

## APPENDIX B

### DESCRIPTION OF SELECTED COMPETITORS

This Appendix provides general descriptions of selected competitors for telecommunications services in a number of categories: ILECs/IXCs (other than BellSouth and AT&T); other network providers; CLECs; wireless carriers (other than Cingular); cable providers; system integrators; equipment vendors and value-added resellers; other VoIP service providers; fixed wireless broadband providers; and foreign-based carriers.

#### Incumbent Local Exchange Carriers (ILECs) / Inter-Exchange Carriers (IXCs)

With its acquisition of MCI, **Verizon** is an even stronger competitor for telecommunications services both for enterprise and mass market customers, combining MCI's robust national and international IP network with one of the nation's largest cellular and broadband networks. Verizon Business became the company's new business unit combining the operations of the former Verizon Enterprise Solutions Group and MCI to provide a comprehensive portfolio of end-to-end communications and IP solutions to business and government customers.<sup>1</sup> Verizon Business has one of the largest and most interconnected IP

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<sup>1</sup> Press Release, Verizon, Verizon Business, New Global Communications Provider, Opens for Business Worldwide; Launches Integrated Product Portfolio and Advertising Campaign (Jan. 23, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93195>; Press Release, Verizon, Verizon Business, New Global Communications Provider, Opens for Business Worldwide; Launches Integrated Product Portfolio and Advertising Campaign (Jan. 23, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93195> (“Verizon Business' Fortune 500 customers include Boeing, CSX, and McDonald's among others. The company manages some of the world's most complex and sophisticated networks with some of the highest performance commitments available today for customers including NASDAQ and the Federal Aviation Administration . . . Verizon Business serves the U.S. Postal Service and U.S. Department of Defense.”).

backbones in the world, with over 18,800 wired and wireless local IP POPs, with over 1 Terabit of aggregated backbone capacity in North America; ATM, frame relay, and voice switches; and more than 200 data centers in 22 countries spanning five continents.<sup>2</sup> According to Verizon Business, its global network - formerly MCI - has been repeatedly recognized as the most connected network in the world, and its service level agreements have led the industry.<sup>3</sup> With its network strength, Verizon Business offers enterprise and business customers a wide range of sophisticated managed network services, including managed WANs, LANs and IP PBX; network performance monitoring throughout the system; and consulting services.<sup>4</sup> The company also offers one of the industry's leading portfolios of IP telephony products for business customers, recently introducing a range of new VoIP services, including expanded fraud protection, toll-free service integration with VoIP, and a system to enable smaller businesses to

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<sup>2</sup> Verizon: Verizon Business Fast Facts, *available at* <http://www.verizonbusiness.com/us/about/facts/>; Verizon: Verizon Business Network Facts, *available at* <http://www.verizonbusiness.com/us/about/facts/network.xml>; *see also* Press Release, Verizon, Verizon Business Extends and Deepens Global Ethernet Footprint in U.S., Europe and Asia-Pacific (Feb. 1, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93232> (“Business and government customers can now tap into the density of the Verizon footprint in key U.S. markets, including Boston; New York City; Dallas; Washington, D.C.; Los Angeles; Seattle; and Tampa, Fla. Ethernet access services are also available in new European locations.”).

<sup>3</sup> Verizon: Verizon Business Network Facts, *available at* <http://www.verizonbusiness.com/us/about/facts/network.xml> (noting that since research firm TeleGeography began tracking Internet backbone connectivity in 2001, the Verizon Business global IP network has ranked #1 as the most connected backbone each year); Press Release, MCI, MCI Unveils New Network Management Capabilities (Feb. 7, 2005), *available at* <http://www.verizonbusiness.com/about/news/releases/2005.xml?newsid=13371&mode=long&lang=en&width=530&root=/about/news/releases/&subroot=2005.xml> (discussing a mean repair time of 3.5 hours, and a global force of 5,400 technical service and support technicians).

<sup>4</sup> *See* Verizon Business, Managed Network Solutions Overview, *available at* <http://www.verizonbusiness.com/us/managed/index.xml>; *see also* Press Release, Verizon, Verizon Business Marks Milestone in Ultra Long Haul Network Strategy (Mar. 7, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93299>.

upgrade to a converged data/voice network while maintaining existing analog key systems and calling features.<sup>5</sup> Verizon Business serves 94 percent of the Fortune 500 and is the leading communications provider to the U.S. federal government.<sup>6</sup>

Verizon's global IP network is complemented by one of the nation's largest and fastest growing wireless networks as well as the nation's fastest growing broadband network. Verizon Wireless provides service to 51.3 million customers after the addition of an industry-record 2.0 million net customers in Q4 2005, up 20.5 percent from Q4 2004.<sup>7</sup> Verizon's wireline business provides 5.1 million broadband connections (including both DSL and FiOS, Verizon's next-

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<sup>5</sup> See Press Release, Verizon, Verizon Business Enhances Voice-Over-IP Suite of Services (Feb. 8, 2006), available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93246> ("Verizon Business . . . announced it is extending its next-generation suite of Internet telephony services to provide new Internet protocol capabilities for business and government customers. The introduction of the new offerings . . . reinforces the position of Verizon Business' IP telephony portfolio as one of the most comprehensive available today.").

<sup>6</sup> Verizon Business Facts, available at [http://newscenter.verizon.com/kit/vz-mci/business\\_facts.vtml](http://newscenter.verizon.com/kit/vz-mci/business_facts.vtml); Press Release, Verizon Business, New Global Communications Provider, Opens for Business Worldwide; Launches Integrated Product Portfolio and Advertising Campaign (Jan. 23, 2006), available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93195>; see also Press Release, Verizon, Verizon Communications Reports Strong 4Q 2005 Results, Driven by Continued Growth in Wireless and Broadband (Jan. 26, 2006), available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93227> ("Verizon chairman and CEO [states] . . . 'We look forward to seizing the opportunities we see in the large-business market with our new Verizon Business unit.'"); *Verizon Expands Enterprise Reach* (Jan. 24, 2006), available at <http://www.lightreading.com/document.asp?docid=87377> ("Because of its new global reach, Verizon's business services are now available to enterprises in 2,700 cities in 150 countries . . . Verizon's enterprise services now include data and IP networking, managed WAN and LAN, MPLS-based private IP, customer premises equipment (CPE) applications such as IP PBX and VOIP, and long distance, among many others . . . . As a sign of the rapid adoption of VOIP in the enterprise, Verizon said Monday it expects to triple the capacity in its network for VOIP this year."); Press Release, Verizon, Wolseley Makes the Move to IP With Verizon Business (Feb. 28, 2006), available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93277>.

<sup>7</sup> Press Release, Verizon, Verizon Communications Reports Strong 4Q 2005 Results, Driven by Continued Growth in Wireless and Broadband (Jan. 26, 2006), available at <http://investor.verizon.com/news/view.aspx?NewsID=718>.

generation fiber optic-based service) after the addition of 613,000 net wireline broadband connections in Q4 2005 - a broadband industry record for any telecommunications or cable company - constituting a 47.6 percent growth rate compared with year-end 2004.<sup>8</sup> Verizon has also put significant effort into integrating its wireless and wireline offerings.<sup>9</sup> The company has been aggressive in building out its FiOS fiber-to-the-premises network, recently launching its FiOS TV service in 33,000 households in Tampa, Florida and with construction ongoing in more than 20 Florida wire centers in Verizon's territory.<sup>10</sup> Verizon rolled out its residential VoIP broadband service nationwide in July 2004, and has been courting subscribers with discounts and added features.<sup>11</sup>

As with Verizon, **Sprint Nextel** has a robust national network and complements its wireline and IP offerings with its wireless services. Sprint Nextel is one of the largest carriers of

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<sup>8</sup> *Id.*

<sup>9</sup> Press Release, Verizon, Verizon Business Unveils Integrated Wireless and Wired Solutions (Jan. 23, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93218> ("Verizon Business . . . unveiled new integrated wireless and wireline offerings that will enable U.S. business and government customers to enhance workforce mobility and provide reliable backup for customer data networks . . . . As part of its newly integrated product and services portfolio, Verizon Business is launching an enhanced suite of Enterprise Mobility solutions.").

<sup>10</sup> Press Release, Verizon, More Verizon Customers in Florida Have a Choice for TV Service (Mar. 6, 2006), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=93284>.

<sup>11</sup> Press Release, Verizon, Verizon Rings In Next Generation of Voice Services With VoiceWing Broadband Phone Service (July 22, 2004), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=86115>; Press Release, Verizon Introduces Lower-Cost Plan to Its VoiceWing Broadband Phone Service and Adds New Features (Apr. 6, 2005) (offering 500 minutes of local and long-distance calls for \$19.95), *available at* <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=90244>.

Internet traffic and providers of long distance services, as well as providing local service through its own access lines in 18 states and wireless services nationwide.<sup>12</sup>

Sprint Nextel continues to be a strong competitor in the enterprise and business segment. In 2004, the company combined its sales and support teams that serve business customers with both wireline and wireless products in order to offer business customers a single sales representative for the full suite of Sprint Nextel offerings.<sup>13</sup> Sprint Nextel is the first wireless carrier to focus on helping business customers integrate wireless into their overall IT infrastructure and “erase the barrier between wireline and wireless”, launching Sprint Extended Workplace to enable business customers’ employees to easily and securely access their corporate networks through wireline, Wi-Fi, or the Sprint PCS data network.<sup>14</sup> Sprint Nextel also recently

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<sup>12</sup> SEC Form 10-K/A, Sprint Corp. at 1 (2004). Sprint plans to spin-off its local telecommunications business into an independent company called EMBARQ. The separation of Sprint’s local business is expected to be completed in Q2 2006. *Id.*; *see also* Press Release, Sprint, Sprint Nextel Local Communications Company to EMBARQ™ on New Journey, Announces New Name and Logo to be Used After Separation (Feb. 1, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10020](http://www2.sprint.com/mr/news_dtl.do?id=10020).

<sup>13</sup> Sprint 2004 Annual Report at 6.

<sup>14</sup> *Id.* at 4, 6; *see also* Press Release, Sprint, Sprint Easy Office Delivers Wireless Productivity Tool While Controlling IT Costs (Mar. 8, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10720](http://www2.sprint.com/mr/news_dtl.do?id=10720) (“Sprint Easy Office levels the playing field for small and medium-sized businesses by allowing them to enjoy the benefits of a robust mobile messaging tool without having to make a significant investment in IT support and equipment,” said Tim Donahue, vice president of general business marketing, Sprint Business Solutions.”); Press Release, Sprint, Sprint Offers an Industry First With Unlimited Mobile Calls to and from a Home or Business (Mar. 8, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10700](http://www2.sprint.com/mr/news_dtl.do?id=10700) (“Sprint is the only national carrier to offer its customers the unique convergence and flexible features found in Sprint to Home and Sprint Mobile to Office,” said Tony Krueck, vice president, product development and management, for Sprint. “With these options, busy families and mobile professionals alike can experience a new level of convenience and affordability with their communications.”); Press Release, Sprint, Differentiated Voice and Data Solutions Continue to Drive Simplicity and Efficiency for Businesses (Mar. 6, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10600](http://www2.sprint.com/mr/news_dtl.do?id=10600) (“Sprint business customers are benefiting from an integrated solutions approach []: [its longstanding customers with new solutions include] AMC Theatres [], Medical Transportation Management, Inc. [], Robert Allen Group [], Wild Oats.”).

launched a new VoIP network-based telephony product aimed at the enterprise market.<sup>15</sup> A recent Harris Interactive independent study publicized by Sprint indicated that Sprint's efforts to restructure its offerings for business customers had borne fruit, with the percentage of business customers "highly loyal" to Sprint increasing by 64 percent during 2004.<sup>16</sup> Sprint Nextel has also expanded its international reach, recently announcing plans to double network capacity in Europe due to increased demand from enterprise customers.<sup>17</sup> Sprint Nextel now has over 1,100 global POPs across six continents, and more than 25 percent of the world's Internet traffic is connected to its SprintLink network.<sup>18</sup> Sprint's acquisition of Velocita, completed in 2006, and the creation of its Professional Services subsidiary also demonstrate an increasing focus on the retail business sector.<sup>19</sup>

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<sup>15</sup> Press Release, Sprint, Sprint IP Voice Connect Simplifies Business Communications (Mar. 9, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10760](http://www2.sprint.com/mr/news_dtl.do?id=10760) ("Sprint [] launched a new Voice over Internet Protocol (VoIP) solution for enterprises that addresses the reality of modern business . . . Sprint IP Voice Connect is a network-based hosted telephony product offering local and long distance services as well as PBX and traditional Centrex features over Sprint's Dedicated IP or Global MPLS network . . . The service is available in most major metropolitan areas, specifically 251 MSAs in 47 states."); Tim McElligott, *Lucent Plays Host to New Sprint VoIP Service* (Mar. 9, 2006), *available at* [http://telephonyonline.com/home/news/lucent\\_sprint\\_voip\\_030906/](http://telephonyonline.com/home/news/lucent_sprint_voip_030906/) ("Enterprises using Sprint's IP Voice Connect service, which a Sprint spokesman referred to as a 'fire the ILEC' solution, can provide remote access to work-at-home or nomadic users and can convert to IP-based communications without a large capital expense.").

<sup>16</sup> Sprint 2004 Annual Report at 6.

<sup>17</sup> Press Release, Sprint, Sprint Doubles Network Capacity in Europe to Support IP/MPLS Demand (Aug. 1, 2005), *available at* [http://www.sprintworldwide.com/english/about/success/European\\_IP\\_Release.doc](http://www.sprintworldwide.com/english/about/success/European_IP_Release.doc).

<sup>18</sup> *Id.*

<sup>19</sup> Press Release, Sprint Nextel, Sprint Nextel Completes Acquisition of Velocita Wireless (Feb. 28, 2006), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=10500](http://www2.sprint.com/mr/news_dtl.do?id=10500) ("Sprint Nextel is excited about the opportunity to offer Velocita's customers a broader suite of wireless and wireline, data and voice products and services," said Mark Hull, general manager for Velocita Wireless."); Press Release, Sprint Nextel, Sprint Creates Professional Services Subsidiary to Focus on Tailoring Mobility Solutions for Large Business and Government Customers (Dec. 8, 2005), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=9340](http://www2.sprint.com/mr/news_dtl.do?id=9340) ("Enterprises look to

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Sprint Nextel has also been moving aggressively in the development of digital convergence products for the mass market. In November 2005, Sprint Nextel announced the formation of a joint venture between it and four of the nation's largest cable MSOs - Comcast, Time Warner Cable, Cox Communications and Advance/Newhouse Communications - to develop converged next-generation products for consumers in order to "accelerate the convergence of video entertainment, wireline and wireless data and communications products and services to the approximately 41 million customers currently served by four of the country's largest cable companies as well as to Sprint's nearly 46 million wireless subscribers."<sup>20</sup> In 2006, the joint venture plans to offer consumers the "quadruple play" bundle of video, wireless voice and data services, high speed internet, and cable phone service as well as develop new wireless devices that integrate cable and wireless services.<sup>21</sup>

Similarly, **Qwest** offers everything from local service – for those businesses and consumers based within its 14-state region – to long distance, data, Internet access, and managed solutions. It also offers wireless service, with nationwide coverage, through a wholesale arrangement with Sprint. Qwest's most notable asset, however, may be its worldwide fiber optic network, extending approximately 155,000 miles (exclusive of Qwest's local network), enabling

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wireless carriers as their most trusted advisors in implementing and integrating mobility into their business,' said Roger Entner, vice president of wireless telecommunications, Ovum. 'I see the launch of Sprint Enterprise Mobility, Inc., as the first step of a major wireless provider into professional services focused on mobility, which has the potential to make a significant difference for businesses.'").

<sup>20</sup> Press Release, Sprint Nextel, Sprint Nextel, Comcast, Time Warner Cable, Cox Communications and Advance/Newhouse Communications to Form Landmark Cable and Wireless Joint Venture (Nov. 2, 2005), *available at* [http://www2.sprint.com/mr/news\\_dtl.do?id=8961](http://www2.sprint.com/mr/news_dtl.do?id=8961).

<sup>21</sup> *Id.*

long-distance voice services and data and Internet services.<sup>22</sup> Qwest offers a variety of network-based products, including hosting, managed VPN, integrated access, and security services.

In terms of innovation, the company launched a nationwide commercial VoIP service to business customers in 2004, which led to industry recognition and awards.<sup>23</sup> Qwest's business-grade VoIP service has been expanded to more than 250 cities.<sup>24</sup> Qwest has also been aggressive in maintaining its customer base, offering its enterprise customers a variety of enhanced services for no additional cost as well as additional package components including VoIP service with free months of usage and aggressive discounts.<sup>25</sup> Indeed, Qwest's business networking solution recently received a "Best Value" award due to its excellent reliability, VoIP technology, service support, performance monitoring and price.<sup>26</sup> Qwest and Microsoft announced in September 2005 that they will be working together to develop a converged VoIP solution aimed at small and medium-size businesses, which will integrate voice, e-mail, Internet access, collaboration,

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<sup>22</sup> SEC Form 10-K, Qwest Commc'ns Int'l Inc. at 6 (2004). Qwest expanded its footprint in the BellSouth region through its acquisition of nearly 700 POPs and related network assets from Allegiance Telecom, a CLEC. *See* Press Release, Qwest, Qwest Communications Reaches Agreement to Acquire Network Assets and Associated Revenue Streams from Allegiance Telecom (Dec. 18, 2003), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1391\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1391_archive,00.html).

<sup>23</sup> Press Release, Qwest, Qwest's OneFlex VoIP Service Receives Industry Accolades (Nov. 5, 2004), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1617\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1617_archive,00.html).

<sup>24</sup> Press Release, Qwest, Qwest Reports Solid Fourth Quarter Results; EPS Break-Even Before Special Items; Margin Expansion; Improved Year-Over-Year Revenue (Feb. 14, 2006), *available at* [http://media.corporate-ir.net/media\\_files/irol/11/119535/reports/2-14-06.pdf](http://media.corporate-ir.net/media_files/irol/11/119535/reports/2-14-06.pdf).

<sup>25</sup> Press Release, Qwest, Qwest Brings New Value to Enterprise Customers: New Packages Give Large Business Customers More Value for the Same Cost (May 10, 2005), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1700\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1700_archive,00.html).

<sup>26</sup> Press Release, Qwest, Qwest iQ Networking Service Named 'Best Value' by Industry Leading Magazine (Aug. 29, 2005), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1760\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1760_archive,00.html).

presence, instant messaging and desktop services.<sup>27</sup> They expect to launch the new product in 2006.<sup>28</sup> These developments have produced significant new business.<sup>29</sup>

#### Data/IP Network Providers

**Broadwing** owns a technologically advanced fiber-optic network that connects 137 cities nationwide and spans the continental United States.<sup>30</sup> Through this network, it offers data, Internet, broadband transport, and voice services to business customers.<sup>31</sup> Broadwing's 2004 acquisition of Focal Communications Corp., a CLEC, has expanded the company's footprint in 23 Tier-1 markets including in the BellSouth region, with presence for example in Miami and Atlanta.<sup>32</sup> Broadwing currently offers a range of products, including traditional voice services

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<sup>27</sup> Press Release, Qwest, Qwest and Microsoft to Deliver VoIP Services via the Desktop to Small and Medium-Sized Businesses (Sept. 22, 2005), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1768\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1768_archive,00.html).

<sup>28</sup> *Id.*

<sup>29</sup> Press Release, Qwest, NASA Signs New Agreement With Qwest for Next-Generation Optical Data Networking (Feb. 7, 2006), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1805\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1805_archive,00.html) (“Qwest Communications [] announced that it has signed a new agreement with the National Aeronautics and Space Administration (NASA) for a new nationwide networking service.”); Press Release, Qwest, Qwest Signs New Multimillion Dollar Agreement With the State of Wyoming for Public Schools Network (Feb. 22, 2006), *available at* [http://www.qwest.com/about/media/pressroom/1,1281,1808\\_archive,00.html](http://www.qwest.com/about/media/pressroom/1,1281,1808_archive,00.html) (“Qwest [] announced that it has signed a new six-year, \$24.7 million agreement with the State of Wyoming Department of Education to be the primary provider of network services for the Wyoming Equality Network (WEN).”).

<sup>30</sup> SEC Form 10-K, Broadwing Corp. at 4 (2004).

<sup>31</sup> *Id.* at 4.

<sup>32</sup> Broadwing 2004 Annual Report at 3, *available at* [http://www.broadwing.com/bwngcorp/downloads/2004BWNG\\_AR.pdf](http://www.broadwing.com/bwngcorp/downloads/2004BWNG_AR.pdf); About Focal: Service Areas, *available at* [http://www.focal.com/about/service\\_areas.html](http://www.focal.com/about/service_areas.html); *see also* Press Release, Broadwing, Broadwing Communications and Hutchison Global Communications Launch New Trans-Pacific Inter-carrier Ethernet Network over VPLS (Jan. 11, 2006), *available at* <http://www.broadwing.com/bwngcorp/pressreleases/011106001.html> (“Broadwing [] . . . and Hutchison Global Communications Limited . . . announced the joint establishment of a new inter-carrier international Ethernet network. ‘Large enterprises around the world continue to expand their reach and require their networks to evolve in concert with them,’ stated Mike Smith, co-founder and managing director of research with Stratecast Partners, a division of Frost & Sullivan. ‘The

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(including local phone service through the acquisition of Focal), VoIP, WAN, media transport services, and public and private IP networking.<sup>33</sup> In 2004, the company introduced a VoIP aggregation service, enabling enterprise customers and carriers to expand their VoIP offerings nationwide without deploying additional network infrastructure.<sup>34</sup> Broadwing expanded its VoIP offering in 2005 with a nationwide VoIP service built on its own optical network backbone targeted at large enterprise businesses.<sup>35</sup> According to analysts, “By making it easy to IP-enable an enterprise’s existing PBX, Broadwing is expanding VoIP beyond the small and medium-sized business market and into the multi-location enterprise. This service introduction provides new alternatives for large enterprises. The Broadwing announcement brings a feature rich, cost effective VoIP solution set to this end of the market.”<sup>36</sup>

While it offers legacy services such as private line, frame/ATM and direct dial, **Global Crossing** has been successful in shifting its focus to IP-based products and services. During 2005, its number of customers utilizing two or more converged IP services - including VoIP, IP VPN, Remote VPN access, internet access and IP video solutions - on Global Crossing’s global

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new Broadwing/HGC solution provides a significant and compelling means for enterprises to expand their Ethernet and VPLS (Virtual Private LAN Service) networks, which are already very prevalent in the Pacific Rim, between US and Asia-Pacific locations in a seamless and cost effective manner.”). These developments help Broadwing attract customers like Lufthansa. *See* Press Release, Broadwing, Lufthansa Airlines Selects Broadwing Communications for Domestic Voice Services (Feb. 22, 2006), *available at* <http://broadwing.com/bwngcorp/pressreleases/022206001.html>.

<sup>33</sup> SEC Form 10-K, Broadwing Corp. at 6-8 (2004).

<sup>34</sup> *Id.* at 7.

<sup>35</sup> Press Release, Broadwing, Broadwing Launches Nationwide VoIP Service for Large Multi-site Enterprises (June 6, 2005), *available at* <http://www.broadwing.com/bwngcorp/pressreleases/pr493.html>.

<sup>36</sup> *Id.* (quoting Diane Myers, senior research analyst at Stratecast Partners).

fiber-optic network more than tripled.<sup>37</sup> Similarly, growth in IP VPN traffic grew 300 percent and IP-interconnected VoIP traffic grew more than 350 percent (up to more than 100 million minutes per month) by year-end 2005.<sup>38</sup> Global Crossing currently runs more than 2 billion minutes per month on its private VoIP global network, representing more than 70 percent of all its voice traffic.<sup>39</sup> Global Crossing has a large worldwide network, directly connecting more than 300 cities in 30 countries.<sup>40</sup> The network has approximately 800 POPs in 200 major cities throughout the world.<sup>41</sup> Global Crossing has approximately 19,000 route miles of fiber in the United States and Canada, together with 170 POPs, 22 integrated service platform sites, three

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<sup>37</sup> Press Release, Global Crossing, Global Crossing Triples Converged IP Customers in 2005 (Mar. 8, 2006), *available at* <http://www.globalcrossing.com/xml/news/2006/march/08.xml> (“These milestones are proof that Global Crossing is meeting the growing enterprise demand for converged IP services - they're what our network was built for,” said John Legere, Global Crossing’s CEO. ‘More and more businesses are turning to Global Crossing for seamless, end-to-end voice, data and conferencing solutions and realizing the tremendous benefits of convergence. By placing their confidence in our global capabilities, advanced IP solutions and highly-responsive customer service, these customers share our vision that IP is crucial to the future of their businesses.’”); *see also* Press Release, Global Crossing, Global Crossing Announces Consolidated Third Quarter Results (Nov. 9, 2005), *available at* <http://www.globalcrossing.com/xml/news/2005/november/09.xml> (“‘We continue to meet our targets, demonstrating momentum as we become the premier network services provider, serving our carrier and enterprise customers with global converged IP services,’ said John Legere, Global Crossing's chief executive officer.”).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> SEC Form 10-K, Global Crossing Ltd. at 3 (2004); *see also* Press Release, Global Crossing, Global Crossing Enhances Network to Meet Growing Customer Demand (Feb. 22, 2006), *available at* <http://www.globalcrossing.com/xml/news/2006/february/22.xml> (“Global Crossing []announced today that it [will] deploy key capacity upgrades on its core international network. The company is adding wavelengths on its Mid Atlantic Crossing (MAC) system, which links North America, Latin America, Europe and the Pacific.”).

<sup>41</sup> *Id.* at 6.

submarine cable landing stations, and five international voice gateway sites.<sup>42</sup> These capabilities have led to successes with major companies like Atlanta-based Delta Airlines.<sup>43</sup>

**Level 3** has built an advanced, IP backbone with reach throughout the United States and Europe, with a network that includes nearly 1 million miles of metro fiber.<sup>44</sup> Level 3 has been expanding its network with recent acquisitions. In December 2005, Level 3 completed its acquisition of WilTel Communications Group, adding 3,000 route miles and 50 new markets to the Level 3 network.<sup>45</sup> Level 3's network will only become more robust in the BellSouth region with the company's announced acquisition of **Progress Telecom**, a regional wholesale network services company with nearly 200 POPs, 9,000 route miles of fiber and 29 metro networks concentrated in Florida, North Carolina and Atlanta.<sup>46</sup> Level 3's President and CEO noted, "This

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<sup>42</sup> *Id.*

<sup>43</sup> Press Release, Global Crossing, Global Crossing Awarded Contract by Delta Airlines (May 4, 2005), *available at* <http://www.globalcrossing.com/xml/news/2005/may/04.xml>; *see also* Press Release, Global Crossing, ASG Leverages Global Crossing for Continued International Expansion (Dec. 14, 2005), *available at* <http://www.globalcrossing.com/xml/news/2005/december/14.xml> ("Global Crossing [] announced today that it is providing ASG, a privately held Fortune 1000 provider of enterprise software and professional services, with a global MPLS-based IP VPN connecting 44 locations Europe, Asia, North and Latin America.").

<sup>44</sup> Level 3 Metro Network Metrics, *available at* <http://www.level3.com/674.html>; *see also* Press Release, Level 3, Level 3 Announces Significant Expansion Of Transatlantic Capacity To Meet Growing Demand (Feb. 9, 2006), *available at* <http://www.level3.com/press/6757.html> ("Level 3 Communications [] announced . . . agreement with Apollo Submarine Cable System Ltd., to secure additional transatlantic capacity for its international network."). Level 3 is an international communications and information services company. It touts operating "one of the largest Internet backbones in the world, is one of the largest providers of wholesale dial-up service to ISPs in North America and is the primary provider of Internet connectivity for millions of broadband subscribers, through its cable and DSL partners." Press Release, Level 3, 8x8 Selects Level 3 To Provide Nationwide Nomadic E-911 Service For Packet8 Subscribers (Dec. 22, 2005), *available at* <http://www.level3.com/press/6645.html>.

<sup>45</sup> Press Release, Level 3, Level 3 Completes WilTel Acquisition (Dec. 23, 2005), *available at* <http://www.level3.com/userimages/dotcom/microsites/wiltel/industryanalyst/pressrelease.html>.

<sup>46</sup> Press Release, Level 3, Level 3 to Acquire Progress Telecom (Jan. 26, 2006), *available at* <http://www.level3.com/press/6710.html>; Progress Telecom Network, *available at*

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transaction represents a unique opportunity to expand Level 3's footprint in the southeastern region of the United States, where we have seen strong demand for our services."<sup>47</sup>

Level 3 is a leading wholesale provider of IP services, carrying data and increasing VoIP traffic for, among others, the 6 largest U.S. cable companies and the 10 largest Internet service providers in the United States.<sup>48</sup> Level 3 provides wholesale, enterprise and mass market VoIP services and reports that it carries over 30 billion minutes of traffic per month and can offer VoIP to over 300 markets worldwide.<sup>49</sup> More than 20 resellers use Level 3's technical capabilities to offer VoIP service.<sup>50</sup> Level 3 reports that it has the network infrastructure to provide consumer VoIP service in markets covering approximately 69 percent of all U.S. households, and has been working with United Online, Inc. to provide telecommunications services to support its NetZero Voice VoIP mass market phone service.<sup>51</sup>

**Savvis** is a leading Managed Services Provider that delivers private IP VPNs, hosting, IP voice, and application services to enterprises. The company operates a global IP network delivering IP VPN, voice services, managed hosting, and managed Internet solutions.<sup>52</sup> Its

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<http://www.progresstelecom.com/network/default.asp>; Progress Telecom Metro Maps, *available at* <http://www.progresstelecom.com/network/MetroMap.asp>.

<sup>47</sup> Press Release, Level 3, Level 3 to Acquire Progress Telecom (Jan. 26, 2006), *available at* <http://www.level3.com/press/6710.html>.

<sup>48</sup> Level 3 Customers, *available at* <http://www.level3.com/3382.html>.

<sup>49</sup> Level 3 Presentation to 5 & Company Seventh Annual Growth Conference at 5, 12-13 (Jan. 13, 2005), *available at* [http://www.level3.com/userimages/dotcom/pdf/Needham\\_conference\\_1\\_12\\_05.pdf](http://www.level3.com/userimages/dotcom/pdf/Needham_conference_1_12_05.pdf).

<sup>50</sup> *Id.* at 14.

<sup>51</sup> Press Release, Level 3, Level 3 Selected by United Online to Enable VoIP Services (Dec. 14, 2005), *available at* <http://www.level3.com/press/6623.html>.

<sup>52</sup> SAVVIS Products & Services: Network Services, *available at* <http://www.savvis.net/corp/Products+Services/Network/>.

network spans 105 cities in 47 countries.<sup>53</sup> Savvis has focused on industries with demanding IP requirements, such as legal, media, retail, professional services, healthcare, manufacturing, and financial services.<sup>54</sup> In 2004, Savvis was ranked as #2 provider in the provision of both web-hosting service and VPNs, trailing only IBM and AT&T respectively, and it has won awards for network reliability, customer service, and for innovation.<sup>55</sup> Savvis has moved from web-hosting into full-scale outsourced IT solutions, serving as the managed network provider for over 400 customers in the retail industry, such as Virgin Entertainment Group, Albertsons, Ann Taylor, the Sharper Image, Gucci, Panera Bread Company and others.<sup>56</sup>

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<sup>53</sup> *Id.*

<sup>54</sup> Press Release, SAVVIS, SAVVIS Communications Selected to Acquire Cable & Wireless America Assets (Jan. 23, 2004), *available at* <http://www.savvis.net/company/newsroom/pressdetails.php?newsID=476>.

<sup>55</sup> IDC reported SAVVIS as the second largest IP VPN provider in the United States, edging past MCI and behind only AT&T. Press Release, SAVVIS, IDC and In-Stat/MDR Rank SAVVIS as Second Largest Hosting Services and IP VPN Services Provider, Respectively (July 27, 2004), *available at* <http://www.savvis.net/corp/News/Press+Releases/Archive/SAVVIS+Expands+Retail+AvenueIDC+and+In+Stat+MDR+Rank+SAVVIS+As+Second+Largest+Hosting+Services+and+I.htm>.

<sup>56</sup> Press Release, SAVVIS, Panera, LLC Selects SAVVIS To Power Nation's Largest Network Of Free Wi-Fi Hotspots, (Jan. 17, 2005), *available at* <http://www.savvis.net/corp/News/Press+Releases/Archive/Panera+LLC+Selects+SAVVIS+To+Power+Nations+Largest+Network+Of+Free+WiFi+Hotspots.htm>; *see also* Press Release, SAVVIS, SAVVIS Reports 2005 Revenue Up 8%, To \$667 Million; Operating Cash Flow Improved \$90 Million (Feb. 2, 2006), *available at* <http://www.savvis.net/corp/News/Press+Releases/Archive/> ("New customers signed include enterprises such as Allen & Overy LLP, Hard Rock International, the International Broadcasting Bureau of the U.S. government, Kajima USA, and Trilantic in the United Kingdom. SAVVIS expanded relationships with existing customers including Discovery Communications, Loyalty Management Services, SAXoTECH, and Vertis."); Press Release, SAVVIS, Campmor Chooses SAVVIS To Power Online Retail Business (Nov. 22, 2005), *available at* <http://www.savvis.net/corp/News/Press+Releases/Archive/> ("SAVVIS, Inc. . . . announced today that Campmor, a premier retailer . . . has chosen SAVVIS to provide the hosting, storage and network services to power its burgeoning e-commerce operations..."); Press Release, SAVVIS, Hard Rock International Selects SAVVIS to Provide Fully-Managed, Turnkey Network and Retail IT Services Solution (Jan. 16, 2006), *available at* <http://www.savvis.net/corp/News/Press+Releases/Archive/>.

### Competitive Local Exchange Carriers (CLECs)

Although a complete enumeration of CLEC competitors providing voice and/or data service in competition with BellSouth and/or AT&T would be beyond the scope of this Appendix, several examples suffice to illustrate their presence as competitors. **XO Communications** is the largest facilities-based CLEC in the U.S., with significant presence in BellSouth's in-region territory, including Atlanta, Memphis, Nashville, and throughout Florida.<sup>57</sup> Its network features direct connections to thousands of buildings, multiple data centers, over 100 peering POPs, and a footprint of fixed wireless licenses covering 95% of the top U.S. business markets.<sup>58</sup> XO offers a broad portfolio of voice products, dedicated Internet, scalable private data networking, IP VPN, web hosting services, and integrated product bundling.<sup>59</sup> XO also provides a VoIP service bundle aimed at small and medium-sized businesses which XO claims to be the industry's first such bundle for businesses that combines unlimited local and long distance calling, dedicated Internet access and web hosting for a flat monthly price.<sup>60</sup> Nearly 3,000

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<sup>57</sup> See XO: Complete Network Assets, *available at* [http://www.xo.com/about/network/maps/complete\\_normal.html](http://www.xo.com/about/network/maps/complete_normal.html); XO: Voice Assets, *available at* [http://www.xo.com/about/network/maps/voice\\_large.html](http://www.xo.com/about/network/maps/voice_large.html).

<sup>58</sup> XO: XO Network, *available at* <http://www.xo.com/about/network/>; *see also* Press Release, XO Communications, XO Communications Expands National Ethernet Services Footprint (Mar. 20, 2006) (announcing "significant expansion in the availability of XO Ethernet Services, using Ethernet over copper technology to extend the reach of its Ethernet services footprint beyond its fiber network to businesses served by last mile copper"), *available at* <http://www.xo.com/news/293.html>.

<sup>59</sup> XO: Our Story: Extensive Product Portfolio, *available at* <http://www.xo.com/about/ourstory/portfolio.html>.

<sup>60</sup> Press Release, XO Communications, XO Communications Expands Industry-Leading Business VoIP Services Bundle (Feb. 22, 2006), *available at* <http://www.xo.com/news/286.html>. ("XO Communications, Inc. today announced enhancements to XOptions Flex, its industry-leading voice over Internet Protocol (VoIP) services bundle, that enable small and medium-sized businesses with larger offices to take advantage of the cost-savings and flexibility of VoIP."); Press Release, XO Communications, XO Communications Signs 2,000th Business VoIP Services Customer (Nov. 21, 2005), *available at* <http://www.xo.com/news/281.html> ("XOptions

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businesses have deployed XO's VoIP bundle in less than a year of availability.<sup>61</sup> The company recently expanded its VoIP bundle availability to businesses with up to 160 employees, a market of more than 4 million businesses nationwide.<sup>62</sup>

**ITC^Deltacom** claims to be the largest facilities-based CLEC in the Southeast, with a geographic footprint that closely mirrors that of the BellSouth region.<sup>63</sup> The company owns more than 10,900 miles of fiber with 240 POPs, claiming to offer more access points than any other provider in the region.<sup>64</sup> ITC^Deltacom offers a range of voice, Internet and data services

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Flex is available in major metropolitan areas across the United States, including Akron, Allentown, Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Columbus, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Harrisburg, Houston, Jersey City, Las Vegas, Los Angeles, Miami, Memphis, Minneapolis, Nashville, New York, Newark, Oakland, Orange County, CA, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, St. Paul, St. Petersburg, Salt Lake City, San Antonio, San Diego, San Francisco, San Jose, Scranton, Seattle, Spokane, Tampa, Trenton, Washington, DC, West Palm Beach, and Wilmington, DE.”); *see also* Press Release, XO Communications, XO Communications Awarded Multi-Year Data and Voice Services Contract from Texas Rangers and Dallas Stars (Jan. 11 2006), *available at* <http://www.xo.com/news/282.html>.

<sup>61</sup> *Id.*

<sup>62</sup> *Id.*; *see also* Press Release, XO Communications, XO Communications Tops 2.2 Billion Minutes of VoIP Traffic in Fourth Quarter of 2005 (Jan. 19, 2006), *available at* <http://www.xo.com/news/283.html> (“XO Communications, Inc. [] today announced that it carried more than 2.2 billion minutes of voice over Internet Protocol (VoIP) traffic across its national IP network in the fourth quarter of 2005 . . . . The increase was driven by greater deployment of XO's VoIP solutions by businesses and service providers, demonstrating the increasing acceptance and growth of delivering voice services over an all IP environment. ‘Over the past year, we introduced new VoIP offerings for businesses and service providers, and the response has been phenomenal,’ said Carl Grivner, CEO of XO Communications.”).

<sup>63</sup> ITC^Deltacom Corporate Fact Sheet, *available at* <http://www.itcdeltacom.com/docs/CORPORATE%20FACT%20SHEET.pdf>; ITC^Deltacom, About Us: Our Network, *available at* <http://www.itcdeltacom.com/network.asp> (containing Fiber Optic, IP Backbone, PRI and Frame Relay network maps); *see also* Press Release, ITC^DeltaCom, ITC^DeltaCom Announces Availability of MPLS Service (Jan. 9, 2006), *available at* <http://www.itcdeltacom.com/press/MPLS%20Release%20legal%20v1.pdf>.

<sup>64</sup> ITC^Deltacom, About Us: Our Network, *available at* <http://www.itcdeltacom.com/network.asp>.

including IP VPN, point-to-point service, frame relay and ATM.<sup>65</sup> In 2004, ITC^Deltacom launched an integrated voice and data service bundle aimed at small and medium-sized businesses, and the company has worked with Nortel on trials of their business VoIP products.<sup>66</sup>

**Time Warner Telecom** provides data and voice services to businesses of all sizes via a nationwide fiber network.<sup>67</sup> Its network extends to 44 metropolitan areas and offers lit fiber to nearly 6,000 buildings including 350 commercial buildings in greater Atlanta.<sup>68</sup> Time Warner Telecom competes in numerous parts of BellSouth's in-region area, including Atlanta, Memphis, the Carolinas, and in Florida.<sup>69</sup> Its services include a wide array of voice and data services, from simple network transport to advanced network management services and converged IP access, data and voice services.<sup>70</sup> Time Warner Telecom has been successful in the enterprise services segment, reporting an 18% CAGR enterprise growth rate over the past three years and that, as of year-end 2005, enterprise services represented 57% of the company's revenues.<sup>71</sup> Time Warner Telecom launched its business-class VoIP solution suite to business customers in 2005, stating

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<sup>65</sup> ITC^Deltacom, Products: Data Services, *available at* <http://www.itcdeltacom.com/data.asp>.

<sup>66</sup> Press Release, ITC^Deltacom, ITC^Deltacom Introduces Enhanced Voice and Data Service Bundles (Mar. 22, 2004), *available at* [http://www.itcdeltacom.com/press/SimplicTplus\\_040322.pdf](http://www.itcdeltacom.com/press/SimplicTplus_040322.pdf); Press Release, ITC^Deltacom, ITC^Deltacom Selects Nortel Networks Multimedia Platform To Deliver Voice Over Internet Protocol Services (Aug. 9, 2004), *available at* <http://www.itcdeltacom.com/press/ITCD%20Nortel%20VoIP%20040809%20FINAL.pdf>.

<sup>67</sup> See New Paradigm Research Group, "CLEC Report 2005: Time Warner Telecom Inc.," at 5.

<sup>68</sup> See Time Warner Telecom Investor Presentation at 5 (Mar. 2006), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2006/TWTC\\_Feb-Mar\\_2006\\_IR\\_Handout.pdf](http://www.twtelecom.com/Documents/Announcements/News/2006/TWTC_Feb-Mar_2006_IR_Handout.pdf); see also Press Release, Time Warner Telecom, Time Warner Cable Extends Atlanta Fiber Network (Jan. 20, 2006), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2006/Atlanta\\_Extension\\_Final\\_1\\_06.pdf](http://www.twtelecom.com/Documents/Announcements/News/2006/Atlanta_Extension_Final_1_06.pdf).

<sup>69</sup> See Time Warner Telecom Investor Presentation at 5 (March 2006).

<sup>70</sup> See *id.* at 10, 14-18.

<sup>71</sup> *Id.* at 8.

“Our strategy is to layer VoIP-based business-class solutions on our robust metro Ethernet platform. This leverages our network strengths and relationships with customers to meet their mission-critical voice needs.”<sup>72</sup> This strategy is winning customers in BellSouth’s region.<sup>73</sup>

Atlanta-based **Cbeyond Communications** provides integrated packages of voice, mobile and broadband services to small and medium-sized businesses (SMB) over its private 100-percent VoIP facilities-based network. Cbeyond reported strong revenue growth in 2005, up over 40% since 2004.<sup>74</sup> “Cbeyond's offering has been extensively embraced by a number of

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<sup>72</sup> Press Release, Time Warner Telecom, Time Warner Telecom Launches VoIP-Based Business Solutions Over Metro Ethernet (Feb. 23, 2005), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2005/VOIP\\_Strategy\\_Launch\\_PR1.doc](http://www.twtelecom.com/Documents/Announcements/News/2005/VOIP_Strategy_Launch_PR1.doc).

<sup>73</sup> *See* Press Release, Time Warner Telecom, Time Warner Telecom Delivers Complete Data, Internet and Voice Solutions to Pinnacle Financial (Mar. 7, 2006) (“Time Warner Telecom . . . today announced the successful installation of a full suite of high speed, reliable communications services for Pinnacle Financial Corporation in Orlando. These solutions include metro Ethernet, Ethernet Internet services (EIS) and voice services.”), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2006/Pinnacle\\_Financial.pdf](http://www.twtelecom.com/Documents/Announcements/News/2006/Pinnacle_Financial.pdf); Press Release, Time Warner Telecom, Time Warner Telecom Delivers Metro Ethernet and Collocation Services to Horizon Eye Care (Feb. 2, 2006) (“Time Warner Telecom . . . today announced the installation of metro Ethernet services to Horizon Eye Care’s five metro area facilities. The company is a full service provider of eye care services, including laser vision correction services, throughout the Charlotte metro area.”), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2006/Horizon\\_Eye\\_Care.pdf](http://www.twtelecom.com/Documents/Announcements/News/2006/Horizon_Eye_Care.pdf); Press Release, Time Warner Telecom, Time Warner Delivers Data and Internet Network Solutions to PBM Graphics [in North Carolina] (Nov. 21, 2005), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2005/PBM\\_Graphics\\_Final.pdf](http://www.twtelecom.com/Documents/Announcements/News/2005/PBM_Graphics_Final.pdf); Press Release, Time Warner Telecom, Time Warner Telecom Delivers Voice and Data Network Solutions to Presbyterian Homes [in North Carolina] (Oct. 24, 2005), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2005/PresbyterianHomesRelease\\_FINAL.pdf](http://www.twtelecom.com/Documents/Announcements/News/2005/PresbyterianHomesRelease_FINAL.pdf); Press Release, Time Warner Telecom, Time Warner Telecom to Deliver Complete Voice and Data Network Solutions to Coastal Federal Credit Union in North Carolina (Sept. 13, 2005), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2005/VPN\\_Coastal.pdf](http://www.twtelecom.com/Documents/Announcements/News/2005/VPN_Coastal.pdf); Press Release, Time Warner Telecom, Time Warner Telecom Extends Atlanta Fiber Network (Jan. 20, 2006), *available at* [http://www.twtelecom.com/Documents/Announcements/News/2006/Atlanta\\_Extension\\_Final\\_1\\_06.pdf](http://www.twtelecom.com/Documents/Announcements/News/2006/Atlanta_Extension_Final_1_06.pdf).

<sup>74</sup> Press Release, Cbeyond Communications, Cbeyond Communications Reports Fourth Quarter 2005 Results and 2006 Financial Guidance; Company Reports 2005 Revenue Grew More than 40% and Adjusted EBITDA Grew More than 50% (Mar. 15, 2006), *available at* <http://ir.cbeyond.net/ReleaseDetail.cfm?ReleaseID=190423>.

specific business segments, including healthcare, real estate and legal services....More than 20,000 Cbeyond SMB customers currently subscribe to the service and customer retention exceeds 99 percent per month.”<sup>75</sup> The company’s SMB offering - available in the Atlanta market - is based on Cisco’s IP NGN architecture and includes local and long distance service, high-speed Internet access, mobile voice and data, and a variety of business applications like VPNs, e-mail, data backup and file sharing.<sup>76</sup> In January 2006, the company introduced a new mobile voice and data MVNO service offering for small business customers, which bundles all calling minutes together - including long distance, toll-free and mobile - such that the “sharing of minutes [between landline and mobile] is seamless.”<sup>77</sup>

Based in Charlotte, North Carolina, **US LEC** is a full service provider of IP, data and voice solutions to medium and large businesses and enterprise organizations. The company has an extensive MPLS VPN IP services footprint in BellSouth’s region, including in Atlanta; Charlotte, Greensboro and Raleigh in North Carolina; Chattanooga and Knoxville in Tennessee; Fort Myers, Jacksonville, Miami, Orlando, Tampa and West Palm Beach in Florida; and Louisville, Kentucky.<sup>78</sup> US LEC offers advanced, IP-based, data and voice services such as

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<sup>75</sup> Press Release, Cbeyond Communications, Cbeyond Communications Driving Rapid Growth of Managed IP Communications Solution Among Small Businesses: More Than 20,000 Small and Medium Businesses Find Clear Benefits in Cbeyond's Cost-Effective, Converged Data and Voice Offering Delivered Over Cisco IP NGN (Mar. 20, 2006), *available at* <http://ir.cbeyond.net/ReleaseDetail.cfm?ReleaseID=190657>.

<sup>76</sup> *Id.*

<sup>77</sup> Press Release, Cbeyond Communications, Cbeyond Introduces a National Mobile Service Designed Specifically for Small Businesses (Jan. 23, 2006), *available at* <http://ir.cbeyond.net/ReleaseDetail.cfm?ReleaseID=185045>.

<sup>78</sup> Press Release, US LEC Corp., US LEC Extends IP-Based Footprint (Mar. 7, 2006), *available at* [http://www.uslec.com/News-\\_Press%20Center-368](http://www.uslec.com/News-_Press%20Center-368); Press Release, US LEC Corp., US LEC Introduces MPLS VPN Wide-Area Networking (Nov. 17, 2005), *available at*

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MPLS VPN and Ethernet, as well as comprehensive Dynamic TSM VoIP-enabled services and features.<sup>79</sup> The company also offers local and long distance services and data services such as frame relay, Multi-Link Frame Relay and ATM. The company has been successfully expanding its business customer base - adding 3,900 business class customers in 2005, with over 26,000 in total.<sup>80</sup>

**TelCove, Inc.** provides telecommunications services to enterprises, carriers, and government organizations, offering Internet, Data, and Voice solutions via its extensive metropolitan and intercity fiber-optic network. The company significantly expanded its network

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[http://www.uslec.com/News-\\_Press%20Center-354](http://www.uslec.com/News-_Press%20Center-354); Press Release, US LEC Corp., US LEC Fattens Pipe, Launches Ethernet Local Loop (Sept. 22, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-344](http://www.uslec.com/News-_Press%20Center-344); Press Release, US LEC Corp., US LEC Expands into Upstate South Carolina (Sept. 6, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-341](http://www.uslec.com/News-_Press%20Center-341).

<sup>79</sup> *Id.*; *see also* Press Release, US LEC Corp., US LEC Boosts Dynamic T VoIP Service (Dec. 19, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-356](http://www.uslec.com/News-_Press%20Center-356); Press Release, US LEC Corp., US LEC Expands Dynamic T to Southwest Florida (Jan. 4, 2006), *available at* [http://www.uslec.com/News-\\_Press%20Center-358](http://www.uslec.com/News-_Press%20Center-358).

<sup>80</sup> Press Release, US LEC Corp., US LEC Announces Fourth Quarter 2005 Revenue of Over \$100 Million and Adjusted EBITDA In Excess of \$14 Million (Feb. 23, 2006), *available at* [http://www.uslec.com/News-\\_Press%20Center-366](http://www.uslec.com/News-_Press%20Center-366); Press Release, US LEC Corp., US LEC Grows Florida Customer Base (Aug. 25, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-339](http://www.uslec.com/News-_Press%20Center-339) (announcing that “since July 2004 its Florida customers base has increased by nearly 25% to over 7,000 business class-customers, adding almost 1,400 customers”); Press Release, US LEC Corp., US LEC Increases Business Class Customer Base (July 12, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-335](http://www.uslec.com/News-_Press%20Center-335) (announcing that the company “has surpassed the 24,000 customer mark. The carrier has increased its core base of medium and large business customers by nearly 2,500 since the beginning of 2005”); Press Release, US LEC Corp, Corrections Corporation of America Chooses US LEC (Oct. 6, 2005), *available at* [http://www.uslec.com/News-\\_Press%20Center-346](http://www.uslec.com/News-_Press%20Center-346) (announcing that “Nashville-based Corrections Corporation of America (CCA) chose [US LEC] to provide its business telecommunications services”); *see also* Ari M. Moses, “Industry Report: Communications Services & Technology,” Kaufman Brothers Equity Research (Mar. 7, 2006) (stating that “[g]iven the company’s 50% footprint overlap with BellSouth it seems logical to question how the proposed merger would impact competition. Conventional wisdom might suggest that this ‘David vs. Goliath’ battle would be disastrous for [US LEC]. We would argue to the contrary. Given the company’s deep facilities, deployment of an MPLS network and strong customer relationships we think that the company could take share from a distracted BellSouth which is likely to shift its focus to the enterprise and residential markets”).

in 2005: local fiber miles grew 17% to over 11,800 miles; buildings on-net (connected directly to the TelCove network via fiber) grew 20% to 3,817.<sup>81</sup> TelCove's 2005 acquisition of network assets from KMC Telecom also expanded its service markets in the BellSouth region, adding service in Clearwater, Daytona Beach, Fort Myers, Melbourne, Pensacola, Sarasota and Tallahassee in Florida; Augusta and Savannah in Georgia; Charleston, Columbia and Spartanburg in South Carolina; and Fayetteville, Greensboro, Hickory, Winston-Salem and Wilmington in North Carolina.<sup>82</sup> In 2005, the company launched an enterprise VoIP service and a 10 Gigabit Ethernet service for enterprise customers and carriers across all of its 70 markets.<sup>83</sup>

**NuVox Communications** offers a complete suite of data, voice, VoIP, networking and security services, serving 43,000 business customers in markets across Florida, Georgia, South Carolina, North Carolina, Tennessee, Alabama, Kentucky, Mississippi and Louisiana.<sup>84</sup> The company launched a VoIP service in April 2005 to provide business customers with a "flexible,

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<sup>81</sup> Press Release, TelCove Inc., *TelCove Continues Growth and Momentum Throughout 2005: Buildings on Net, Markets Served, Network Expansion Grow Substantially in 2005* (Feb. 14, 2006), available at <http://www.telcove.com/press/pr021406.asp>.

<sup>82</sup> Press Release, TelCove, Inc., *TelCove Finalizes Purchase of KMC Telecom Market Assets* (July 1, 2005), available at <http://www.telcove.com/press/pr070105.asp> (noting that post-acquisition, the company has "dominant network positions" in a number of states, including the Carolinas and Florida); see also *TelCove Market Coverage*, available at <http://www.telcove.com/network/maps/market-map.pdf> (Telcove's MSAs include Daytona Beach, FL, Fort Lauderdale, FL, Fort Myers, FL, Jacksonville, FL, Melbourne, FL, Miami, FL, Orlando, FL, Pensacola, FL, Sarasota, FL, Tallahassee, FL, Tampa, FL, Titusville, FL, West Palm Beach, FL, Mobile, AL, Atlanta, GA, Augusta, GA, Savannah, GA, Lexington, KY, Louisville, KY, Baton Rouge, LA, New Orleans, LA, Jackson, MS, Charlotte, NC, Fayetteville, NC, Greensboro, NC, Raleigh, NC, Winston-Salem, NC, Charleston, SC, Columbia, SC, Greenville, SC, Spartanburg, SC, Nashville, TN, Tri-Cities, TN).

<sup>83</sup> Press Release, TelCove Inc., *TelCove Launches VoIP Service* (Aug. 15, 2005), available at <http://www.telcove.com/press/pr081505.asp>; Press Release, TelCove Inc., *TelCove Launches 10-Gigabit Ethernet Service for Metropolitan Area Configurations* (Oct. 31, 2005), available at <http://www.telcove.com/press/pr103105.asp>.

<sup>84</sup> See Press Release, NuVox, *NuVox Communications Hits Milestone with VoIP Product as Company Signs 1,000 Customer* (Oct. 27, 2005), available at <http://www.nuvox.com/index.php/20?ID=333>.

high bandwidth data and voice solution, packed with a suite of bundled services over NuVox's private IP network",<sup>85</sup> which it rapidly expanded to a number of markets in the BellSouth region.<sup>86</sup> By October 2005, NuVox already had 1,000 business customers for its VoIP service.<sup>87</sup> NuVox also offers a variety of networking services such as private line, point-to-point and frame relay solutions -- "these high-end networking services are ideal for businesses that require high-speed data transfer and voice connectivity via NuVox's state-of-the-art network."<sup>88</sup>

**PAETEC Communications** "specializes in developing targeted solutions for medium and large businesses, governmental organizations, and affinity groups across North America."<sup>89</sup>

The company provides a wide range of integrated telecommunications services to business customers including VoIP, local and long distance, service bundles, Internet access services,

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<sup>85</sup> Press Release, NuVox Communications Launches VoxIP: NuVox introduces new dynamic VoIP product for businesses (Apr. 19, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=317>.

<sup>86</sup> *See* Press Release, NuVox, NuVox Communications Releases VoxIP in Florida Markets (Sept. 26, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=330>; Press Release, NuVox, NuVox Communications Offers VoIP Services in North Carolina (Sept. 6, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=327>; Press Release, NuVox, NuVox Communications Launches VoIP Service in Tennessee (Aug. 24, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=326>; Press Release, NuVox, NuVox Communications Brings VoIP Solutions to Kentucky Markets (Aug. 23, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=325>; Press Release, NuVox, NuVox Communications Offerings VoIP Service Across South Carolina (July 28, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=324>; Press Release, NuVox, NuVox Communications Introduces VoxIP in Atlanta (May 31, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=318>.

<sup>87</sup> *See* Press Release, NuVox, NuVox Communications Hits Milestone with VoIP Product as Company Signs 1,000 Customer (Oct. 27, 2005), *available at* <http://www.nuvox.com/index.php/20?ID=333>.

<sup>88</sup> NuVox Communications: Networking Services, *available at* <http://www.nuvox.com/index.php/28>.

<sup>89</sup> PAETEC Communications: Target Industries, *available at* [http://www.paetec.com/2\\_1/2\\_1\\_3\\_\\_1.html](http://www.paetec.com/2_1/2_1_3__1.html).

Managed VPN and Frame Relay.<sup>90</sup> PAETEC launched its VoIP service offering in 2006, including converged voice and data services with dynamic bandwidth allocation, Hosted IP Telephony (Hosted IP Centrex and Hosted IP PBXs), Collaboration Services, and Hosted Voice VPN.<sup>91</sup> The company's VoIP service leverages PAETEC's Private IP MPLS network, built with elements of Lucent IP Multimedia Subsystem (IMS) technology, "helping customers migrate to next-generation VoIP services, but also taking important first steps toward a converged services architecture."<sup>92</sup> PAETEC serves customers in 29 markets including a number of Florida markets: Daytona, Fort Lauderdale/Miami, Orlando and Tampa.<sup>93</sup>

**Xspedius Communications**, a provider of integrated telecommunications services, focuses on small and medium-sized businesses in the southern United States.<sup>94</sup> The company also provides local fiber and/or dial tone solutions to major enterprise customers including Bank of America, Humana, Hewlett Packard, Citigroup, Nokia and Lexmark.<sup>95</sup> Xspedius announced record sales and profitability in October 2005, as the company "continues to expand its market services with new products that take advantage of its fiber assets, such as Metro ConneX Ethernet and Layer 2 and 3 VPN ConneX which provide high capacity service at competitive

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<sup>90</sup> See PAETEC Communications: The PAETEC Solutions Portfolio, *available at* [http://www.paetec.com/1\\_1/1\\_1\\_\\_1.html](http://www.paetec.com/1_1/1_1__1.html).

<sup>91</sup> Press Release, PAETEC Communications, PAETEC Launches iPATH, a Suite of VoIP Services for Businesses (Jan. 23, 2006), *available at* [ftp://ftp.paetec.com/PDFS/News/2006%20releases/PAETEC\\_iPATH\\_012306.pdf](ftp://ftp.paetec.com/PDFS/News/2006%20releases/PAETEC_iPATH_012306.pdf).

<sup>92</sup> *Id.*

<sup>93</sup> See PAETEC Communications: Markets Served, *available at* [http://www.paetec.com/2\\_1/2\\_1\\_5\\_\\_2.html](http://www.paetec.com/2_1/2_1_5__2.html).

<sup>94</sup> See Xspedius Communications: Company Profile, *available at* [http://www.xspedius.com/aboutus/company\\_profile.aspx](http://www.xspedius.com/aboutus/company_profile.aspx).

<sup>95</sup> See Xspedius Communications: Enterprise Customers, *available at* <http://www.xspedius.com/customersolutions/enterprise.aspx>.

rates.”<sup>96</sup> The company expanded its network footprint in the BellSouth region in 2005 with its acquisition of network assets of ICG Communications, adding 500 miles of fiber and 194 buildings to its network in the Southeast, entering the Charlotte, North Carolina market, and enhancing its presence in Atlanta; Birmingham, Alabama; and Louisville and Nashville, Kentucky.<sup>97</sup> Xspedius has metro fiber in numerous cities in the BellSouth region.<sup>98</sup>

Headquartered in Macon, Georgia, **Access Integrated Networks** provides telecommunications services in more than 1,000 communities in the nine state BellSouth region,<sup>99</sup> offering “an easy alternative to traditional broadband, local and long distance telephone services designed especially for the unique needs of today’s small to medium size businesses.”<sup>100</sup> In 2005, Access launched a facilities-based IP network in the Middle Georgia area to provide businesses and consumers with voice, data and other enhanced services, and the company plans

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<sup>96</sup> Press Release, Xspedius Communications, Xspedius Communications Announces Record Sales in October (Dec. 1, 2005), *available at* <http://www.xspedius.com/aboutus/pressdetails.aspx?det=46>.

<sup>97</sup> See Xspedius Communications: Company Profile, *available at* [http://www.xspedius.com/aboutus/company\\_profile.aspx](http://www.xspedius.com/aboutus/company_profile.aspx); see also *New Telecom Lining Up for Entry Here*, Charlotte Bus. J., June 3, 2005, *available at* <http://www.bizjournals.com/charlotte/stories/2005/06/06/story8.html?GP=OTC-MJ1752087487> (“Another telecom firm is moving into Charlotte, promising to turn up the competitive heat in hopes of attracting business customers . . . . The purchase includes ICG’s customers and a substantial fiber network with direct connections into 80 buildings in the Charlotte area . . . .”).

<sup>98</sup> See Xspedius Communications: Network Map: Metro Fiber, *available at* <http://www.xspedius.com/#> (metro fiber in, among other cities, Miami, Ft. Lauderdale, Jacksonville, Atlanta, Charleston, Charlotte, Chattanooga, Nashville, Mobile, Birmingham, New Orleans, Baton Rouge).

<sup>99</sup> See Access Integrated Networks: About Access, *available at* <http://www.accesscomm.com/about/about.aspx>.

<sup>100</sup> Access Integrated Networks: Who We Are, *available at* <http://www.accesscomm.com/about/index.aspx>.

to implement the network throughout its nine state region.<sup>101</sup> In February 2006, the company entered an agreement with Trinsic Communications, another CLEC, to acquire substantially all of Trinsic's residential and small business local access lines in the BellSouth region.<sup>102</sup> The President and CEO of Access stated of the transaction: "With this acquisition of approximately 43,000 lines, which will grow our customer base to over 130,000 customer lines, we will become an even stronger player in the telecommunications industry in the Southeast."<sup>103</sup>

Currently, **Covad** provides a host of broadband services, including residential and enterprise level DSL, VoIP, T-1, hosting, managed security and bundled voice and data.<sup>104</sup> Its broadband services are available in 44 states and 235 MSAs, reaching over 50% of U.S. homes and businesses.<sup>105</sup> Covad is a leading firm in business VoIP, having completed a nationwide roll-out of business-class VoIP, with availability in 125 major metropolitan areas, covering 900 cities by the end of 2004.<sup>106</sup> Covad was recently named the market leader in hosted VoIP services, leading all providers offering such services to business customers, including MCI and

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<sup>101</sup> See Press Release, Access Integrated Networks, Access Integrated Networks Expands to Georgia Coast (Mar. 15, 2006), *available at* <http://www.accesscomm.com/about/PressReleases/03142006.aspx>.

<sup>102</sup> See Press Release, Access Integrated Networks, Access Integrated Networks to Acquire Local Access Lines (Feb. 13, 2006), *available at* <http://www.accesscomm.com/about/PressReleases/02132006.aspx>.

<sup>103</sup> *Id.*

<sup>104</sup> See Covad: Products and Services, *available at* <http://www.covad.com/products/productsandservices.shtml>.

<sup>105</sup> Covad: About Covad, *available at* <http://www.covad.com/companyinfo/index.shtml>.

<sup>106</sup> Press Release, Covad, Covad Completes Nationwide Rollout of Business-Class VoIP (Dec. 9, 2004), *available at* [http://www.covad.com/companyinfo/pressroom/pr\\_2004/120904\\_news.shtml](http://www.covad.com/companyinfo/pressroom/pr_2004/120904_news.shtml). See also Press Release, Covad Communications Group, Covad's PBXi Plus Provides Affordable Business-Class VoIP and Broadband Bundle to Small Business Market (Jan. 19, 2006), *available at* [http://www.covad.com/companyinfo/pressroom/pr\\_2006/011906\\_news.shtml](http://www.covad.com/companyinfo/pressroom/pr_2006/011906_news.shtml).

AT&T.<sup>107</sup> While Covad has focused on small and medium-sized businesses,<sup>108</sup> it also targets enterprise customers and distributed businesses with multiple office locations.<sup>109</sup> Covad has also entered the VoIP mass market, partnering with EarthLink to roll-out line-powered voice, a VoIP-based voice and data bundle for consumers, over Covad's network. Line-powered voice does not require a broadband connection or additional consumer premise equipment. Customers use their existing analog phone equipment and in-house jack. "It's simple: this partnership allows consumers to fire their phone company and sign up for the high-quality, low-cost voice and broadband solution that they deserve," said Steve Howe, EarthLink's vice president of voice services.<sup>110</sup>

Based in Miramar, Florida, **Supra Telecom** is the second largest telecommunications provider in the South Florida tri-county area with over 250,000 customers and "provides nearly half of all competitive access lines in the state of Florida and is estimated to be the largest residential competitor to BellSouth in Florida."<sup>111</sup> In 2006, the company expanded service to the Orlando and Tampa markets.<sup>112</sup> Supra claims to be one of few CLECs to have deployed its own

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<sup>107</sup> Press Release, Covad, In-Stat Names Covad Market Leader Among Hosted VoIP Providers (Dec. 16, 2005), *available at* [http://www.covad.com/companyinfo/pressroom/pr\\_2005/121605\\_news.shtml](http://www.covad.com/companyinfo/pressroom/pr_2005/121605_news.shtml); *Covad Debuts Package for Businesses with PBXs*, VoIP Bus. Weekly, Jan. 19, 2006, *available at* [http://www.voipweekly.com/news\\_detail.php?news\\_id=323](http://www.voipweekly.com/news_detail.php?news_id=323).

<sup>108</sup> *Id.*

<sup>109</sup> See Covad: Covad Corporate Brochure, *available at* <http://www.covad.com/companyinfo/docs/CovadCorpBrochure.pdf>; Covad: Enterprise Services, *available at* <http://www.covad.com/products/enterprise/index.shtml>.

<sup>110</sup> Press Release, Covad, Covad's Line-Powered Voice Service Rolled Out by EarthLink in Seattle, Dallas and San Francisco (Feb. 6, 2006), *available at* [http://www.covad.com/companyinfo/pressroom/pr\\_2006/020606\\_news.shtml](http://www.covad.com/companyinfo/pressroom/pr_2006/020606_news.shtml).

<sup>111</sup> Supra Telecom: About Us, *available at* <http://www.supratelecom.com/about.html>.

<sup>112</sup> See *Supra Telecom Expands Service to Orlando, Tampa*, Orlando Bus. J., Mar. 20, 2006, *available at* <http://orlando.bizjournals.com/orlando/stories/2006/03/20/daily7.html>.

carrier class network switches to serve its business and residential customers.<sup>113</sup> The company offers a variety of service bundles including local and long distance service and dial-up Internet service, and also plans to launch DSL service.<sup>114</sup> Lucent recently partnered with Supra to provide the technology solutions to enable Supra to “grow its network and cost-effectively offer new services such as Voice over Internet Protocol (VoIP) while maintaining its ability to provide traditional telephone service.”<sup>115</sup>

**Birch Telecom** targets business customers,<sup>116</sup> and has 130,000 customers across 12 states in the lower Midwest and South, including Florida, Georgia, Alabama, Mississippi, Louisiana, Tennessee and the Carolinas. Birch owns and operates an integrated voice and data network, and offers a broad portfolio of local, long distance and Internet services.<sup>117</sup>

**Granite Telecommunications** is a telecommunications and software services company providing local, long distance and inside wiring to small, medium and large businesses, offering services in 49 states.<sup>118</sup> In 2006, the company announced the launch of a broadband offering in

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<sup>113</sup> Supra Telecom: About Us, *available at* <http://www.supratelecom.com/about.html>.

<sup>114</sup> See Press Release, Supra Telecom, Supra Telecom Heals Competitors’ Customers Broken Hearts (July 27, 2005), *available at* <http://www.supratelecom.com/news8.html>.

<sup>115</sup> See Press Release, Supra Telecom, Supra Telecom Selects Lucent Technologies and Dynavar Corporation to Enable Next-Generation Services (Oct. 25, 2005), *available at* <http://www.supratelecom.com/news9.html>.

<sup>116</sup> Birch Telecom: About Birch: Company Profile, *available at* [http://www.birch.com/about\\_birch/](http://www.birch.com/about_birch/) (“Throughout its history, Birch has consistently targeted the business customer, fueling its growth with a strong focus on personal attention to its customers and great service at better prices than the Bell companies.”).

<sup>117</sup> See e.g., Birch Telecom: Georgia Business Products & Services, *available at* [http://www.birch.com/products/business/biz\\_ga\\_products.shtml](http://www.birch.com/products/business/biz_ga_products.shtml).

<sup>118</sup> See Granite Telecommunications: Welcome to Granite, *available at* <http://www.granitenet.com/>; Granite Telecommunications: Why Granite Telecommunications? *available at* [http://www.granitenet.com/why\\_granite.html](http://www.granitenet.com/why_granite.html).

selected areas, expanding nationwide throughout the year.<sup>119</sup> “Granite is known for its abilities to meet the telephone needs of large multilocation businesses, providing services to 50 of the Fortune 500 companies.”<sup>120</sup>

**FPL FiberNet**, a subsidiary of the Florida Power & Light Group, owns and operates an extensive fiber optic network with over 2,500 miles of dark and lit fiber traversing southern and eastern Florida including metro networks in a number of cities -- Miami, Ft. Lauderdale, Boca Raton/West Palm Beach, Tampa/St. Petersburg, Orlando and Jacksonville -- and claims to have the “most extensive inter- and intra-city network in Florida.”<sup>121</sup> The company focuses on providing wholesale telecommunications services to local, long-distance and wireless providers, ISPs and other businesses “with connectivity to more central offices, carrier hotels and international cable-heads than any other fiber wholesaler in the state.” In addition, through partnerships with regional providers, FPL FiberNet has access to over 8,600 miles of additional fiber throughout the Southeast.<sup>122</sup> The company offers a range of services to its customers including metro and long-haul transport services, Ethernet, Layer 2/3 IP VPN, dedicated Internet access, Fiber-to-the-Home/Business services, metro dark fiber and co-location services.<sup>123</sup>

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<sup>119</sup> See Granite Telecommunications Plans Nationwide Broadband Offering, *Phone Plus* (Mar. 2, 2006), available at <http://www.phoneplusmag.com/hotnews/62h28201536.html>.

<sup>120</sup> *Id.*

<sup>121</sup> See FPL FiberNet: Why FPL FiberNet?, available at [http://www.fplfiber.net/capabilities/contents/why\\_fpl\\_fiber.net.shtml](http://www.fplfiber.net/capabilities/contents/why_fpl_fiber.net.shtml); FPL FiberNet: Florida Footprint, available at <http://www.fplfiber.net/networks/contents/florida.shtml>.

<sup>122</sup> See FPL FiberNet: Why FPL FiberNet?, available at [http://www.fplfiber.net/capabilities/contents/why\\_fpl\\_fiber.net.shtml](http://www.fplfiber.net/capabilities/contents/why_fpl_fiber.net.shtml); FPL FiberNet: Company Information, available at <http://www.fplfiber.net/capabilities/contents/overview.shtml>.

<sup>123</sup> See FPL FiberNet: Products and Services, available at [http://www.fplfiber.net/capabilities/contents/products\\_and\\_services.shtml](http://www.fplfiber.net/capabilities/contents/products_and_services.shtml).

Like FPL FiberNet, **DukeNet Communications**, **Southern Telecom**, **AGL Networks**, **OnFiber Communications** and **AboveNet** all have fiber networks in the BellSouth region. DukeNet Communications, a subsidiary of Charlotte, North Carolina-based energy provider Duke Energy, operates a SONET fiber network in North and South Carolina of over 3,000 route miles, which the company claims to be “the largest metro network available in the Carolinas.”<sup>124</sup> Southern Telecom, a subsidiary of Atlanta-based energy provider Southern Company, operates a fiber network of 1,200 route miles in Georgia, Florida and Alabama, and in 2005, entered into an agreement with First Mile Communications to provide a broadband fixed wireless access service to provide “expanded access to businesses throughout metropolitan Atlanta.”<sup>125</sup> AGL Networks, a subsidiary of AGL Resources, owns and operates a 227-mile fiber network in the Atlanta metro area “serving the central business district and points north and south of the city... a footprint capable of meeting many needs for metro fiber connectivity.”<sup>126</sup> OnFiber Communications has an all-optical network extending over 5,200 route miles nationwide serving 18 markets including Atlanta and Miami, and in 2005, the company launched a new metro access solution for business

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<sup>124</sup> See Hoovers Profile: DukeNet Communications, LLC, *available at* [http://www.hoovers.com/dukenet-communications/--ID\\_\\_104443--/free-co-factsheet.xhtml](http://www.hoovers.com/dukenet-communications/--ID__104443--/free-co-factsheet.xhtml); Press Release, DukeNet Communications, We’re Expanding Our Network (Dec. 22, 2003), *available at* <http://www.dc.duke-energy.com/Content/InformationUpdates/2003/12-Dec/2003122201.html>.

<sup>125</sup> See Southern Telecom: Network, Going the Last Mile, *available at* <http://www.southern-telecom.com/network.asp>; Press Release, Southern Telecom® Enters Marketing Agreement with First Mile Communications: Companies Introduce Broadband Fixed Wireless Services to Customers (Sept. 16, 2005), *available at* <http://www.southern-telecom.com/pr09092005.asp>; *see also* Press Release, Telcove, Telcove Chooses Southern Telecom to Grow Metro Atlanta Presence (June 25, 2004) (“TelCove, a leading provider of premium telecommunications services, chose Southern Telecom to help expand its operations and reach into the Atlanta Central Business District.”), *available at* <http://www.southern-telecom.com/pr06252004.asp>.

<sup>126</sup> See AGL Networks: Company Overview, *available at* <http://www.aglnetworks.com/>; AGL Networks: Atlanta Network, *available at* <http://www.aglnetworks.com/> (showing Atlanta metro area fiber map).

customers to all its metro markets.<sup>127</sup> AboveNet provides fiber connectivity solutions, with over 1.5 million route miles of fiber and more than 1,050 lit buildings in the U.S., serving business customers in fourteen markets, including Atlanta.<sup>128</sup>

Other examples of CLECs competing in BellSouth's region include Looking Glass Networks, SolarCom LLC., iPass, Inc.,<sup>129</sup> Netifice Communications,<sup>130</sup> MegaPath Networks and Pac-West Telecom, Inc.<sup>131</sup>

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<sup>127</sup> See Press Release, OnFiber Communications, OnFiber Achieves Record Results in 2005 (Jan. 31, 2006), *available at* <http://www.onfiber.com/press/index.cfm?fuseaction=displayPressRelease&pressID=48&contentID=10>; OnFiber Communications: Network, *available at* <http://www.onfiber.com/content/index.cfm?fuseaction=showContent&contentID=28&navID=2>.

<sup>128</sup> See AboveNet: About AboveNet, *available at* <http://www.abovenet.com/about/index.html>.

<sup>129</sup> Press Release, iPass, iPass Completes Acquisition of GoRemote (Feb. 15, 2006), *available at* [http://www.ipass.com/pressroom/pressroom\\_releases.html?rid=189](http://www.ipass.com/pressroom/pressroom_releases.html?rid=189); see also Press Release, iPass, More than 100 Fortune Companies Trust iPass for Their Secure Connectivity Needs (Nov. 11, 2005), *available at* [http://www.ipass.com/pressroom/pressroom\\_releases.html?rid=176](http://www.ipass.com/pressroom/pressroom_releases.html?rid=176).

<sup>130</sup> Press Release, Netifice, Shell Selects Netifice to Securely Connect Retail Sites and Provide Managed IP Services (Mar. 6, 2006), *available at* [http://cgi.eni.net/cgi-bin/press\\_release\\_details.cgi?seq\\_nbr=64&template=release\\_details.shtml](http://cgi.eni.net/cgi-bin/press_release_details.cgi?seq_nbr=64&template=release_details.shtml); Press Release, Netifice, Church's Chicken Deploys Netifice VPN Services to Deliver Secure Communication Between all Locations and Remote Users (Feb. 28, 2006), *available at* [http://cgi.eni.net/cgi-bin/press\\_release\\_details.cgi?seq\\_nbr=63&template=release\\_details.shtml](http://cgi.eni.net/cgi-bin/press_release_details.cgi?seq_nbr=63&template=release_details.shtml); Press Release, MegaPath Networks, Netifice Communications Merges With MegaPath to Create Leading Provider of Managed IP Services (Feb. 21, 2006), *available at* <http://www.megapath.net/index.cfm/fuseaction/news.newsdetails/id/899/pageid/59/hideIt/1/printLogo/1>; Press Release, Netifice, Netifice Signs AGL, Diamond Exchange, Pratt Industries, and Turberry (Jan. 24, 2006), *available at* [http://cgi.eni.net/cgi-bin/press\\_release\\_details.cgi?seq\\_nbr=61&template=release\\_details.shtml](http://cgi.eni.net/cgi-bin/press_release_details.cgi?seq_nbr=61&template=release_details.shtml); Press Release, MegaPath, Graybar Selects MegaPath to Provide Broadband Virtual Private Network (VPN) Services (Oct. 19, 2005), *available at* <http://www.megapath.net/index.cfm/fuseaction/news.newsdetails/id/883/pageid/59>; Netifice, MegaPath Combine, *Telephony Online* (Feb. 21, 2006), *available at* [http://telephonyonline.com/broadband/news/netifice\\_megapath\\_merger\\_022106/index.html](http://telephonyonline.com/broadband/news/netifice_megapath_merger_022106/index.html).

<sup>131</sup> Press Release, Pac-West, Pac-West to Expand its Network and Service Nationwide (Oct. 10, 2005), *available at* [http://phx.corporate-ir.net/phoenix.zhtml?c=95159&p=irol-newsArticle\\_print&ID=765698&highlight](http://phx.corporate-ir.net/phoenix.zhtml?c=95159&p=irol-newsArticle_print&ID=765698&highlight); see also <http://www.pacwest.com/pacwest/voip-providers/pac-west-network.shtml>.

## Wireless Carriers

In addition to Verizon Wireless and Sprint Nextel discussed above, there are numerous other wireless companies that compete with traditional wireline to provide voice services in the BellSouth region. **T-Mobile USA** is Deutsche Telekom's<sup>132</sup> U.S.-based wireless services provider and the owner of the largest carrier-owned Wi-Fi network in the United States, available in more than 7,400 public access locations.<sup>133</sup> T-Mobile USA recently launched new "smartphones" with integrated Wi-Fi and Microsoft Windows Mobile operating system to enable wireless data access to applications, email, calendars and other functionalities.<sup>134</sup> In March 2006, T-Systems (also a part of Deutsche Telekom) entered a strategic alliance with Alcatel to jointly develop and market "seamless communication solutions" which "will enable users to have the same functions available on their cell phones as on their fixed-line telephones."<sup>135</sup>

**MetroPCS** is a wireless service operator that has successfully doubled its subscriber base in only two years - hitting the 2 million subscriber mark in February 2006 - by offering consumers a "pay by the month, not by the minute" offering of unlimited local and long distance calling plans for a flat monthly rate that is aimed at substituting for wireline phones.<sup>136</sup> The

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<sup>132</sup> For more on Deutsche Telekom, *see supra* pp. 54-56.

<sup>133</sup> Press Release, T-Mobile USA, T-Mobile USA Reports Record Fourth Quarter and Full Year 2005 Results (Mar. 2, 2006), *available at* [http://www.t-mobile.com/company/investors/financial\\_releases/TMUS\\_Q4%202005%20Earnings%20Release.pdf](http://www.t-mobile.com/company/investors/financial_releases/TMUS_Q4%202005%20Earnings%20Release.pdf).

<sup>134</sup> Press Release, T-Mobile USA, T-Mobile USA Introduces Two New Smartphones To Keep You Effortlessly Connected (Feb. 13, 2006), *available at* <http://www.t-mobile.com/company/pressroom/pressrelease162.asp>.

<sup>135</sup> Press Release, T-Systems, T-Systems and Alcatel Seal Strategic Partnership at CeBIT: The Cell Phone as Full-Feature Phone Extension Line (Mar. 14, 2006), *available at* <http://www.t-systems.com/en/Home/PressAnalysts/PressCenter/id=160468.html>.

<sup>136</sup> Press Release, Metro PCS, MetroPCS Reaches Two Million Customers on Four Year Anniversary of Service: Ease and Convenience of "Pay By the Month, Not By The Minute"

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company has a particularly strong presence in the Southeast - holding licenses covering the Atlanta, greater Miami/Ft. Lauderdale and greater Tampa/Sarasota markets - as well as coverage in other parts of the country.<sup>137</sup> Its licenses cover nearly 22 million POPs in the Atlanta, greater Miami and San Francisco/Sacramento metropolitan areas alone.<sup>138</sup> MetroPCS was also one of the first wireless carriers to deploy an all-digital network based on third generation (3G) wireless infrastructure and handsets, forming alliances with a number of top vendors - including Lucent, Qualcomm, Agilent and Verisign - to implement its 3G capabilities.<sup>139</sup> The company also provides wireless solutions to business customers.<sup>140</sup>

**Alltel** is a rapidly growing wireless carrier of national scope - with 10.6 million wireless customers in 36 states.<sup>141</sup> Alltel has an extensive wireless network in BellSouth's region<sup>142</sup> and recently bought out Palmetto MobileNet, L.P.'s wireless partnerships to give Alltel full ownership over the partnerships' coverage area encompassing approximately 2 million people in

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Service Strikes Chord With Consumers (Feb. 7, 2006), *available at* <http://www.metropcs.com/releases/2006/20060207.pdf>.

<sup>137</sup> MetroPCS: About Us, *available at* <http://www.metropcs.com/about/aboutmetropcs.php>.

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

<sup>140</sup> MetroPCS: Business Solutions, *available at* <http://www.metropcs.com/solutions/businesssolutions.php>.

<sup>141</sup> SEC Form 10-K, Alltel Corp. (Year-End 2005). In December 2005, Alltel announced that it would spin-off its wireline business to Valor Communications Group, to form a wireline company focused on the rural U.S., repositioning Alltel as a focused wireless company. *See* Press Release, Alltel, Alltel Spins Off Wireline Business and Merges It with VALOR, Creates New Rural-Focused Wireline Company (Dec. 9, 2005), *available at* <http://www.alltel.com/corporate/media/news/05/dec/n411dec0905a.html>.

<sup>142</sup> *See* Alltel Coverage Maps, *available at* <http://www.alltel.com/corporate/media/coverage.html>.

North and South Carolina.<sup>143</sup> The company has also deployed wireless broadband networks - including in Tampa and St. Petersburg, Florida and in Raleigh and Charlotte, North Carolina - to “offer[ ] wireless customers unlimited access to the Internet at speeds comparable to wired broadband connections, but with the added convenience of mobility.”<sup>144</sup> Alltel also offers a range of networking solutions to businesses including Frame Relay, Private Line, VPN, DSL, dedicated Internet access and Transparent LAN service.<sup>145</sup>

**Leap Wireless** and its **Cricket** and **Jump Mobile** services operates an all-digital CDMA network spanning 19 states and reported having over 1.6 million subscribers at the end of 2005. The company serves several markets in the BellSouth region in Georgia, Tennessee and North Carolina, and recently expanded its footprint in the region with the March 2006 acquisition of spectrum licenses covering 13 markets in North and South Carolina covering 4.9 million potential customers.<sup>146</sup> Leap has built subscribership for its Cricket brand “[t]hrough a variety of low, flat rate, service plans... offer[ing] customers a choice of unlimited anytime local voice minutes, unlimited anytime domestic long distance voice minutes, unlimited text, instant and picture messaging and additional value-added services over a high-quality, all-digital CDMA

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<sup>143</sup> Press Release, Alltel, Alltel Buys Out Wireless Partnerships in North and South Carolina (Mar. 16, 2006), *available at* <http://www.alltel.com/corporate/media/news/06/march/n411march1606a.html>.

<sup>144</sup> Press Release, Alltel, Alltel Offers Wireless Broadband Service in Three New Cities (Dec. 9, 2005), *available at* <http://www.alltel.com/corporate/media/news/05/dec/n411dec0905d.html> (discussing launch of wireless broadband in Raleigh and Charlotte).

<sup>145</sup> Alltel: Business: Data Solutions: Broadband Connections, *available at* <http://www.alltel.com/business/inoffice/data/broadband.html>.

<sup>146</sup> Press Release, Leap Wireless, Leap to Expand Footprint With Acquisition of Wireless Spectrum Licenses in North and South Carolina; Purchase of Key Markets Support Company's Continuing Growth Strategy (Mar. 13, 2006), *available at* <http://phx.corporate-ir.net/phoenix.zhtml?c=95536&p=irol-newsArticle&ID=830727&highlight=>.

network.”<sup>147</sup> The company notes that 52% of its Cricket customers have “cut the cord” and rely exclusively on wireless for their phone service and that 92% of its Cricket customers report that their wireless phone was their “primary phone.”<sup>148</sup>

**SunCom Wireless** is a regional wireless competitor focused on the Southeast and provides international, national and regional calling plans and digital wireless service to its over 960,000 subscribers in North and South Carolina, Georgia and Tennessee.<sup>149</sup> The company has access to the nation’s largest GSM network with GPRS high-speed data transfer technology, enabling its customers to have enhanced voice and data services including wireless Internet access.<sup>150</sup> SunCom expanded markedly in 2005 - opening 19 new stores and planning to open or renovate nearly 25 additional stores in 2006<sup>151</sup> - and invested in future growth, announcing plans for a \$100 million expansion of its digital wireless network in the Carolinas, including the construction of 42 new cell sites.<sup>152</sup> SunCom has also been aggressively launching new service plans, offering new international and national calling plans in 2005 (offering 600, 900 or 1500 anytime minutes per month for a flat monthly rate for nationwide long distance)<sup>153</sup> and

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<sup>147</sup> See Leap Wireless: About Leap, *available at* [http://www.leapwireless.com/11\\_about\\_leap.htm](http://www.leapwireless.com/11_about_leap.htm).

<sup>148</sup> See Leap Wireless: Leap Services, *available at* [http://www.leapwireless.com/11\\_our\\_cricket\\_service.htm](http://www.leapwireless.com/11_our_cricket_service.htm).

<sup>149</sup> See SunCom Fact Sheet, *available at* [http://www.suncom.com/pr\\_news/index.shtml](http://www.suncom.com/pr_news/index.shtml).

<sup>150</sup> *Id.*

<sup>151</sup> Press Release, Suncom Wireless, Suncom Wireless Expands Rapidly, Opens 19 Stores in 2005 (Dec. 19, 2005), *available at* [http://www.suncom.com/pr\\_news/a\\_news\\_pr\\_121905.shtml](http://www.suncom.com/pr_news/a_news_pr_121905.shtml).

<sup>152</sup> See Press Release, Suncom Wireless, Suncom to Invest More Than \$100 million in Network Enhancements in the Carolinas (Mar. 7, 2005), *available at* [http://www.suncom.com/pr\\_news/a\\_news\\_pr\\_030705.shtml](http://www.suncom.com/pr_news/a_news_pr_030705.shtml).

<sup>153</sup> See Press Release, Suncom Wireless, Suncom Wireless Launches New National and International Calling Plans (June 30, 2005), *available at* [http://www.suncom.com/pr\\_news/a\\_news\\_pr\\_063005.shtml](http://www.suncom.com/pr_news/a_news_pr_063005.shtml).

introducing the industry's first service plan with unlimited calling to any 10 phone numbers - landline or mobile, regardless of carrier.<sup>154</sup>

**Cellular South** is "the largest privately held wireless provider in the U.S. and is licensed to provide wireless service - to a total population of more than five million people - on its network stretching from the Memphis Metropolitan Area, throughout all of Mississippi, along Coastal Alabama and the Florida Panhandle through Destin/Seaside."<sup>155</sup> The company is investing heavily to expand its network -- spending \$56 million in 2005 to add 154 cell sites to its network, increasing the company's overall network size by approximately 16 percent - with Cellular South's total network investment at more than \$400 million since 1999.<sup>156</sup> The company has also launched a fixed wireless broadband network, available currently in the Starkville, Mississippi area.<sup>157</sup>

#### Cable MSOs

**Time Warner Cable** serves more than 10.9 million customers in 19 million homes covering 27 states.<sup>158</sup> The company offers customers a national IP network and extensive local fiber networks in its territory, enabling the delivery of higher quality digital cable, high-speed

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<sup>154</sup> See Press Release, Suncom Wireless, Who Will Your 10 Be? SunCom Wireless Announces Mobile-to-Anyone<sup>SM</sup> Industry's First Unlimited Calling to Any Provider, Any Phone (Mar. 1, 2006), available at [http://www.suncom.com/pr\\_news/a\\_news\\_pr\\_030106.shtml](http://www.suncom.com/pr_news/a_news_pr_030106.shtml).

<sup>155</sup> Press Release, Cellular South, Cellular South Improves Coverage in Pittsboro (Dec. 12, 2005), available at [http://www.cellularsouth.com/about/towerNews2005/tower\\_pittsboro.jsp](http://www.cellularsouth.com/about/towerNews2005/tower_pittsboro.jsp).

<sup>156</sup> See *id.*

<sup>157</sup> See Cellular South: Wireless Broadband from Cellular South, available at <http://www.cellularsouth.com/broadband/>.

<sup>158</sup> Time Warner Cable: Company Highlights, available at <http://www.timewarnercable.com/corporate/aboutus/companyhighlights.html>.