties competitive local telecommunications services via a 240 route mile fiber optic network.
- * **St. Louis:** The St. Louis network currently spans more than 130 route miles of fiber optic cable from St. Charles County on the west, and east across the Missouri River, reaching north and south and into the downtown central business district, across the Martin Luther King bridge into East St. Louis. Operations began in 1994.
- * **South Florida:** Inaugurated in the first quarter of 1994, the South Florida fiber optic network spans more than 361 route miles. The network offers competitive local phone services throughout Palm Beach, Broward and Dade counties.
- * **Baltimore:** TCG's 250 route mile SONET network spans almost all of the Baltimore area offering competitive local phone services. The network was started in early 1995.
- * **Denver:** TCG began work in Denver in 1995. Within six months, the network extended 83 route miles throughout the Denver metropolitan area. Currently, TCG has over 160 route miles of fiber laid out in the Denver/Boulder area.
- * **Pittsburgh:** TCG entered the Pittsburgh area market in 1995. The network was expanded to encompass over 342 route-miles, serving all of Allegheny county with its competitive local phone services.
- * **Providence:** TCG entered the Providence market in 1995 and provides dedicated private line service for businesses via 7.2 miles of sophisticated fiber optic cabling.

TCG, in February 1996, announced plans to build new networks in Cleveland,

Portland, OR, Salt Lake City and Washington D.C.

WHY:

Teleport Communications Group serves information-intensive businesses that critically rely upon access to local and long distance carriers, fax and data services, and other local telecommunications services. TCG provides security to its customers: **operational security** through advanced network architecture, diverse routes and redundant electronics; and **strategic security**, by not competing with its customers.

In the process, TCG has enhanced the local telecommunications infrastructures of more than 250 communities nationwide with advanced services for customers who demand technological innovations, superior responsiveness and competitive pricing.

For more information on TCG services call: 1-800-889-4TCG

To reach TCG's headquarter offices, call: 718 -355-2000.



News Release

FOR RELEASE MONDAY, AUGUST 26, 1996:

Teleport Communications to provide access to AT&T business customers

NEW YORK -- AT&T today announced an agreement with Teleport Communications Group, Inc. (TCG) that would enhance the way businesses in nine major cities connect directly with AT&T's long-distance network as an alternative to access provided by local phone companies. Terms of the agreement were not disclosed.

As AT&T enters the local phone service market, TCG also will provide dedicated access for business customers that use AT&T's local service.

The agreement is the latest in a decade-long relationship between AT&T and TCG.

In April, AT&T announced agreements with five alternative access providers allowing businesses in 70 cities to connect with AT&T's network.

The TCG agreement covers dedicated and switched access service for businesses in the greater metropolitan areas of Boston, Chicago, Detroit, Los Angeles, Miami, Milwaukee, New York, San Diego and San Francisco. The agreement does not involve an equity investment from AT&T.

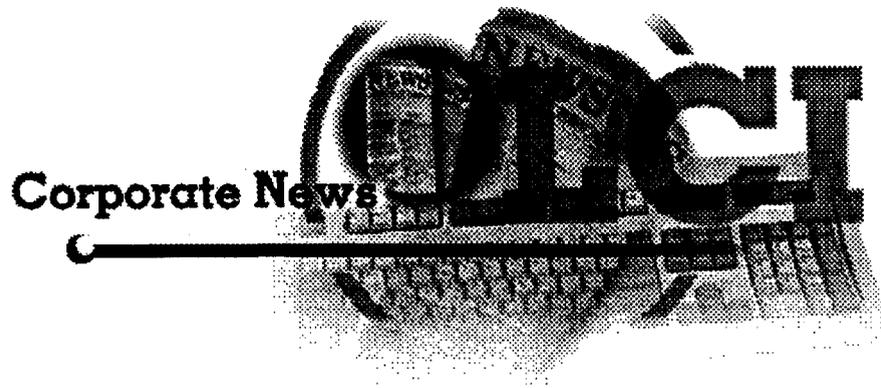
"Once again, we're demonstrating that AT&T will not limit itself to access obtained from monopoly phone companies," said Harry Bennett, vice president and general manager of AT&T's Local Services Division. "We'll continue to pursue arrangements with other companies that provide high-quality access to customers."

Bob Annunziata, TCG's chairman, president and CEO, said: "We're delighted that one of TCG's largest customers has taken this opportunity to express its confidence in our networks, our service and our people."

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718-355-2122
cawley@tcg.com



LCI International Seeks Authority To Enter Additional Local Phone Markets

MCLEAN, Va., March 27, 1996 -- In a move to further position itself aggressively in the new telecommunications landscape, LCI International said it filed recently for authority to provide local telephone service in eight additional states.

LCI, currently the nation's fastest-growing major long-distance carrier, has filed to provide local service, on a resale basis, in Connecticut, Georgia, Indiana, New Jersey, Ohio, Pennsylvania, Tennessee and Virginia. The company had previously filed, and is awaiting approval, in Florida, Maryland and Michigan. To date, LCI has been approved to offer local service in California, Illinois, New York and Texas.

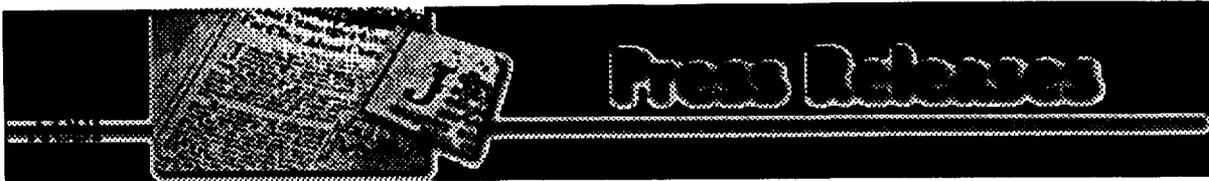
"The recent passage of telecommunications legislation has opened the door for long-distance companies, like LCI, to provide local phone service," said Doug Kinkoph, LCI International's director of legislative and regulatory affairs. "These recent filings are further proof of LCI's intent to offer consumers a complete package of both local and long-distance services.

"As the telecommunications market continues to evolve, we will pursue additional opportunities that will enable us to bring our unique brand of "Simple, Fair and Inexpensive" service to the local phone market," Kinkoph added.

LCI International, Inc. (NYSE: LCI) is a worldwide, long-distance telecommunications company that provides a full array of voice, data and video transmission services to businesses and residential customers through its fiber optic network. LCI International, Inc. is headquartered in McLean, Virginia, with offices in over 35 domestic locations, including its operational subsidiaries based in suburban Columbus, Ohio.

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ACSI Starts Four New Local Telecom Networks

ANNAPOLIS JUNCTION, MD, June 26, 1996 -- American Communications Services, Inc. [NASDAQ - ACNS], announced construction starts in four new markets. The new local fiber optic telecommunications networks are located in Central Maryland; Chattanooga, Tennessee; Colorado Springs; and Corpus Christi, Texas, bringing to 24 the number of networks the company currently has in service or under construction. ACSI plans to invest approximately \$30 million in infrastructure in these markets and expects all four new networks to be operational by year-end.

The Company plans to have 30 networks in service or under construction by the end of the third quarter of 1996 and a total of 50 networks in service or under construction by mid-1998 subject to available funding.

The planned 100-mile network in Central Maryland will link several Maryland communities in the Baltimore-Washington corridor. The planned backbone ring will connect Silver Spring, Greenbelt, Laurel, Columbia, Annapolis Junction and the Baltimore/Washington International Airport complex. The company also plans to extend the network into the state capitol of Annapolis. ACSI President and CEO Rick Kozak said, "This is a particularly attractive market for us given the location of our headquarters in Annapolis Junction and the progressive regulatory climate in Maryland. Certainly, there are a large number of business and government customers in the growing Baltimore-Washington corridor that could benefit from ACSI's competitive voice and data service offerings."

The Central Maryland network initially will offer businesses and local government agencies access to their long distance carriers' networks and to Internet service providers. ACSI also plans to offer local switched voice services for which it has recently received Maryland state certification.

Construction on the Chattanooga network, ACSI's first in Tennessee, began this month and should be completed and ready to offer services by year-end. ACSI was granted authority to offer its full range of services in Tennessee, including local switched voice service.

Another first for ACSI is its Colorado Springs network which began construction on June 10 and marks the company's entry into Colorado. This network, consisting of several fiber rings, is being deployed with 144 strands of fiber in its downtown backbone and 72 to 96 strands in the network's expansion routes.

The Corpus Christi network, ACSI's fifth in Texas, began construction in late April and initial conduits already are installed. This network initially will serve the city's central business district, connecting major commercial and government customer and long distance carriers' networks. ACSI is certified to offer local switched voice services in Texas, as well.

American Communications Services, Inc., which currently provides competitive access services and data network solutions, builds and operates networks serving business and government customers in mid-size

markets principally in the southern United States. ACSI has fifteen operating local distribution networks in Birmingham, Mobile and Montgomery, Alabama; Tucson, Arizona; Little Rock, Arkansas; Lexington and Louisville, Kentucky; Las Vegas, Nevada; Albuquerque, New Mexico; Charleston, Columbia and Greenville, South Carolina; and El Paso, Fort Worth, and Irving, Texas. The company has an additional nine networks under construction in Colorado Springs, Colorado; Central Maryland; Columbus, Georgia; Baton Rouge, Louisiana; Jackson, Mississippi; Spartanburg, South Carolina; Chattanooga, Tennessee and Amarillo and Corpus Christi, Texas. All the services offered by ACSI are supported by state-of-the-art, high quality technology such as Alcatel fiber cable used at 144 strands in the Central Business Districts and 72 or 96 strands in suburban expansions; laser optronics that transmit at a 2.2 gigabit per second capacity; and Lucent Technologies Class 5 Switching Systems in networks where switched authority has been granted.

Contact: Reese Griffith-Nank at (301) 617-4259.

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LOCAL COMPETITION

Cable System Operators

Tele-Communications, Inc. (TCI) offers a single source for diverse advanced communications services including telephony. (TCI Telephony Services Home Page).

Cox Communications' "Alternate Access" service allows businesses to be connected directly to their long distance carrier, bypassing the local phone company's charges. (Cox WWW site). Cox will test the delivery of residential telephone services in San Diego. (Tellabs news release, 4/1/96).

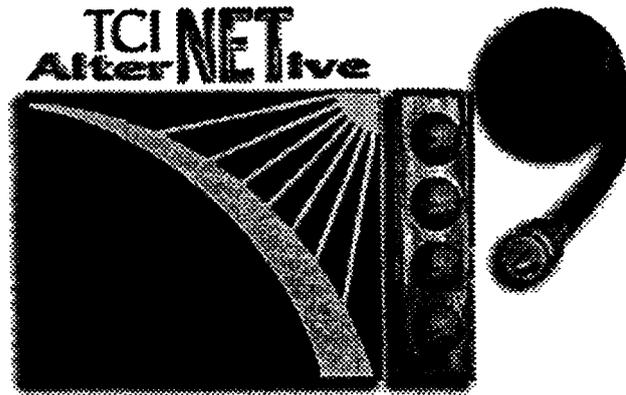
TCI, Cox, Comcast, and Sprint have formed alliance (Sprint Spectrum) to provide an alternative to the Bell companies, offering a wide variety of video and telecommunications services packaged together.. (Cox WWW site).

"Time Warner Cable's Full Service Network is the first in the world to integrate emerging cable, computer, and telephone technologies over a fiber-optic and coaxial cable network". (Time Warner WWW site).

Adelphia Cable Communications will offer local telephone service within its 11-state market in fall of 1996 using Tellabs CABLESPAN technology. (Tellabs news release, 6/5/96).

Cablevision Systems established the first local exchange telephone company owned by a cable system operator; Cablevision Lightpath, Inc. (Cablevision WWW site).

Cable operators take steps to exploit burgeoning data communications market, and growing demand for Internet access. (Cable Datacom News).



TCI Telephony Services, Inc. of Michigan offers a single source for diverse advanced communications and networking products through our Area Business Marketing (ABM) Group located in East Lansing, Michigan. Our ABM group supports the commercial marketplace-including schools, government entities, and businesses of all types, sizes, and needs. TCI Telephony Services is a division of Tele-Communications, Inc. (TCI), traded on the NASDAQ exchange as TCOMA

TCI Telephony Services, Inc. will meet your needs through quality and cutting-edge technologies. With TCI you have a choice. We're the new *alterNETive*, with flexibility and **cost-effective solutions, like our TCI-MET cable modem services in East Lansing, Michigan. TCI provides a superior network utilizing broadband technology-speeding past our competition.**

Count on excellent service, backed by a locally focused, global company with a *real interest* in your community.

We are your next generation technology.



Subscriber Zone



TCI Crossroads

***TDN*
The Dating
Network**

The Dating Network



Link down to: [Cable Services](#) | [Telephony Services](#) | [High-Speed Data Services](#)

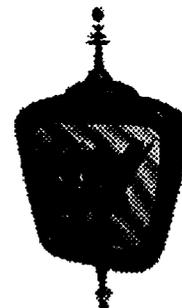
Cable Services

Cox Communications ranks as the fifth largest cable television operator in the United States, with more than 3.2 million customers. The Company wholly owns and operates 35 cable systems throughout the United States, and shares ownership of an additional system with Time Warner Communications in Fort Walton Beach, Florida.

Our systems are among the largest on average in the industry. In fact, more than half of Cox's customers are served by six large systems in New England, Hampton Roads, New Orleans, Phoenix, San Diego and Orange County.

Interactive Television

Cox's test of analog interactive technology began in Omaha, Nebraska, in 1994. Although the tests showed that the technology worked, in view of the continuing changes in interactive TV development, delays in the original trial milestones and the lack of availability of commercially deployable equipment, Cox decided to discontinue the Omaha trial with ICTV.



To proceed further with the project is not warranted nor in the best interest of our customers or shareholders, given the unlikely prospects for commercial viability in the foreseeable future.

Cox's test included several leading technology providers to develop the significant operating systems required to support interactive television, including: ICTV Inc. (system integrator, key hardware and software technologies); IBM (media server, storage and communications technologies, and key client/server software systems/applications); Zenith (in-home equipment); ISD (billing and selected customer management software).

Cox will continue to pursue other interactive technologies, including high-speed data, Near Video on Demand and Impulse Pay per View.

Telephony Services

Personal Communication Services (PCS)

Personal Communication Services (PCS)

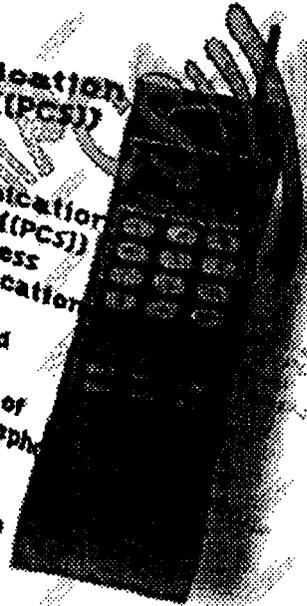
are wireless communication

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Personal Communications Services (PCS) are considered the "next generation" of wireless telephone service, one step beyond cellular phone service. Because the technology is digital rather than analog, PCS will be more efficient, more secure, and less likely to give trouble with static or dropped calls. The technology allows wireless service to be provided for about the same price as conventional wired phone service -- with many advantages that give consumers added convenience.

To help lower the cost of monthly phone bills for businesses around the

country, Cox offers a plan called Alternate Access. This product allows businesses to be connected directly to their long distance carrier, bypassing the local phone company's charges.

The Sprint Telecommunications Venture In 1994, Cox joined Sprint, Comcast Corporation and Tele-Communications, Inc., in a revolutionary telecommunications venture that will offer one-stop shopping for a variety of telecommunications and video services, including local and long distance, wired and wireless telephone, cable television and high-speed data connections.

High-Speed Data Services

If you're reading this World Wide Web page, you're probably hooked up to a modem phone line. Imagine plugging your modem into a cable line instead of a phone line -- the exact same cable feed that you use now to watch cable television. That's what "Data On-line" is all about - and it will provide your Internet access and online services at speeds up to 300 times faster than traditional phone modems.

People have all kinds of questions about this revolution in access speed - check out our Cable Modem FAQ for some answers.



If you're a big business, you've got big phone bills.

Cox's alternate access services can mean smaller phone bills and high quality phone service. Using fiber-optic rings, Cox will transport phone traffic from large business users directly to long distance companies, bypassing the local phone company and their expensive user fees.

Cox provides alternate access in two ways: in partnership with Teleport Communications Group in large urban areas; and through our own Cox Fibernet in smaller cities.

Teleport

In 1992, Cox was the first cable company to invest in Teleport Communications Group, the leading provider of alternate access telephone services. Cox is a majority partner in Teleport with a 30 percent interest, and operates alternate access businesses with Teleport in Omaha, Nebraska; San Diego, California; and Hartford, Connecticut.

The TCG network encompasses almost 4,000 route miles throughout 37 major markets. Each TCG network is structured to meet local businesses' requirements through a unique combination of technology, innovation and local management.

TCG's advanced fiber optic networks operate 24 hours a day, seven days a week for unmatched reliability and accuracy.

Services include:

- Teleport DS3 (45 Mbps) Cost-effective option for high-capacity requirements
- Teleport DS2 (6.312 Mbps) High-speed LANS interconnection
- Teleport DS1 (1.544 Mbps) Standard digital interface
- Teleport DS1E (2.048 Mbps) International-standard transmission rate
- Teleport DSO Exact bandwidth in multiples from 2.4 to 64 kbps
- LANLINK - enhanced data networking service
- Enhanced local switched services (analog, digital or Integrated Services)

