



Telscape Communications Inc.
602 East Huntington Drive
Monrovia, CA 91016

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Telscape At-a-Glance

- Telscape is a facilities-based CLEC focused on the US Hispanic market currently operating in Los Angeles and San Diego, which have a combined population of 7.8 million Hispanics.
- Telscape serves 90,000 customers within this market using UNE-L and DS-0 loops

Company Profile

- 350 employees (80% minority)
- Largest CLEC user of residential DS-0 loops in California
- Profitable with significant growth rate
- One of few UNE-L residential CLECs

Telscape At-a-Glance

Customer Base Profile

- 99% single line residential
- 93% Spanish speaking household (billed in Spanish)
- 70% ULTS program participants

National Marketplace (*FCC Statistics*)

ILEC Access Lines	145 million
CLEC Access Lines	33 million
UNE-P	16.5 million
Resale	5.4 million
UNE-L	4.0 million
Coax/CLEC owned	8.5 million (3.7 million coax)
High Speed Lines	38 million (33% of households)

California Marketplace

SBC Access Lines	14.8 million
Verizon Access Lines	4.0 million
CLEC UNE-P	1.7 million
CLEC UNE-L	490,000
CLEC Resale	96,000
High Speed Lines	5.4 million

Proposed Mergers Will Impair Residential Competition

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- Pending mergers will eliminate two biggest residential CLECs
 - AT&T/SBC and MCI/Verizon converts majority of residential CLEC customers to ILECs
 - SBC and Verizon have had 9 years to enter each other's market, unlikely to start now
 - Any competition that does arise will be for enterprise networks, not local residential customers
- Remaining residential CLECs relatively small and geographically limited

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- DS-0 Loops Are Key to Continued Residential Competition
 - UNE-P is being eliminated in 8 months
 - Resale discounts make business non-viable
 - Only 46,000 TSR sold in SBC California
 - Two-thirds of U.S. households lack broadband
 - No broadband, no VoIP
 - Estimates see HH penetration at 55% at YE 2008
 - Only remaining competitive option is facilities construction combined with UNE loops
 - Co-location spaces
 - Switches
 - Interoffice transport
 - ILEC loops still needed for indefinite future

Public Interest Requires Discounts

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- Deeper loop discounts will encourage facilities investment to serve residences
 - Will encourage Telscape and others to build co-locations, buy switches
 - ILECs will be motivated to compete and innovate
- Discounts offer a workable solution for DS-0 loops
 - Previously required in SBC-Ameritech
 - As merger condition, not subject to court review

Company Profile and Growth Model

For questions or comments, please contact:

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