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September 5, 2007

Ex Parte

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

Re: Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25 and RM-10593

Dear Ms. Dortch:

Today, Sherry Ingram, Ed Shakin, and the undersigned of Verizon met with Ian Dillner of Chairman Martin's office to discuss Verizon's position in the above-referenced proceeding. In the meeting, we explained that the extensive competition for high capacity services make re-regulation unwarranted. We outlined the various sources of competitive alternatives to special access and explained that competition exists wherever this is appreciable demand. We also summarized Verizon's discount plans and reviewed the various ways carriers can receive hefty discounts on special access services. Additionally, we explained that relying on collocation as the trigger for pricing flexibility understates the level of competition. We also indicated that continuing to extend pricing flexibility relief on an MSA-wide basis is appropriate because, among other things, it is consistent with the way carriers purchase special access services. The attached documents were discussed in the meeting.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

Donna Epps

Attachments

EXAMPLES OF COMPETITIVE PROVIDERS OF HIGH-CAPACITY SERVICES

I. COMPETITIVE TELECOM PROVIDERS AND FIBER SUPPLIERS

A. National Providers

AT&T.
Global Crossing.
Level
Qwest.
Sprint.
Time Warner Telecom.
XO

B. Regional Providers

AboveNet.
Broadview
360networks.
Cavalier Telephone and
Edison Carrier Solutions
FiberNet.
Fibertech Networks.
FPL Fibernet
Frontier
Integra Telecom/Electric Lightwave (ELI).
ITC^Deltacom
KeySpan Communications
McLeodUSA.
National Grid Wireless.
NEON
NextG
NTS Communications.
One Communications.
PAETEC.
PPL Telcom

II CABLE OPERATORS

Comcast.
Cablevision
Time Warner
Cox
RCN

III FIXED WIRELESS PROVIDERS

FiberTower
Tower Cloud
Towerstream
Conterra Ultra Broadband,
Covad Wireless
Nextlink
Sprint
Clearwire
airBand.
ISG.
Rioplex.
SkyBridge
US Wireless Online
One Ring Networks.
Alpheus
Renaissance Networking Inc.
AirTap

IV SYSTEMS INTEGRATORS

IBM Global Services
Electronic Data Systems Corp
Accenture
Northrop Grumman
Lockheed Martin.
Capgemini
General Dynamics.
Computer Sciences Corp.[1]
Vanco PLC

FiberTower

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- Access
- Government
  - Networx Overview
- Spectrum Leasing
- How We Do It
  - Technology
  - Operations
  - Real Estate
- Contact Us

Setting New Standards in Backhaul and Access Services

"We view our wireless network as the centerpiece for delivering new and better services to our customers. It must scale for customer growth and perform to the standards we have set for the total network. FiberTower delivers against those standards."

Wireless carriers, enterprises and government agencies, recognizing that their networks are the key to their success and a source of competitive differentiation, rely on FiberTower's backhaul and premise access solutions to deliver mission and business critical performance.

Backhaul – the portion of the network that runs from the cell site to the switch – is widely considered to be the "Achilles heel" of cellular networks. Today's TDM backhaul infrastructure, which hasn't been upgraded in two decades, has failed to keep pace with other network enhancements. This has inhibited growth, service quality and operational efficiencies.

Access – the link between the local area network and the local fiber ring – is challenged by older technology and poor coverage. According to industry analysts, due to the shortage of access fiber in metro area networks, only a fraction of enterprises and government agencies have access to high capacity services.

FiberTower delivers backhaul and premise access solutions that solve these challenges and open up markets that were previously dominated by one or two carriers. FiberTower's nationwide spectrum footprint and optimal mix of wireless and fiber technologies enable wireless carriers to raise the overall quality of their networks and deliver new service standards to their customers – all without having to apply additional capital. FiberTower delivers the coverage, capacity and service quality that carriers, enterprises and government agencies demand to upgrade their business operations.

Creating a mission critical network by addressing performance in the network's weakest areas will enable FiberTower customers to protect and strengthen their brands and gain choice in a market that has traditionally been served only by Incumbent Local Exchange Carriers (ILECs).

Request for Information

Get your copy of our business white paper and see what is behind our success.

FiberTower (FTWR) provides mission and business critical transport solutions, including backhaul and premise access services, to major wireless carriers, enterprises and government agencies. FiberTower networks, which are designed using nationwide spectrum and an optimal mix of wireless and fiber technologies, offer carrier-grade performance, point-to-point and point-to-multipoint capabilities, and TDM to Ethernet service platforms. FiberTower delivers backhaul services to the leading wireless carriers in 14 major U.S. markets, as well as premise access services through enterprise and government partners. Partnering with the some of the largest wireless infrastructure operators in the US, FiberTower has become the first transport provider building high capacity solutions available anywhere within the country and backing them with new, advanced operational and service standards. FiberTower trades on the NASDAQ National Market under the ticker symbol "FTWR". For more information, please visit:

For more information, please visit: Company, Management Team, Solutions, Backhaul, Access, Government, Newsroom, Investors, Support, and Customer Portal. Site Map.

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FiberTower Networx Overview

GSA Networx Snapshot

- Largest telecom contract in U.S. history
- Estimates range from $20 billion - $68 billion over 10 years
- 2 Part Award
  - Universal Awarded in March 2007 to Verizon, AT&T and Qwest
  - Enterprise expected to be awarded in May 200
- FiberTower principal fixed wireless supplier to Verizon
- Verizon the largest telecom contractor with U.S. Government

"FiberTower is pleased and excited to have been selected to participate in this historic and important commitment by the GSA"

– Michael Gallagher, CEO, FiberTower

As part of our agreement with Verizon Business, FiberTower will bring fixed-wireless services to individual government agencies as required. Utilizing our national-scope wide-band spectrum holdings in 24 and 39 GHz bands, we will provide secure, government-grade wireless transport services under the Verizon umbrella, including diversity/redundancy and fiber extensions. Read more about our 24 and 39 GHz spectrum holdings.

FiberTower will also work with GigaBeam to provide more high-capacity options to support the Networx Universal contract. As part of a recently signed MOU, FiberTower will be testing Gigabeam's wireless fiber radio equipment, including the G-1.25 and G-2.7 WiFiber® solutions.

About Verizon Networx

Verizon Business, one of the largest communications providers to the federal government, has a proven track record of providing communications to the federal government for nearly 20 years. One of the two telecommunications service providers initially awarded the FTS2001 contracts by the GSA in January 1999, Verizon serves virtually every federal agency under that contract. For more information, visit them at www.verizonbusiness.com.

About Gigabeam

Gigabeam is a fixed wireless equipment provider and the leader in the 70/80GHz millimeter wave bands.

Gigabeam is the most widely deployed product globally in this spectrum and is shipping commercial product, the G-1.25 operating at 1.25Gbps duplex today. Gigabeam's product roadmap has plans for up to 10Gbps duplex with a pending release of an OC-48 or 2xGigE product later this year. For more information please visit www.gigabeam.com.

FiberTower

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Designing Superior Backhaul Networks

"Our wireless network, and therefore our backhaul reliability, has substantial visibility the whole way up the company. They are the foundations that support our reputation and allow us to strengthen our brand."

FiberTower is entirely focused on designing, deploying and operating facilities-based backhaul networks to deliver superior network quality for major wireless carriers. Customers can expect new service standards in backhaul, exceeding anything delivered through copper T1s or the ILEC. Those new standards include:

- Superior network availability, reducing outages by more than 60%
- Significantly lower mean-time-to-repair (MTTR), reducing repair times by more than 70%
- On demand provisioning
- 24x7 network monitoring and visibility
- Dedicated, local teams to deliver operational support

Our networks are designed using our nationwide footprint of licensed spectrum and an optimal mix of wireless and fiber technologies. FiberTower treats backhaul as a mission critical component of its customers' wireless networks and every element of FiberTower's local field operation is focused on supporting that goal. Field operations teams understand the wireless business, and they are equipped to work with their customers on a friendly, collaborative basis. Business processes for contracting, facilities ordering and billing are structured to match the specific needs of each customer.

FiberTower provides its customers with complete, around-the-clock network visibility, although problems in the network are almost always detected by FiberTower's Network Operations Center (NOC) before being reported by the impacted customer.

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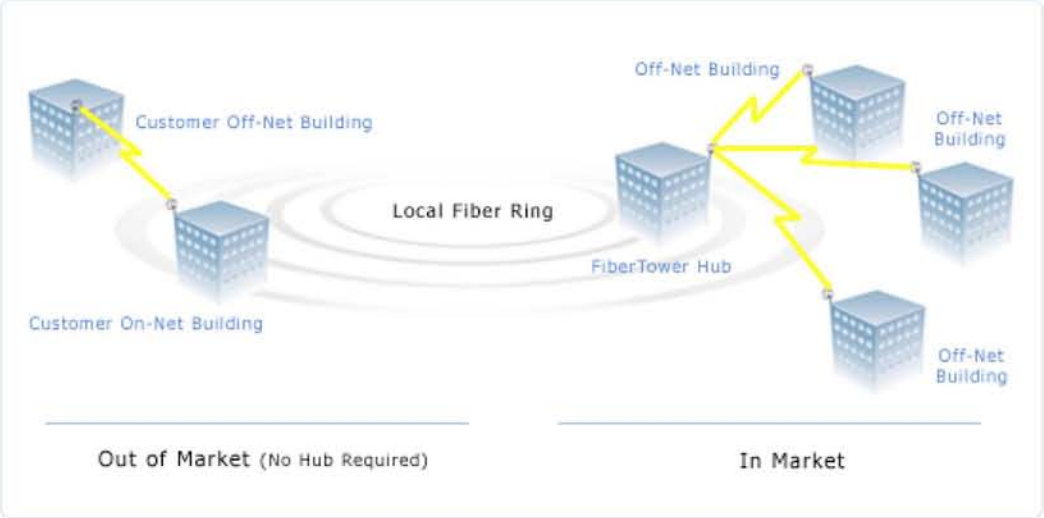
Solving the Access Network Bottleneck

Less than 15% of US enterprises have access to high capacity services through fiber. As bandwidth needs continue to increase and new applications result in stricter access requirements, the “underserved 85%” are in need of a high capacity transport alternative. Enter FiberTower.

Offering carrier-grade connectivity over its nationwide licensed spectrum, FiberTower solves the access bottleneck by delivering high capacity services to enterprises located in both on-net and off-net buildings. Services include wireless equivalents of NxT1, DS3, OC3 and Carrier Ethernet. Potential partners include ILECs, CLECs, MSOs, Fiber Providers, and Integrators.

Integrated Service Features

Wireless Access provides transport between two or more customer locations (MetroConnection) or between a FiberTower hub and a customer location (MetroAccess). It could be utilized in many different network topologies, from basic Point to Point networking, to more advanced tree, chain, ring or mesh configurations. As part of its service, FiberTower provides licensed spectrum, advanced radio platforms from leading vendors, installation, 24x7 monitoring and maintenance.



August 1, 2007
FiberTower Announces Backhaul Agreement with Sprint Nextel for WiMax Buildout

San Francisco, CA., August 1, 2007 -- FiberTower Corporation (NASDAQ: FTWR), a wireless backhaul services provider, today announced that it had entered into an agreement with Sprint Nextel (NYSE: S) to provide backhaul services in seven of the wireless carrier's initial WiMax launch markets. FiberTower is unable to disclose terms of the agreement as it is subject to confidentiality agreements. However, the Company can disclose that Sprint Nextel's deployment is based on providing Ethernet-based backhaul, a first for any mobile backhaul provider.

Earlier in the year, Sprint announced its intention to launch its Mobile WiMax broadband services in initial markets by year-end 2007. This initial deployment will be followed by a larger roll-out approaching 100 million people by year-end 2008.

FiberTower's unique hybrid network architecture, consisting of microwave and fiber technologies, provides backhaul transport that is highly reliable, cost-effective and scalable as Sprint Nextel continues its deployment of next-generation wireless services.

"We are extremely pleased and excited to have been selected by Sprint Nextel to be the first backhaul provider to deploy commercial Ethernet services," said Michael Gallagher, FiberTower's President and CEO. "We place significant value in our relationship with Sprint Nextel and believe that this historic agreement represents the first step in the carrier's commitment to deploying cutting-edge broadband applications with broad appeal to consumers and the enterprise."

"Sprint Nextel continues to build-out the largest and most technologically advanced mobile broadband network in the U.S.," said Barry West, CTO and President of Sprint Nextel's 4G Mobile Broadband division. "We aim to maintain our position as the leader in broadband mobility and believe that our relationship with FiberTower will support that goal. FiberTower's superior service quality, flexibility and scalability are a perfect fit for our next-generation network plans and we look forward to dramatically expanding this relationship going forward."

About FiberTower Corporation

FiberTower is a backhaul and access services provider focused primarily on the wireless carrier market. With its extensive spectrum footprint in 24 GHz and 39 GHz bands, carrier-class microwave and fiber networks in 12 major markets, customer commitments from six of the leading cellular carriers, and partnerships with the largest tower operators in the U.S, FiberTower is considered to be the leading alternative carrier for wireless backhaul. FiberTower also provides backhaul and access service to government and enterprise markets. For more information, please visit our website at http://www.fibertower.com.

Forward Looking Statements

Statements included in this news release which are not historical in nature are "forward-looking statements" within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. There are many risks, uncertainties and other factors that can prevent the achievement of goals or cause results to differ materially from those expressed or implied by these forward-looking statements including, without limitation, interest rates, market prices for our securities, investors' assessment of our prospects, and those risk factors described in the Company's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

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FiberTower Reports Second Quarter 2007 Results

San Francisco, CA., August 7, 2007 – FiberTower Corporation (NASDAQ: FTWR), a wireless backhaul services provider, today reported results for the second quarter ending June 30, 2007.

Service revenues for the three months ending June 30, 2007 increased $771 thousand or 14%, to $6.2 million as compared to $5.4 million for the first quarter of 2007. The increase in service revenues during the second quarter of 2007 was driven by ongoing trends including a continued expansion in new sites billing, the addition of new customers on existing sites and continued growth in T-1s billing.

Positive developments during the second quarter of 2007 were highlighted by the following metrics:

- Billing sites grew 17% from 1,583 in the first quarter of 2007 to 1,848
- The percentage of sites deployed that are billing increased from 70% at March 31, 2007 to 75% at June 30, 2007
- Billing customer locations grew 28% from 2,206 in the first quarter of 2007 to 2,819
- Billing T-1s added during the second quarter of 2007 were 1,884
- T-1s per billing site increased from 5.26 at March 31, 2007 to 5.52 at June 30, 2007
- Backlog grew from 1,594 sold customer locations at year-end 2006 to 2,020 at the end of the second quarter of 2007

In addition, the Company continued to meet its objectives with respect to expanding penetration in its existing markets and diversifying its customer base. At the end of the second quarter of 2007, FiberTower had an average of 4.3 customers per existing market compared to 3.7 at the end of the first quarter of 2007. The Company also increased its average number of T-1s per Top 100 and 200 sites to 14.2 and 12.2, respectively. The Company currently counts six of the top eight wireless carriers as customers.

"Our second quarter results continued to reflect positive trends in wireless highlighted by our customers' need to expand capacity in response to rising demand for wireless voice and data," said Michael Gallagher, FiberTower's President and CEO. "We expect these trends to continue and remain fully focused on achieving the objectives we outlined at the beginning of the year.

We are looking forward to continued activity in 2008 from our existing customers as well as any opportunities that would enable new players to consider our services."

Operating expenses in the second quarter of 2007 increased by $1.6 million or 6% from the first quarter of 2007. The net loss was $26.6 million for the second quarter ended June 30, 2007 compared to a net loss of $25.8 million in the first quarter of 2007. The increase in operating expenses and the resultant increase in net loss was largely attributable to site rent and depreciation expenses related to the growth in deployed sites. The net loss per share for the second quarter of 2007 was $0.19 compared to a net loss per share of $0.18 for the first quarter of 2007.

On an EBITDA basis, the loss in the second quarter of 2007 was $13.4 million versus a loss of $12.9 million for the first quarter of 2007. EBITDA is defined as earnings (loss) from operations before interest, taxes, depreciation, amortization and stock-based compensation expenses. The reconciliation of EBITDA, which is a non-GAAP financial measure, is located at the end of this news release.

Second Quarter Developments

During the second quarter of 2007, FiberTower entered into an agreement with Sprint Nextel to provide backhaul services in seven of the wireless carrier's initial WiMax launch markets. Sprint Nextel's deployment will be based on providing Ethernet-based backhaul, making FiberTower, to its knowledge, the first backhaul provider to deploy commercial Ethernet service. Sprint Nextel announced earlier in 2007 its intention to launch its Mobile WiMax broadband services in initial markets by year-end 2007. This initial deployment will be followed by a larger roll-out approaching 100 million people by year-end 2008.

In other developments during the quarter, FiberTower was selected as a prime fixed-wireless services partner by Verizon Business and Qwest Communications International (Qwest) for their respective Networx Enterprise awards, which were granted by the U.S. General Services Administration (GSA) on May 31, 2007. FiberTower will operate under a fixed-wireless subcontract agreement with each carrier as they compete for telecommunications business from government agencies. As a result, FiberTower will be involved with both Verizon Business and Qwest under each segment of the total Networx program. Networx Universal was the first segment awarded by the GSA on March 29, 2007. The Networx program is reported to be the largest telecommunications contract in U.S. Government history, with an overall value estimated at $20 billion to be spread across all award winners and a contract term of ten years.

Liquidity and Capital Resources

Capital expenditures for the second quarter of 2007 were $26.7 million directed primarily towards investments in network equipment and site construction costs. The bulk of these capital investments were used by FiberTower towards the build-out of existing markets. Consolidated cash, cash equivalents, certificates of deposits and other short-term investments at June 30, 2007 were $298.6 million.

Conference Call Details

FiberTower has scheduled a conference call for Wednesday, August 8, 2007 at 8:30 a.m. Eastern Time to discuss 2007 second quarter results. Please dial 303-262-2130 and ask for the FiberTower call at least 10 minutes prior to the start time. A telephonic replay of the call will be available through 11:59 p.m. Eastern Time on August 15, 2007 and may be accessed by dialing 303-590-3000 using the passcode 11093904#. An audio archive will also be available on FiberTower's website at **http://www.fibertower.com** shortly after the call and will be accessible for approximately ninety days.

About FiberTower

FiberTower is a backhaul and access services provider focused primarily on the wireless carrier market. With its extensive spectrum footprint in 24 GHz and 39 GHz bands, carrier-class microwave and fiber networks in 12 major markets, customer commitments from six of the leading cellular carriers, and partnerships with the largest tower operators in the U.S, FiberTower is considered to be the leading alternative carrier for wireless backhaul. FiberTower also provides backhaul and access service to government and enterprise markets. For more information, please visit our website at **www.fibertower.com**.

Use of Non-GAAP Financial Measures

This press release uses the Non-GAAP financial measure "EBITDA." EBITDA is used by investors to assist in their evaluation of common stock. The Company uses EBITDA to monitor the financial performance of its operations. EBITDA does not give effect to the cash the Company must use to service its debt or pay its income taxes and thus does not reflect the funds actually available for capital expenditures. In addition, FiberTower's presentation of EBITDA may not be comparable to similarly titled measures reported by other companies. These NON-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported financial results as determined in accordance with GAAP.

Forward Looking Statements

Statements included in this news release which are not historical in nature are "forward-looking statements" within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These include, without limitation, statements regarding the company's planned capital expenditures, expected cost per site, anticipated customer growth and expansion plans. There are many risks, uncertainties and other factors that can prevent the achievement of goals or cause results to differ materially from those expressed or implied by these forward-looking statements including, without limitation, difficulties in integrating our companies after our merger in 2006, anticipated negative cash flows and operating losses, additional liquidity requirements, potential loss of significant customers, downturns in the wireless communication industry, regulatory costs and restrictions, potential loss of FCC licenses, equipment supply disruptions and cost increases, and competition from alternative backhaul service providers and technologies, along with those risk factors

described in the Company's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Key Operating Metrics	**3Q06**	**4Q06**	**1Q07**	**2Q07**
Billing Sites				
Billing Sites Added	174	355	254	265
Ending Billing Sites	974	1,329	1,583	1,848
Billing Sites / Sites Deployed	55%	67%	70%	75%
Billing Customer Locations				
Billing Customer Locations Added	229	470	402	613
Ending Billing Customer Locations	1,334	1,804	2,206	2,819
Colo rate	1.37	1.36	1.39	1.53
Billing T-1 Equivalents				
Billing T-1 Equiv. Added	604	1,713	1,454	1,884
Ending Billing T-1 Equivalents	5,156	6,869	8,323	10,207
T-1s per Customer Location	3.87	3.81	3.77	3.62
T-1s/Billing Sites	5.29	5.17	5.26	5.52
T-1s per site/Top 100 Sites	12.0	12.7	13.2	14.2
T-1s per site/Top 200 Sites	9.9	10.7	11.3	12.2
Average MRC per T-1	$237*	$239	$234	$229
Sites Deployed				
FiberTower Sites Constructed	409	228	276	193
Ending Sites Deployed	1,768	1,996	2,272	2,465
Backlog				
Customer Location Backlog**		1,594		2,020

Billing Sites are the number of installed sites from which we currently provide T1(s) to customer(s)
Customer Locations Billing are carrier locations at which we currently provide T1(s). FiberTower sites could have multiple customer locations
Colo rate is the number of customer locations per billing site
Billing T1 Equivalent: A T1 equivalent is either a T1 or another increment of bandwidth of approximately 1.54 megabits per second
Average MRC per T-1 is the average monthly recurring revenue per T-1. (* Note that third quarter 2006 Average MRC per T-1 excludes First Avenue Networks revenues and billing T-1 equivalents for purposes of this calculation.)
Sites Deployed represents the number of sites installed and ready for provision of services. FiberTower sites can be located at cell towers or on rooftop locations.
Customer Location Backlog is the number of sold customer locations not yet billing. (** Note that FiberTower reports backlog on a semi-annual basis)

FIBERTOWER CORPORATION
Condensed Consolidated Statements of Operations
(unaudited)
(All amounts are in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Service revenues	$ 6,191	$ 3,092	$ 11,611	$ 5,616
Operating expenses:				
Cost of service revenues (excluding depreciation and amortization)	14,057	8,588	25,480	14,978
Sales and marketing	1,908	1,626	3,930	2,514
General and administrative	5,669	2,399	12,866	4,166
Depreciation and amortization	4,469	1,290	8,375	2,318
Total operating expenses	26,103	13,903	50,651	23,976
Loss from operations	(19,912)	(10,811)	(39,040)	(18,360)
Other income (expense):				
Interest income	4,691	851	10,049	1,971
Interest expense	(11,605)	(26)	(23,794)	(54)
Miscellaneous income, net	225	(25)	346	(45)
Total other income (expense), net	(6,689)	800	(13,399)	1,872
Net loss	$ (26,601)	$ (10,011)	$ (52,439)	$ (16,488)
Basic and diluted net loss per share	$ (0.19)	$ (1.84)	$ (0.37)	$ (3.12)
Weighted average number of shares used in per share amounts:				
Basic and diluted	142,808	5,454	142,534	5,292

FIBERTOWER CORPORATION
Condensed Consolidated Balance Sheets
(unaudited)
(All amounts are in thousands, except par value)

	June 30, 2007	December 31, 2006
Assets:		
Current assets:		
Cash and cash equivalents	$ 273,771	$ 345,174
Certificates of deposit	5,000	5,000
Short term investments	19,821	15,253
Restricted cash and investments, current portion	35,611	35,616
Accounts receivable, net of allowances of $31 at June 30, 2007 and $161 at December 31, 2006	4,085	2,904
Prepaid expenses and other current assets	2,324	2,624
Total current assets	340,612	406,571
Restricted cash and investments	18,165	34,906
Property and equipment, net	211,276	171,612
FCC licenses	342,000	342,000
Goodwill	243,388	243,388
Debt issuance costs, net of accumulated amortization of $1,352 at June 30, 2007 and $300 at December 31, 2006	12,957	14,009
Intangible and other long-term assets, net	3,837	3,992
Total assets	$ 1,172,235	$ 1,216,478
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$ 13,032	$ 18,039
Accrued compensation and related benefits	3,002	4,246
Accrued interest payable	5,245	5,333
Other accrued liabilities	4,777	3,528
Total current liabilities	26,056	31,146
Other liabilities	6,492	4,787
Convertible senior secured notes	409,345	403,759
Deferred tax liability	102,964	102,964
Total liabilities	544,857	542,656
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.001 par value; 400,000 shares authorized, 146,051 and 144,971 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively	146	145
Additional paid-in capital	782,071	776,077
Accumulated deficit	(154,839)	(102,400)
Total stockholders' equity	627,378	673,822
Total liabilities and stockholders' equity	$ 1,172,235	$ 1,216,478

FIBERTOWER CORPORATION
Condensed Consolidated Statements of Cash Flows
(unaudited)
(All amounts are in thousands)

	Six Months Ended June 30,	
	2007	**2006**
Operating activities		
Net loss	$ (52,439)	$ (16,488)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,375	2,318
Decline in value of embedded derivative	(538)	-
Accretion of convertible notes	6,124	-
Accretion of investments in debt securities	(1,059)	-
Amortization of debt issuance costs	1,052	-
Stock-based compensation	4,334	1,148
Loss on disposal of equipment	384	102
Net changes in operating assets and liabilities:		
Accounts receivable, net	(1,181)	(803)
Prepaid expenses and other assets	304	90
Accounts payable	(5,007)	(4,898)
Accrued compensation and related benefits	(1,244)	1,468
Accrued interest payable	(88)	(83)
Other accrued liabilities	2,802	1,714
Net cash used in operating activities	(38,181)	(15,432)
Investing activities		
Merger-related costs	-	(489)
Purchases of short-term investments	(76,945)	-
Maturities of short-term investments	72,405	-
Restricted cash and investments	17,776	-
Purchase of property and equipment	(47,919)	(54,145)
Net cash used in investing activities	(34,683)	(54,634)
Financing activities		
Proceeds from exercise of stock options	1,461	126
Cash provided by financing activities	1,461	126
Net decrease in cash and cash equivalents	(71,403)	(69,940)
Cash and cash equivalents at beginning of period	345,174	112,936
Cash and cash equivalents at end of period	$ 273,771	$ 42,996
Supplemental Disclosures		
Cash paid for interest	$ 18,723	$ 48
Accrual of merger-related costs	-	$ 672

Reconciliation of Non-GAAP Financial Measures:
This press release includes the use of a financial measure that is not a GAAP measure. The non-GAAP financial measure is presented for additional information and is reconciled to its most comparable GAAP measure below.

		Three Months Ended 6/30/07	Three Months Ended 3/31/07
Net Loss		$ (26,601)	$ (25,838)
Total Other Income (Expense)		(6,689)	(6,710)
Depreciation & Amortization		4,469	3,906
Stock Based Compensation		1,998	2,336
EBITDA		$ (13,445)	$ (12,886)

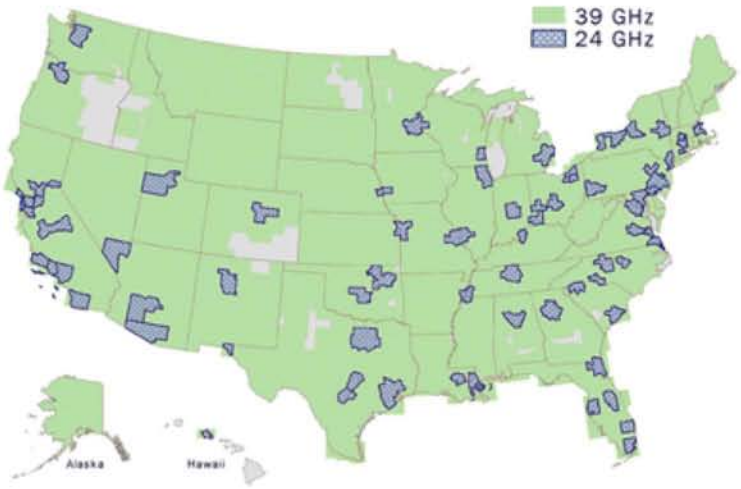
		Six Months Ended 6/30/07	Six Months Ended 6/30/06
Net Loss		$ (52,439)	$ (16,488)
Total Other Income (Expense)		(13,399)	1,872
Depreciation & Amortization		8,375	2,318
Stock Based Compensation		4,334	1,148
EBITDA		$ (26,331)	$ (14,894)

FiberTower

SOLUTIONS

Spectrum Leasing

Spectrum leasing is a flexible option for carriers and service providers to fill in network gaps. FiberTower enables this through its 24/39 GHz fixed wireless spectrum portfolio, the most expansive of its kind in the US.



COMPANY

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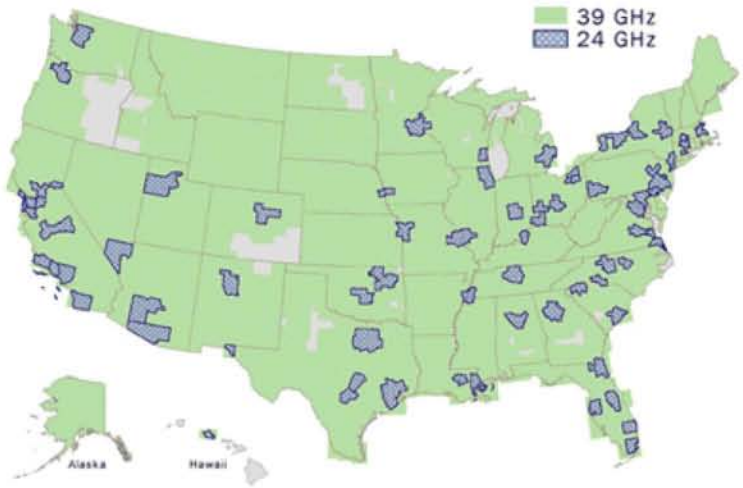
Spectrum Assets

FiberTower holds the most comprehensive collection of fixed-wireless spectrum assets in the United States, including 750 telecommunication licenses in both 24 GHz and 39 GHz bands, and common carrier licenses in 11, 18, and 23 GHz bands. Often referred to as millimeter wave spectrum, it is ideal for transport as it enables exponentially higher capacity than mobile spectrum, which is designed for access. Attributes include:

- 39 GHz footprint covering 99% of the United States
- 24 GHz footprint in top 77 metros
- 39/24 GHz portfolio enables more spectral efficiency and better range in major markets than competing fixed wireless spectrum holdings
- Common Carrier licenses (11, 18, and 23 GHz) in suburban and rural markets
- Average bandwidth per market of 650 MHz, including 740 MHz in top markets



Attribute	Fixed	Portable	Mobile
Spectrum Range	6 GHz-90 GHz	2.4 GHz-5.8 GHz	800 MHz-1.9 GHz
Data Rates	1.5 Mbps-1 Gbps	DSL to multiple T1s	9.6 Kbps-3 Mbps
Applications	-Backhaul -Access (NxT1, OC3, Carrier Ethernet)	-WiFi hot spots -Cordless phone -WiMax	-Mobile phones -Blackberry -3G data (EVDO and HSDPA)
Spectrum Attributes	Licensed and Common Carrier	Licensed, Unlicensed and Common Carrier	Licensed

FiberTower

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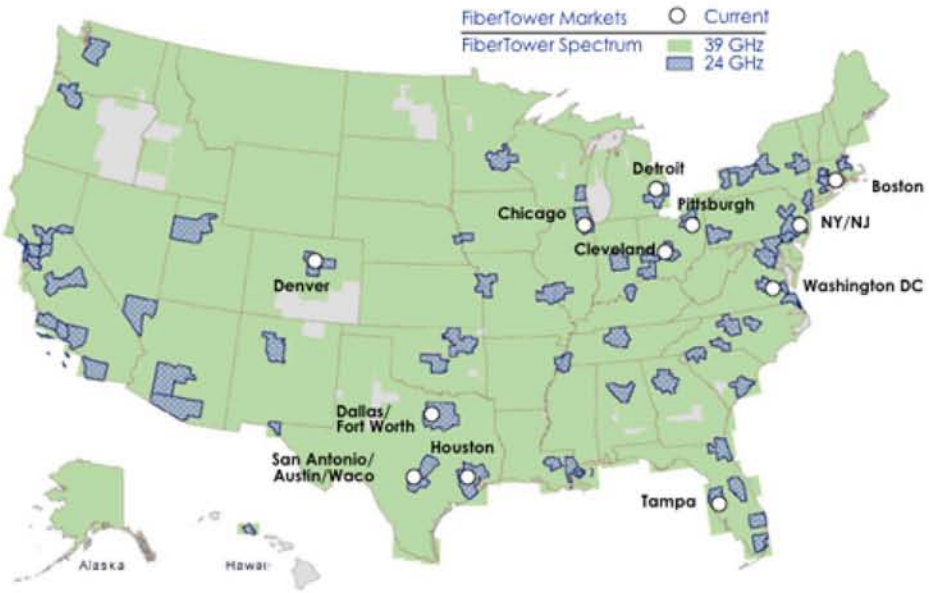
Market Presence

FiberTower has networks operating in 12 major markets, including DC Metro, Boston, Chicago, Cleveland, Dallas/Fort Worth, Denver, Detroit, Houston, NJ/NY, Pittsburgh, San Antonio/Austin/Waco, and Tampa. Two additional markets are in development – Atlanta and the Carolinas.



Overview | FPL FiberNet is the leading carrier in the state of Florida

Overview

FPL FiberNet, LLC was launched in early 2000. As an FPL Group subsidiary it acquired an existing 1,600-mile, inter-city fiber network from Florida Power & Light. In operation since 1988, the state-wide network travels from Miami to

- Jacksonville on the east coast of Florida
- Tampa on the west coast.

FPL FiberNet provides metro access solutions to Florida's

- IXC's
- International Cable Operators
- ISPs
- ASPs
- CLECs
- ILECs
- Wireless Operators
- Hospitals, colleges, banks and other businesses
- FTTx Providers

FPL FiberNet has invested hundreds of millions of dollars to expand its fiber-optic network throughout Florida's major metropolitan cities. The subsidiary also provides wholesale services through partnerships and interconnections with multiple regional networks throughout the southeastern U.S.

FPL FiberNet is the leading carrier in the state of Florida

FPL FiberNet is connecting all of the state's

- Major Carrier Hotels
- ILEC Central Offices
- International Cableheads and
- The NAP of the Americas.

An FPL Group Company | Terms | Privacy & Security | Top ^

Virtually unlimited growth capacity | The most extensive inter- and intra-city network in Florida | Unsurpassed network reliability and redundancy | The most up-to-date technology | Expanding our network coverage

Virtually unlimited growth capacity

Your company's potential for growth is virtually unlimited with FPL FiberNet's products and services. We provide high quality ANSI/SONET transport (DS1 to OC192), ETSI/SDH transport (E1 to STM-64), SONET to SDH internetworking (STM-1c to OC3c), Metro and long-haul wavelengths (2.5 G/ps and 10 G/ps), Metro and long-haul Ethernet (10/100/1000), Layer 2/3 IP VPN's, Dedicated Internet access, Native SAN transport (ESCON, FICON, Fibre Channel), FTTx Solutions, Microwave solutions (Point-to-point microwave solutions), Co-location services as well as metro dark fiber.

The most extensive inter- and intra-city network in Florida

We currently have more than 2,500 route miles of high-quality dark/lit fiber in Florida and access to more than 8,600 miles of fiber optic cable through partnerships with regional providers, making us one of the largest metropolitan fiber-optic networks in the United States.

Unsurpassed network reliability and redundancy

FPL FiberNet's fiber optic transport network was built with two key concepts in mind: reliability and scalability. To meet these requirements, we use a unique blend of DWDM, SONET/SDH and Optical Switching technology to make sure our customers have access to a carrier class reliable network with virtually unlimited bandwidth for growth. Whether you're looking for metro or long-haul connectivity, our geographically diverse and extensive fiber optic network will get you there with the comfort of knowing your networking needs are in the hands of a financially stable and reliable organization.

The most up-to-date technology

We deploy the latest networking technology:

- Next Generation SONET/SDH Multiplexing (GFP/VCAT/LCAS)
- Next Generation DWDM (O-UPSR and ROADM/WSS)
- Intelligent Optical Switching (Ring aggregation for highly automated provisioning)
- Packet-based Switching (Layer 2/3 solutions with QoS via IP/MPLS protocol standards)
- BPON/GPON based FTTx Solutions

Expanding our network coverage

FPL FiberNet has completed an aggressive metro buildout plan that includes connectivity to the NAP of the Americas and international cable heads. We are a founding member of the NAP of the Americas and the first to pull fiber in this location. Because we connect to the NAP, we can offer carriers connectivity to the Caribbean, South America, Europe and Asia.

What we provide

- ANSI/SONET transport, DS-1 to OC-192
- ETSI/SDH transport, E1 to STM-64
- SDH to SONET internetworking
- Metro and long-haul wavelengths, 2.5 G/ps and 10 G/ps
- Metro and long-haul Ethernet, 10/100/1000
- Layer 2/3 IP VPN's
- Dedicated Internet Access
- Native SAN transport, ESCON, FICON, Fibre Channel
- FTTx Solutions (Fiber-to-the-Home/Business)
- Wireless Solutions (Point-to-point Microwave solutions)
- Co-location services
- Metro dark fiber

Co-location services

We provide carrier class co-location facilities that enable you to get closer to your customers while being a cost-effective means to expand your business.

You can count on

- secured facilities access
- controlled climate
- choice of
    - individual locking cabinets or
    - open racks, and
- choice of power options
    - AC or
    - DC.

FPL FiberNet

Level 3 Network Reach

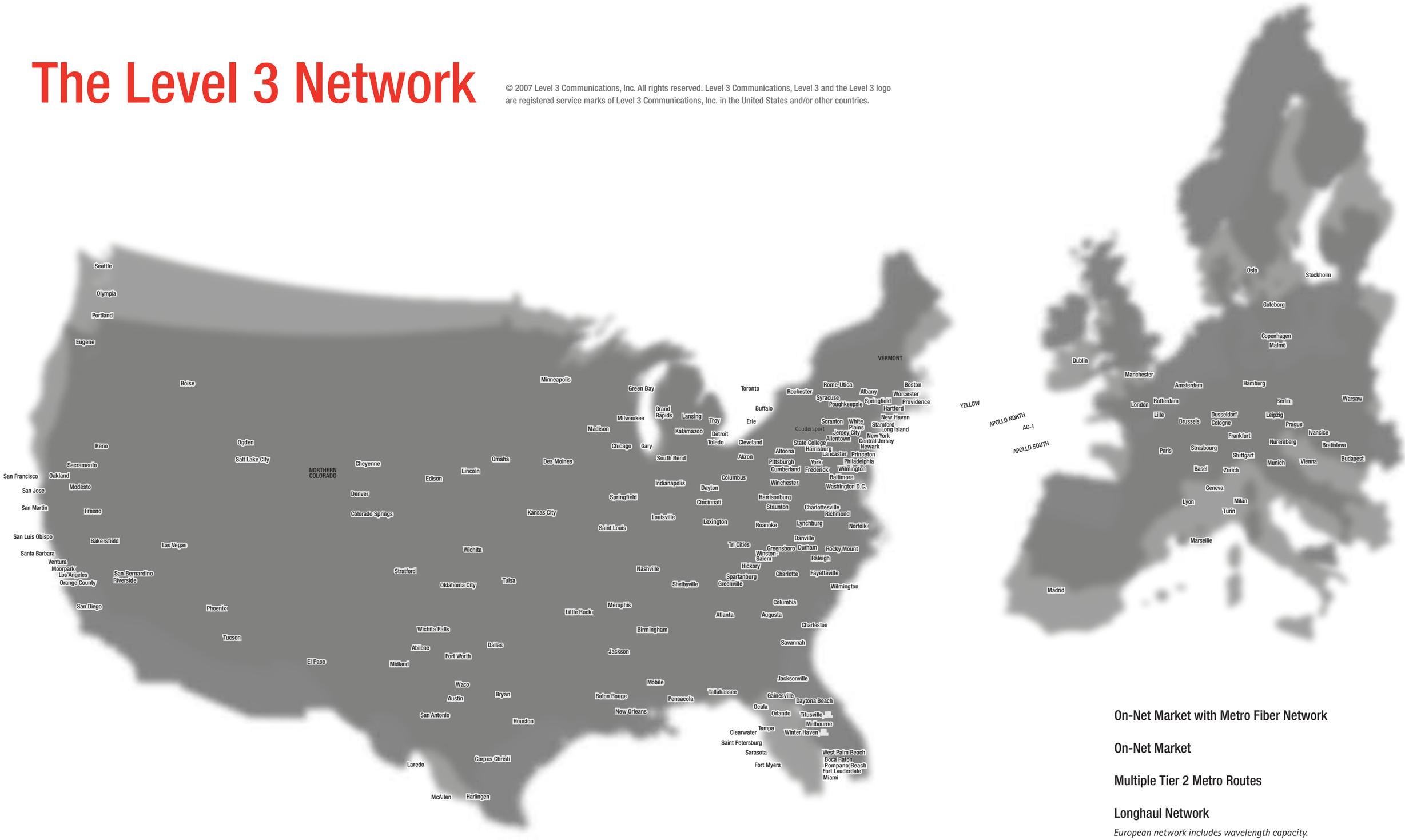
Completed 2001, the Level 3 Network today operates as one of the world's newest and most advanced telecommunications platforms.

The network spans 47,000 intercity route miles and delivers services to customers in major markets across the United States and Europe. It serves a substantial number of the world's largest and most sophisticated communications companies, including inter-exchange carriers, local phone companies, European PTTs, cable operators, ISPs, wireless companies, content providers, media and entertainment companies, and enterprise customers.

The Level 3 Network was the first international network in the world built to be continuously upgradeable and fully optimized for Internet Protocol. Because the network was constructed with multiple conduits, Level 3 can deploy new generations of optical fiber and equipment far more quickly and economically than its competitors – a critical capability in an era of rapid technological change.

The Smithsonian Institution has recognized the Level 3 Network as an important component of the ongoing revolution in communications and information technology. In April 2000, the Smithsonian cited Level 3 as a Computerworld Laureate for its historic achievement in creating a new kind of network infrastructure. The Smithsonian noted that Level 3 is changing communications at a fundamental level – and "helping to stimulate the biggest change in communications technology in 100 years."

The Level 3 Network



On-Net Market with Metro Fiber Network

On-Net Market

Multiple Tier 2 Metro Routes

Longhaul Network

European network includes wavelength capacity.

- Network Reach
- Services
- Data Services
- Colocation
- Ethernet VPN
- Intercity Dark Fiber
- Intercity Private Line Service
- Intercity Wavelength Service
- IP VPN Services
- Managed Modem Service
- Metro Ethernet Private Line Service
- Metro Private Line Service
- Metro Wavelength Service
- Professional Services
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Level 3 Completes Acquisition of Servecast ›

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Data Services

Level 3 Colocation Service

Colocation with Level 3 can connect you with security, redundancy, flexible provisioning and access to the nation's largest fiber-optic network.

Secure, Redundant Connectivity

Colocating your equipment in a Level 3® Colocation facility gives you more than just state-of-the art security and fail-safe provisions – you gain a direct connection to the nation's largest, NexGen fiber-optic network. It's access to critical customers and partners where and when you need it.

Service Details

- **Power** — Choices of AC or DC power per rack/cabinet
- **Security** — Multi-layer security control procedures, biometric palm readers, and 24 x 7 closed-circuit video and alarm monitoring. Cabinets are 23" fully lockable mesh.
- **Cooling** — HVAC redundant design with air distribution under raised flooring for maximum temperature control.
- **Fire Suppression** — Smoke detection system above and below raised floor; double-interlock, pre-action, dry-pipe fire suppression
- **Racks** — available at 19" or 23"
- **Cages** — available with standard 10' x 10' and 10' x 20' dimensions
- **Bulk space** — available with 500 square feet minimum

Benefits

Enabling direct connectivity

Level 3 Colocation service offers customers the freedom to connect to Level 3's premier network and the networks of numerous providers in our facilities.

Creating a cost-effective solution

Colocation is an affordable alternative to building out your own space; leave the security and environmental protection systems to us.

Connecting you with geographic diversity

We offer access in facilities nationwide, making it easy to disperse your equipment geographically and protect it from natural or man-made disasters.

Adobe Acrobat 6.0 or later is required to view .pdf documents.

Colocation e-Brochure

- Network Reach
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- Data Services
- Colocation
- Ethernet VPN
- Intercity Dark Fiber
- Intercity Private Line Service
- Intercity Wavelength Service
- IP VPN Services
- Managed Modem Service
- Metro Ethernet Private Line Service
- Metro Private Line Service
- Metro Wavelength Service
- Professional Services
- Voice Services
- Contact Us
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Level 3 Completes Acquisition of Servecast ›

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Data Services

Level 3 Metro Private Line Service

The Level 3 Metro Private Line service delivers high-speed, optical, point-to-point metro transport to move data between major data aggregation points in a given geographic area, such as carrier hotels, peering points and central offices (COs).

The Level 3® Intercity Private Line service is a high-speed, dedicated circuit between two or more customer-specified locations. We offer protected and unprotected service, as well as diversity options, supporting point-to-point or hubbed configurations across a wide range of bandwidth options and interfaces.

Service Details

- **Facilities-based network** — We offer more long-haul route options than most providers for greater diversity, which combined with our world-class operations, enables us to deliver consistently high availability.
- **Speeds** — DS-1, DS-3, OC-3/3c & STM-1, OC-12/12c & STM-4/4c, OC-48/48c & STM-16/16c, OC-192
- **Comprehensive services** — Our suite of metro and long-haul transport services includes private line, wavelength and Ethernet private line, for end-to-end network services.
- **Proven support** — Services include designing, building and operating your network. We have a track record and experience in providing backbone solutions to the world's most sophisticated customers.

Benefits

Ensuring quality and performance
Our facilities-based network has fully mirrored, 24 x 7 Network Operations Centers (NOCs) in three different time zones. We ensure diversity by minimizing network spurs and collapsed intercity rings; building diverse laterals and offering physical, electrical, and dual-gateway diversity options. Your high bandwidth, survivable applications rely on the diversity of the underlying physical network. Level 3 offers you a broad portfolio of physical transport routes. For example, Level 3 is one of the few global network operators that offers three or more physically distinct routes in and out of 72 North American cities, and 4, 5 or 6 routes out of some major markets.

Investing in growth and network evolution
Significant, ongoing investments in network scale make Level 3 a partner that can support your growth. In fact, we expect to double our backbone capacity every two years to support growth across a range of services.

Committing to your success

Adobe Acrobat 6.0 or later is required to view .pdf documents.

Metro Private Line e-Brochure

Your dedicated team of network architects is the same group responsible for designing the Level 3 Network. Whether you're launching a NexGen data service or expanding an MPLS-based service internationally, we're committed to collaborative network design.

Level 3® Metro Private Line Service

Metro Solutions – Where and When You Need Them

With sophisticated networks and growing bandwidth needs, metro buyers need a network partner, not just a vendor. Level 3 can help you design and build a comprehensive, end-to-end metro solution – a scalable solution that is designed to meet your timelines and demands for growth.

The Level 3® Metro Private Line service meets your needs to move data traffic between major data aggregation points in a given geographic area, such as carrier hotels, peering points, and Central Offices (COs). The Level 3 Metro Private Line service includes DS-1, DS-3, OC-3/3c, OC-12/12c, and OC-48/48c and OC-192 capabilities.

Enabling business growth with scalability

Our extensive metro footprint enables you to extend your local network and meet your intercity and IP requirements using a single provider. Our continuously growing network interconnections include key high-bandwidth sites, COs, major peering and traffic exchange sites, cable landing and teleport sites, and locations for cable, wireless and Internet Service Providers (ISPs).

Level 3's portfolio of metro services allows you to easily migrate between lit transport options that include private line, Ethernet, wavelength and dark fiber services.

Connecting you with diversity and availability

Level 3 fully owns and operates a facilities-based network, so we have direct control of end-to-end network quality. We use geographically diverse facilities at all levels, with no collapsed intercity or metro rings, diverse or triverse entrances into each Level 3 Gateway, diverse laterals into over 95 percent of our on-net buildings, and electronic diversity design options.

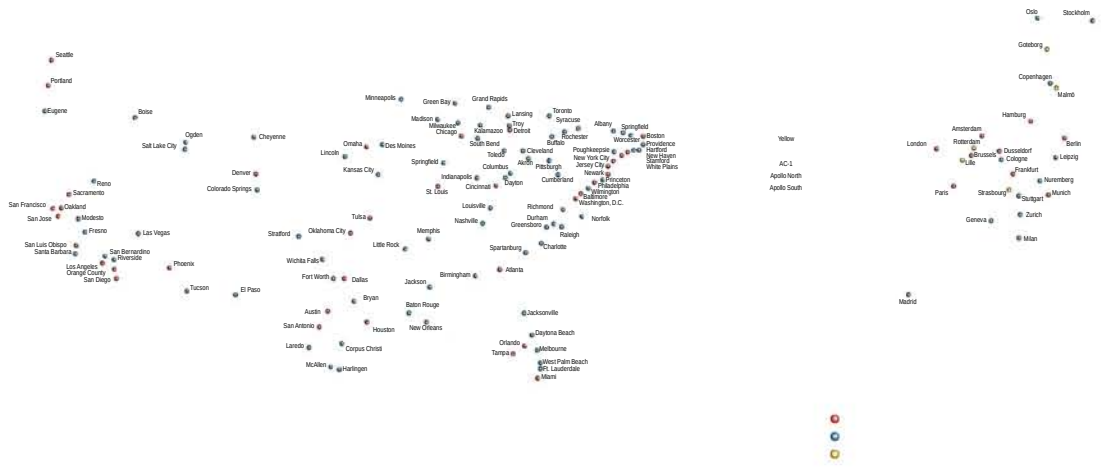
Gaining flexibility and affordability

The Level 3 Metro Wavelength service can help you achieve significant cost savings by reducing both operational costs and the continuous investments needed to meet the demands of a growing network. Level 3 offers flexible contracts with lease and indefeasible rights of use (IRU) options, and we take an accommodating approach to service portability.

Comprehensive Solutions from a Single Provider

When you look to Level 3 for your metro solutions, you tap into the expertise of our dedicated team of network architects, who will collaborate to design the best solution for your business. Our comprehensive solutions include construction, project management, ongoing maintenance, upgrades, and end-to-end lifecycle process management to help ensure the highest level of service and support.

To learn more about how Level 3 Metro Private Line service can help your business, call 1-877-2LEVEL3 or visit: www.Level3.com.



Level (3)®
COMMUNICATIONS

Bear Stearns 18th Annual Technology/Communications/Internet Conference

Kevin O'Hara

President and Chief Operating Officer

June 11, 2007

The Level 3 Intercity Network

- ≈47,000 fiber route miles in North America and Europe
- Connects 175 on net markets in 16 countries
- Leverages optical and IP technology improvements
- Enables the global high speed data explosion

Level 3's Metropolitan Facilities Are A Significant Competitive Advantage

- 125 metro fiber markets
- ≈26,000 metro fiber route miles
- ≈6,800 traffic aggregation points
  - Cable headends
  - Wireless switching centers
  - Data centers
  - Telco central offices
  - Enterprise buildings
- Over 100,000 enterprise buildings within 500 feet of metro fiber in U.S.
  - Targeting 750 to 1,000 building additions in 2007

Customer Centric Focus Driving Growth

Representative Customers

Wholesale Markets Group

Focused on the largest global service providers

Business Markets Group

Focused on select enterprise buyers of communications services

Content Markets Group

Focused on traditional and emerging media companies

European Markets Group

Focused on Europe based service providers and traditional and emerging media companies

Our Network

Cablevision has invested more than $1 billion in the network technology and infrastructure needed to build Optimum Lightpath's most significant asset: our fiber optic network. This state-of-the-art, all-digital network comprises more than 2,700 miles of fiber optic cable (nearly 113,000 miles of actual fiber). The sheer volume of fiber optic cable that makes up the Optimum Lightpath network in the New York metropolitan area is significant in its own right; but even more impressive are the other advantages the network delivers over services offered by telecommunications companies that rely more heavily on antiquated technologies such as copper wire. Because we own, install and operate our network, and because we are committed to meeting the challenge to provide the most reliable transmission service at a cost-effective price, Optimum Lightpath uses fiber optic cable throughout our infrastructure, even in the coveted local loop or "last mile." Whereas legacy local exchange carriers are likely to use copper wire for this crucial stretch between the network backbone and a client site, Optimum Lightpath runs cables directly into our customers' premises, eliminating any weak links. The result is the ability to deliver the highest transmission quality and greatest bandwidth. And because Optimum Lightpath is a carrier, not a service reseller, we can provide our services at a highly competitive price.

In addition to the amount and extent of fiber optics deployed, Optimum Lightpath's network is further distinguished by its design. Of particular note is the fact that our network is diversely routed in the truest sense of the term. Other providers may tout the diversity of their networks, but these claims can be misleading, as true diversity cannot be achieved by routing network traffic on separate strands of fiber that are entwined within the same sheath or conduit. The Optimum Lightpath network is both electronically and physically diverse. Even the locations where fibers terminate exhibit diversity, as each node is equipped with redundant cards to prevent a single point of failure.

In addition, Optimum Lightpath ensures that redundant nodes are placed in different head-ends, as well as that even the optical multiplexers within the head-ends are diverse. Another way the Optimum Lightpath network is distinguished from competitors' is in the switching infrastructure. At present, we maintain eight 5ESS switches at disparate locations on in order to make it virtually impossible to take the Optimum Lightpath network out of service.

Our network operations center (NOC) further distinguished the Optimum Lightpath network. It is from the NOC that highly trained technical professionals monitor the entire network with best-in-class tools and management processes 24 hours a day, 365 days a year. This level of monitoring ensures the 99.99% reliability level that is the hallmark of Optimum Lightpath's service. Optimum Lightpath's NOC is so advanced that we can identify, address, and resolve transmission issues before they turn into problems for customers. For many Optimum Lightpath customers—healthcare institutions in particular—the role that our NOC plays in ensuring the

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Metro Ethernet Ready? Check availability ▸GO

Why Optimum Lightpath? CAPACITY SIMPLICITY Watch Now

metroethernetnow CHANNEL Click here or tune to iO Channel 660

reliability of the network is of critical importance. While no business can afford to lose its network services temporarily, such service interruptions have life-and-death consequences for hospitals and other healthcare institutions. Optimum Lightpath's network advantage virtually eliminates these concerns for its clients.

While Optimum Lightpath leverages a wealth of other competitive differentiators, it is the amount of fiber optic cable, the strength of the architecture and design of the network, as well as our NOC that distinguish Optimum Lightpath from our competitors. These advantages have helped Optimum Lightpath capture the New York State Public Service Commission's "Commendation for Excellent Service" eight years in a row.

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Optimum Lightpath Connects 2,000th Fiber-Lit Building

Mack-Cali Building in Suburban New Jersey is Latest to Benefit
from Reliable, Facilities-Based Fiber Connectivity

JERICHO, NY, January 9, 2007 – Optimum Lightpath, the next-generation business broadband service provider of Cablevision Systems Corporation (NYSE: CVC), today announced that its network is now connected to 2,000 fiber-lit buildings in the New York metropolitan area. Optimum Lightpath achieved this milestone with the "lighting" of a Mack-Cali Realty Corporation (NYSE: CLI) building in Woodcliff Lake, New Jersey.

"One of Mack-Cali's objectives is to provide our tenants with the capacity, bandwidth and speed of fiber connectivity," commented Christopher DeLorenzo, vice president of leasing, Mack-Cali Realty Corporation. "Adding Optimum Lightpath's all-fiber network to this building allows us to accomplish this objective."

The Optimum Lightpath network now comprises more than 2,500 route miles of fiber optic cable (nearly 128,000 miles of actual fiber) within the New York metropolitan area, encompassing New York City, and the suburban areas of Long Island, Westchester County, Northern New Jersey and Southern Connecticut.

"Optimum Lightpath's success in surpassing this milestone is a direct result of the strong demand by medium-sized and larger businesses for full fiber optic connectivity, and the Mack-Cali building is the latest example of the advantages of the technology we can provide," said Dave Pistacchio, executive vice president and general manager, Optimum Lightpath. "Our business strategy is to bring Metro Ethernet services to businesses wherever they're located, and this full-market approach has fueled Optimum Lightpath's strong growth in each of the last two years."

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- Optimum Lightpath Expands Executive Team
- Westchester County Governments and Businesses Rely on Optimum Lightpath
- Optimum Lightpath Named Carrier Ethernet Service Provider of the Year by the Metro Ethernet Forum
- Optimum Lightpath Receives MEF 14 Service Provider Certification
- More Than 50 Percent of Area Hospitals Rely on Optimum Lightpath
- Optimum Lightpath Launches Voice Over Metro Ethernet Service
- **Optimum Lightpath Connects 2,000th Fiber-Lit Building**
- Town Of Greenwich Speeds Up Municipal Network With Metro Ethernet From Optimum Lightpath

For Optimum Lightpath, the significance of lighting 2,000 buildings is underscored by the fact that fully fiber optic connections are not generally available to the large number of businesses and branch offices in suburban areas. According to Vertical Systems Group, a networking industry market research firm, direct "local loop" fiber connectivity to commercial buildings with more than twenty employees nationwide has been measured at 11.7 percent. However, Optimum Lightpath is changing that imbalance by utilizing its state-of-the-art, all-digital optical network to bring the benefits of fiber optic connectivity to businesses located outside Manhattan.

Metro Ethernet simply and effectively provides organizations with the ability to link multiple locations, run bandwidth-intensive applications and converge multiple types of content over a single network. As a result, this emerging communications technology has the potential to transform how businesses operate and compete in today's economy.

Businesses interested in learning more about Optimum Lightpath's Metro Ethernet services can visit http://www.metroethernetnow.com or call 1-877-LIGHTPATH.

About Optimum Lightpath
Optimum Lightpath, a business telecommunications services division of Cablevision Systems Corporation, uses the power of its reliable and resilient fully fiber optic network to deliver converged data, Internet and voice solutions to businesses throughout the New York metropolitan area. Since its formation 18 years ago, Optimum Lightpath built an advanced fiber-to-the-business-premises network extending more than 2,500 route miles throughout the tri-state area. As a result of owning and maintaining this state-of-the-art network, Optimum Lightpath is able to reliably provide scalable, high-capacity IP-based Metro Ethernet services that support high bandwidth data, Internet and voice applications and optimize the enterprise customer's quality of experience – at lower prices than traditional offerings.

Optimum Lightpath has been recognized for eight straight years by the New York State Public Service Commission for delivering highly personalized customer service superior to the competition. Winner of the Metro Ethernet Forum's 2006 Service Provider of the Year Award for Outstanding

Innovation, Optimum Lightpath became one of the first service providers in the world and the only North American MSO to earn Carrier Ethernet certification from the Metro Ethernet Forum in April 2006. For more information, visit www.optimumlightpath.com.

About Cablevision

Cablevision Systems Corporation is one of the nation's leading entertainment and telecommunications companies. Its cable television operations serve more than 3 million households in the New York metropolitan area. The company's advanced telecommunications offerings include its iO: Interactive Optimum digital television, Optimum Online high-speed Internet, Optimum Voice digital voice-over-cable, and its Optimum Lightpath integrated business communications services. Cablevision's Rainbow Media Holdings LLC operates several successful programming businesses, including AMC, IFC, WE tv and other national and regional networks. In addition to its telecommunications and programming businesses, Cablevision owns Madison Square Garden and its sports teams, the New York Knicks, Rangers and Liberty. The company also operates New York's famed Radio City Music Hall, and owns and operates Clearview Cinemas.

V-Line

Managed Service Solutions

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Customized Solutions

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A cost effective alternative to traditional private line service, V-Line is similar to our E-Line point-to-point service; however, it provides the added flexibility of enabling customers to maximize port efficiency by enabling them to allocate their total bandwidth to multiple applications via a single Ethernet Virtual Connection (EVC). As with all Optimum Lightpath intelligent transport solutions, an array of bandwidth options is available; and the total bandwidth you pay for is the total bandwidth you get—100 percent of the time.

V-Line supports two different network configurations: point-to-point connections between two locations, and a hub-and-spoke configuration, in which multiple locations aggregate to a single hub.

The service includes the following standard attributes:

- Simple flat-rate pricing by bandwidth
- 4-fiber
- Sub <50 ms resiliency
- Guaranteed contracted bandwidth: 10, 20, 50, 100, 150, 300 and 1,000 Mbps
- Pluggable optical port (no additional charge at initial order)
- Optimum Lightpath manages the hub when applicable
- Based on standard 1,518 packet size.

Typical applications for V-Line include:

- Allocating portions of total bandwidth to support mission-critical applications
- Connectivity between headquarters and branch location(s)
- Secure, centralized access to external or remote sites
- Back-up to secondary storage site from multiple remote locations
- Video conferencing.

- E-Line
- **V-Line**
  - V-Line Pricing
- E-LAN
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- Internet/Voice Bundle
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More Than 50 Percent of Area Hospitals Rely on Optimum Lightpath

JERICHO, NY, June 19, 2007 – Optimum Lightpath, the next-generation business broadband service provider of Cablevision Systems Corporation (NYSE: CVC), today announced that more than 50 percent of hospitals in the New York metropolitan area are now using Optimum Lightpath for high capacity and high bandwidth integrated IP data, Internet and voice solutions.

Healthcare providers today are demanding innovative and cost effective communications solutions that can deliver the bandwidth intensive applications their networks require. Delivered over a 100 percent fully fiber optic network, Optimum Lightpath's Metro Ethernet service is enabling area healthcare providers to deliver mission critical and data intensive applications including diagnostic imaging, Electronic Medial Records (EMR) and Picture Archiving and Communications Systems (PACS), as well as to support business continuity and disaster recovery platforms.

"We were looking for an advanced network infrastructure that could grow to support all of our data, Internet, voice and video needs for the foreseeable future. We found that Optimum Lightpath's Metro Ethernet service provided a solution that satisfied the key performance criteria we were looking for in terms of resiliency, scalability and availability," said John L. Bosco, vice president and chief technology officer (CTO) of North Shore-LIJ –the nation's third largest, non-profit, secular healthcare system. "The network upgrade is meant to power all the new applications that we're rolling out to enhance our patients' quality of care."

During the past year, Optimum Lightpath experienced dynamic growth in the healthcare sector with new customer acquisition growing by more than 300 percent.

"Recent advances in electronic delivery systems

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  - Optimum Lightpath Expands Executive Team
  - Westchester County Governments and Businesses Rely on Optimum Lightpath
  - Optimum Lightpath Named Carrier Ethernet Service Provider of the Year by the Metro Ethernet Forum
  - Optimum Lightpath Receives MEF 14 Service Provider Certification
  - **More Than 50 Percent of Area Hospitals Rely on Optimum Lightpath**
  - Optimum Lightpath Launches Voice Over Metro Ethernet Service
  - Optimum Lightpath Connects 2,000th Fiber-Lit Building
  - Town Of Greenwich Speeds Up Municipal Network With Metro Ethernet From Optimum Lightpath

and clinical treatment technologies are driving the demand for extreme bandwidth, speed and security needs in the healthcare market," said Dave Pistacchio, Executive Vice President and General Manager, Optimum Lightpath. "The momentum and growth that Optimum Lightpath is experiencing as a trusted provider to this critical market clearly demonstrate that our Metro Ethernet offering is ideally positioned to meet these needs. Our service provides significant gains in productivity and cost savings, while enabling mission critical applications and deployments."

Leading healthcare providers in the tri-state area using Optimum Lightpath's Metro Ethernet services include:

- North Shore Long Island Jewish Health System, Great Neck, NY
- Montefiore Medical Center, Bronx, NY
- Winthrop University Hospital, Mineola, NY
- Saint Clare's Health System, Morris County, NJ
- Holy Name Hospital, Teaneck, NJ
- St. Barnabas Hospital, Bronx, NY

Saint Clare's Health System, an award-winning, full-service healthcare provider with headquarters in Morris County, NJ saw that Optimum Lightpath could meet the hospital's need for more speed and capacity due to a PACS imaging system deployment at its campuses in Denville and Dover. Saint Clare's is using Optimum Lightpath's point-to-point Gigabit Ethernet service to connect more than 3,000 users. In addition, Optimum Lightpath's redundant and resilient fiber-optic network is enabling Saint Clare's to gain business continuity benefits, so that critical patient records are always accessible to doctors and technicians in the event of a disruption.

"Many of the newest clinical applications, such as those related to imaging, are highly data-intensive. Clearly, the previous 45 Mbps connections we had did not cut the mustard," said Richard Temple, chief information officer, Saint Clare's Health System. "Our upgrade to Optimum Lightpath's Gigabit Ethernet service is helping our doctors and technicians deliver better patient care, plain and simple."

In addition to full-service hospitals and healthcare systems, ancillary outpatient care providers, particularly those that specialize in diagnostic imaging technologies (i.e., MRI, CT, PET

Ultrasound, Mammography, and Nuclear Medicine) have also turned to Optimum Lightpath's Metro Ethernet services during the last year.

The healthcare industry has become one of the fastest-growing markets for information technology (IT) and telecommunications services. According to Insight Research Corporation (http://www.insight-corp.com), the U.S healthcare telecommunications services market is expected to increase at a compound annual growth rate (CAGR) of 5.4 percent, from $6.3 billion in 2006 to $8.1 billion in 2011. This growth is driven by the need for advanced, data-intensive applications such as computerized x-ray systems, PACS, electronic medical record systems and PET imaging (or PET scanning) solutions, which demand exponentially higher bandwidth, speed and capacity in the network.

Businesses interested in learning more about Optimum Lightpath's Metro Ethernet services can visit http://www.metroethernetnow.com or call 1-877-LIGHTPATH.

Verizon MSAs

Summary

Number of MSAs by Pflex Phase		
	End User Chan Term	Transport (All Other)
Phase II	24	58
Phase I	26	11
Price Cap	150	131
Grand Total	200	200

Verizon MSAs

2006 MSA	Verizon Pflex Status End User Chan Term
Akron, OH	Phase II
Binghamton, NY	Phase II
Bloomington-Normal, IL	Phase II
Bridgeport-Stamford-Norwalk, CT	Phase II
Charleston, WV	Phase II
Dallas-Fort Worth-Arlington, TX	Phase II
Erie, PA	Phase II
Fort Wayne, IN	Phase II
Hagerstown-Martinsburg, MD-WV	Phase II
Harrisburg-Carlisle, PA	Phase II
Huntington-Ashland, WV-KY-OH	Phase II
Lancaster, PA	Phase II
No MSA DE	Phase II
Parkersburg-Marietta-Vienna, WV-OH	Phase II
Pittsburgh, PA	Phase II
Reading, PA	Phase II
Richmond, VA	Phase II
Roanoke, VA	Phase II
San Francisco-Oakland-Fremont, CA	Phase II
Scranton--Wilkes-Barre, PA	Phase II
State College, PA	Phase II
Vineland-Millville-Bridgeton, NJ	Phase II
Virginia Beach-Norfolk-Newport News, VA-NC	Phase II
Williamsport, PA	Phase II
Albany-Schenectady-Troy, NY	Phase I
Allentown-Bethlehem-Easton, PA-NJ	Phase I
Altoona, PA	Phase I
Baltimore-Towson, MD	Phase I
Bangor, ME	Phase I
Boston-Cambridge-Quincy, MA-NH	Phase I
Buffalo-Niagara Falls, NY	Phase I
Durham, NC	Phase I
Elkhart-Goshen, IN	Phase I
Lakeland, FL	Phase I
Lynchburg, VA	Phase I
Manchester-Nashua, NH	Phase I
New York-Northern New Jersey-Long Island, NY-NJ-PA	Phase I
No MSA ID	Phase I
No MSA WV	Phase I
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Phase I
Portland-South Portland-Biddeford, ME	Phase I
Portland-Vancouver-Beaverton, OR-WA	Phase I
Providence-New Bedford-Fall River, RI-MA	Phase I
Sarasota-Bradenton-Venice, FL	Phase I
Seattle-Tacoma-Bellevue, WA	Phase I
Springfield, MA	Phase I
Syracuse, NY	Phase I
Tampa-St. Petersburg-Clearwater, FL	Phase I

2006 MSA	Verizon Pflex Status End User Chan Term
Washington-Arlington-Alexandria, DC-VA-MD-WV	Phase I
Worcester, MA	Phase I
Burlington-South Burlington, VT	Price Cap
Elmira, NY	Price Cap
Johnstown, PA	Price Cap
Los Angeles-Long Beach-Santa Ana, CA	Price Cap
No MSA VT	Price Cap
Poughkeepsie-Newburgh-Middletown, NY	Price Cap
Riverside-San Bernardino-Ontario, CA	Price Cap
Santa Barbara-Santa Maria-Goleta, CA	Price Cap
Atlantic City, NJ	Price Cap
Flint, MI	Price Cap
Houston-Sugar Land-Baytown, TX	Price Cap
No MSA MD	Price Cap
No MSA VA	Price Cap
No MSA WA	Price Cap
No MSA WI	Price Cap
Oxnard-Thousand Oaks-Ventura, CA	Price Cap
Utica-Rome, NY	Price Cap
Wheeling, WV-OH	Price Cap
York-Hanover, PA	Price Cap
Anderson, IN	Price Cap
Ann Arbor, MI	Price Cap
Appleton, WI	Price Cap
Asheville, NC	Price Cap
Augusta-Richmond County, GA-SC	Price Cap
Austin-Round Rock, TX	Price Cap
Bakersfield, CA	Price Cap
Barnstable Town, MA	Price Cap
Battle Creek, MI	Price Cap
Beaumont-Port Arthur, TX	Price Cap
Bellingham, WA	Price Cap
Blacksburg-Christiansburg-Radford, VA	Price Cap
Bloomington, IN	Price Cap
Brownsville-Harlingen, TX	Price Cap
Canton-Massillon, OH	Price Cap
Champaign-Urbana, IL	Price Cap
Charleston-North Charleston, SC	Price Cap
Charlotte-Gastonia-Concord, NC-SC	Price Cap
Charlottesville, VA	Price Cap
Chicago-Naperville-Joliet, IL-IN-WI	Price Cap
Cincinnati-Middletown, OH-KY-IN	Price Cap
Cleveland-Elyria-Mentor, OH	Price Cap
Coeur d'Alene, ID	Price Cap
College Station-Bryan, TX	Price Cap
Columbia, SC	Price Cap
Columbus, OH	Price Cap
Corpus Christi, TX	Price Cap
Cumberland, MD-WV	Price Cap
Danville, IL	Price Cap
Danville, VA	Price Cap

2006 MSA	Verizon Pflex Status End User Chan Term
Davenport-Moline-Rock Island, IA-IL	Price Cap
Dayton, OH	Price Cap
Decatur, IL	Price Cap
Detroit-Warren-Livonia, MI	Price Cap
Dover, DE	Price Cap
El Centro, CA	Price Cap
Evansville, IN-KY	Price Cap
Florence, SC	Price Cap
Fond du Lac, WI	Price Cap
Fresno, CA	Price Cap
Glens Falls, NY	Price Cap
Grand Rapids-Wyoming, MI	Price Cap
Greenville-Mauldin-Easley, SC	Price Cap
Hanford-Corcoran, CA	Price Cap
Harrisonburg, VA	Price Cap
Holland-Grand Haven, MI	Price Cap
Indianapolis-Carmel, IN	Price Cap
Ithaca, NY	Price Cap
Jackson, MI	Price Cap
Janesville, WI	Price Cap
Kalamazoo-Portage, MI	Price Cap
Kankakee-Bradley, IL	Price Cap
Kennewick-Richland-Pasco, WA	Price Cap
Kingston, NY	Price Cap
Kokomo, IN	Price Cap
Lafayette, IN	Price Cap
Lansing-East Lansing, MI	Price Cap
Lebanon, PA	Price Cap
Lewiston-Auburn, ME	Price Cap
Lima, OH	Price Cap
Longview, TX	Price Cap
Longview, WA	Price Cap
Louisville/Jefferson County, KY-IN	Price Cap
Madison, WI	Price Cap
Mansfield, OH	Price Cap
McAllen-Edinburg-Mission, TX	Price Cap
Merced, CA	Price Cap
Michigan City-La Porte, IN	Price Cap
Milwaukee-Waukesha-West Allis, WI	Price Cap
Monroe, MI	Price Cap
Morgantown, WV	Price Cap
Mount Vernon-Anacortes, WA	Price Cap
Muskegon-Norton Shores, MI	Price Cap
Myrtle Beach-Conway-North Myrtle Beach, SC	Price Cap
Niles-Benton Harbor, MI	Price Cap
No MSA AZ	Price Cap
No MSA CA	Price Cap
No MSA IL	Price Cap
No MSA IN	Price Cap
No MSA MA	Price Cap
No MSA ME	Price Cap

2006 MSA	Verizon Pflex Status End User Chan Term
No MSA MI	Price Cap
No MSA MO	Price Cap
No MSA NC	Price Cap
No MSA NH	Price Cap
No MSA NV	Price Cap
No MSA NY	Price Cap
No MSA OH	Price Cap
No MSA OR	Price Cap
No MSA PA	Price Cap
No MSA SC	Price Cap
No MSA TX	Price Cap
Ocean City, NJ	Price Cap
Peoria, IL	Price Cap
Pittsfield, MA	Price Cap
Rochester, NY	Price Cap
Rockford, IL	Price Cap
Sacramento--Arden-Arcade--Roseville, CA	Price Cap
Saginaw-Saginaw Township North, MI	Price Cap
Salem, OR	Price Cap
Salinas, CA	Price Cap
Salisbury, MD	Price Cap
San Angelo, TX	Price Cap
San Antonio, TX	Price Cap
San Jose-Sunnyvale-Santa Clara, CA	Price Cap
San Luis Obispo-Paso Robles, CA	Price Cap
Sandusky, OH	Price Cap
Santa Rosa-Petaluma, CA	Price Cap
Sheboygan, WI	Price Cap
Sherman-Denison, TX	Price Cap
South Bend-Mishawaka, IN-MI	Price Cap
Spartanburg, SC	Price Cap
Spokane, WA	Price Cap
Springfield, IL	Price Cap
Springfield, OH	Price Cap
St. Louis, MO-IL	Price Cap
Stockton, CA	Price Cap
Sumter, SC	Price Cap
Terre Haute, IN	Price Cap
Toledo, OH	Price Cap
Trenton-Ewing, NJ	Price Cap
Tyler, TX	Price Cap
Victoria, TX	Price Cap
Visalia-Porterville, CA	Price Cap
Wausau, WI	Price Cap
Weirton-Steubenville, WV-OH	Price Cap
Wenatchee, WA	Price Cap
Winchester, VA-WV	Price Cap
Yakima, WA	Price Cap
Youngstown-Warren-Boardman, OH-PA	Price Cap
Yuba City, CA	Price Cap

Verizon MSAs

2006 MSA	Verizon Pflex Status Transport (All Other)
Akron, OH	Phase II
Binghamton, NY	Phase II
Bloomington-Normal, IL	Phase II
Bridgeport-Stamford-Norwalk, CT	Phase II
Charleston, WV	Phase II
Dallas-Fort Worth-Arlington, TX	Phase II
Erie, PA	Phase II
Fort Wayne, IN	Phase II
Hagerstown-Martinsburg, MD-WV	Phase II
Harrisburg-Carlisle, PA	Phase II
Huntington-Ashland, WV-KY-OH	Phase II
Lancaster, PA	Phase II
No MSA DE	Phase II
Parkersburg-Marietta-Vienna, WV-OH	Phase II
Pittsburgh, PA	Phase II
Reading, PA	Phase II
Richmond, VA	Phase II
Roanoke, VA	Phase II
San Francisco-Oakland-Fremont, CA	Phase II
Scranton--Wilkes-Barre, PA	Phase II
State College, PA	Phase II
Vineland-Millville-Bridgeton, NJ	Phase II
Virginia Beach-Norfolk-Newport News, VA-NC	Phase II
Williamsport, PA	Phase II
Albany-Schenectady-Troy, NY	Phase II
Allentown-Bethlehem-Easton, PA-NJ	Phase II
Altoona, PA	Phase II
Baltimore-Towson, MD	Phase II
Bangor, ME	Phase II
Boston-Cambridge-Quincy, MA-NH	Phase II
Buffalo-Niagara Falls, NY	Phase II
Durham, NC	Phase II
Elkhart-Goshen, IN	Phase II
Lakeland, FL	Phase II
Lynchburg, VA	Phase II
Manchester-Nashua, NH	Phase II
New York-Northern New Jersey-Long Island, NY-NJ-PA	Phase II
No MSA ID	Phase II
No MSA WV	Phase II
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Phase II
Portland-South Portland-Biddeford, ME	Phase II
Portland-Vancouver-Beaverton, OR-WA	Phase II
Providence-New Bedford-Fall River, RI-MA	Phase II
Sarasota-Bradenton-Venice, FL	Phase II
Seattle-Tacoma-Bellevue, WA	Phase II
Springfield, MA	Phase II
Syracuse, NY	Phase II
Tampa-St. Petersburg-Clearwater, FL	Phase II
Washington-Arlington-Alexandria, DC-VA-MD-WV	Phase II
Worcester, MA	Phase II
Burlington-South Burlington, VT	Phase II
Elmira, NY	Phase II
Johnstown, PA	Phase II
Los Angeles-Long Beach-Santa Ana, CA	Phase II

2006 MSA	Verizon Pflex Status Transport (All Other)
No MSA VT	Phase II
Poughkeepsie-Newburgh-Middletown, NY	Phase II
Riverside-San Bernardino-Ontario, CA	Phase II
Santa Barbara-Santa Maria-Goleta, CA	Phase II
Atlantic City, NJ	Phase I
Flint, MI	Phase I
Houston-Sugar Land-Baytown, TX	Phase I
No MSA MD	Phase I
No MSA VA	Phase I
No MSA WA	Phase I
No MSA WI	Phase I
Oxnard-Thousand Oaks-Ventura, CA	Phase I
Utica-Rome, NY	Phase I
Wheeling, WV-OH	Phase I
York-Hanover, PA	Phase I
Anderson, IN	Price Cap
Ann Arbor, MI	Price Cap
Appleton, WI	Price Cap
Asheville, NC	Price Cap
Augusta-Richmond County, GA-SC	Price Cap
Austin-Round Rock, TX	Price Cap
Bakersfield, CA	Price Cap
Barnstable Town, MA	Price Cap
Battle Creek, MI	Price Cap
Beaumont-Port Arthur, TX	Price Cap
Bellingham, WA	Price Cap
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Charlottesville, VA	Price Cap
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Columbia, SC	Price Cap
Columbus, OH	Price Cap
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Decatur, IL	Price Cap
Detroit-Warren-Livonia, MI	Price Cap
Dover, DE	Price Cap
El Centro, CA	Price Cap
Evansville, IN-KY	Price Cap
Florence, SC	Price Cap
Fond du Lac, WI	Price Cap
Fresno, CA	Price Cap
Glens Falls, NY	Price Cap
Grand Rapids-Wyoming, MI	Price Cap

2006 MSA	Verizon Pflex Status Transport (All Other)
Greenville-Mauldin-Easley, SC	Price Cap
Hanford-Corcoran, CA	Price Cap
Harrisonburg, VA	Price Cap
Holland-Grand Haven, MI	Price Cap
Indianapolis-Carmel, IN	Price Cap
Ithaca, NY	Price Cap
Jackson, MI	Price Cap
Janesville, WI	Price Cap
Kalamazoo-Portage, MI	Price Cap
Kankakee-Bradley, IL	Price Cap
Kennewick-Richland-Pasco, WA	Price Cap
Kingston, NY	Price Cap
Kokomo, IN	Price Cap
Lafayette, IN	Price Cap
Lansing-East Lansing, MI	Price Cap
Lebanon, PA	Price Cap
Lewiston-Auburn, ME	Price Cap
Lima, OH	Price Cap
Longview, TX	Price Cap
Longview, WA	Price Cap
Louisville/Jefferson County, KY-IN	Price Cap
Madison, WI	Price Cap
Mansfield, OH	Price Cap
McAllen-Edinburg-Mission, TX	Price Cap
Merced, CA	Price Cap
Michigan City-La Porte, IN	Price Cap
Milwaukee-Waukesha-West Allis, WI	Price Cap
Monroe, MI	Price Cap
Morgantown, WV	Price Cap
Mount Vernon-Anacortes, WA	Price Cap
Muskegon-Norton Shores, MI	Price Cap
Myrtle Beach-Conway-North Myrtle Beach, SC	Price Cap
Niles-Benton Harbor, MI	Price Cap
No MSA AZ	Price Cap
No MSA CA	Price Cap
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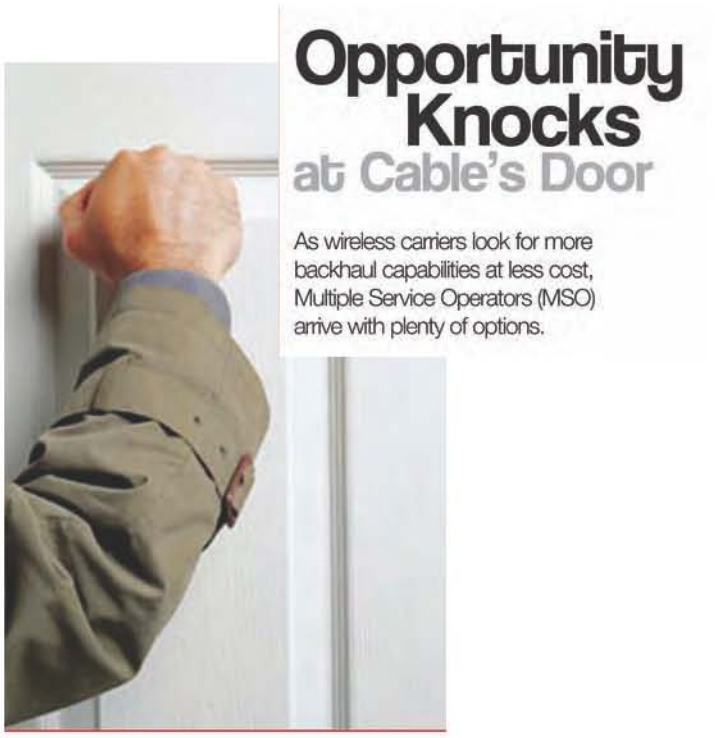
No MSA IN	Price Cap
No MSA MA	Price Cap
No MSA ME	Price Cap
No MSA MI	Price Cap
No MSA MO	Price Cap
No MSA NC	Price Cap
No MSA NH	Price Cap
No MSA NV	Price Cap
No MSA NY	Price Cap
No MSA OH	Price Cap
No MSA OR	Price Cap
No MSA PA	Price Cap
No MSA SC	Price Cap
No MSA TX	Price Cap
Ocean City, NJ	Price Cap
Peoria, IL	Price Cap
Pittsfield, MA	Price Cap
Rochester, NY	Price Cap
Rockford, IL	Price Cap
Sacramento--Arden-Arcade--Roseville, CA	Price Cap
Saginaw-Saginaw Township North, MI	Price Cap

2006 MSA	Verizon Pflex Status Transport (All Other)
Salem, OR	Price Cap
Salinas, CA	Price Cap
Salisbury, MD	Price Cap
San Angelo, TX	Price Cap
San Antonio, TX	Price Cap
San Jose-Sunnyvale-Santa Clara, CA	Price Cap
San Luis Obispo-Paso Robles, CA	Price Cap
Sandusky, OH	Price Cap
Santa Rosa-Petaluma, CA	Price Cap
Sheboygan, WI	Price Cap
Sherman-Denison, TX	Price Cap
South Bend-Mishawaka, IN-MI	Price Cap
Spartanburg, SC	Price Cap
Spokane, WA	Price Cap
Springfield, IL	Price Cap
Springfield, OH	Price Cap
St. Louis, MO-IL	Price Cap
Stockton, CA	Price Cap
Sumter, SC	Price Cap
Terre Haute, IN	Price Cap
Toledo, OH	Price Cap
Trenton-Ewing, NJ	Price Cap
Tyler, TX	Price Cap
Victoria, TX	Price Cap
Visalia-Porterville, CA	Price Cap
Wausau, WI	Price Cap
Weirton-Steubenville, WV-OH	Price Cap
Wenatchee, WA	Price Cap
Winchester, VA-WV	Price Cap
Yakima, WA	Price Cap
Youngstown-Warren-Boardman, OH-PA	Price Cap
Yuba City, CA	Price Cap

As wireless carriers look for more backhaul capabilities at less cost, Multiple Service Operators (MSO) arrive with plenty of options.

By M.J. Richter



The mobile communications industry, one of the technology world's biggest success stories of all time, is discovering new meaning behind the old saying that "success has a price." For most of the past 25 years, the price in question has been that of building wireless networks to keep up with explosive customer growth. Today, wireless operators are focused on increasing their network efficiencies, particularly in wireless backhaul, to minimize Operating Expenses (OpEx) costs — both those incurred by their current networks and those that will be required to support new wireless applications and services.

On average, transport costs account for nearly 25% of wireless operators' OpEx costs, and 60%-75% of those transport costs are attributed to backhaul. Those numbers translate into a U.S. backhaul market valued at slightly more than $2 billion in 2006 and could reach $16 billion by 2009, according to the Cellular Telecommunications & Internet Association. GeoResults, a research firm, estimates that between 2005 and 2009, wireless operators around the world will spend $31 billion on backhaul.

Since the wireless industry's inception, wireless carriers typically have leased T-1 lines from local exchange carriers to backhaul their cell-site TDM traffic. As their customer base has grown, so too have their backhaul needs. In 2005, wireless operators needed an average of three T-1s per cell site, according to GeoResults. By 2009, the average number of T-1s required to handle backhaul will be at least nine per cell site, a 200% increase. The number of voice Minutes of Use (MoU) continues to grow at a rapid pace (see Figure 1).

In addition to the growth of voice traffic, new, high-bandwidth Third-Generation (3G) data and multimedia services, such as mobile video, music downloads, news and mobile gaming, will continue to push mobile carriers' bandwidth requirements even higher. As a result, carriers are migrating their infrastructures towards IP-based networks, both to support new high-bandwidth data services and scale bandwidth as customers require. Growth of these new services is causing mobile carriers to look at alternate technologies, such as Ethernet, for transport and cell-site backhaul.

Backhaul: "Up For Grabs"

For wireless carriers, a dual challenge is to accommodate growth in the number of customers, MoU and bandwidth while finding out how to reduce OpEx. Keeping OpEx in check is critical — it better positions wireless carriers to price services at a competitive point while still turning a profit.

Figure 1. Total wireless minutes of use

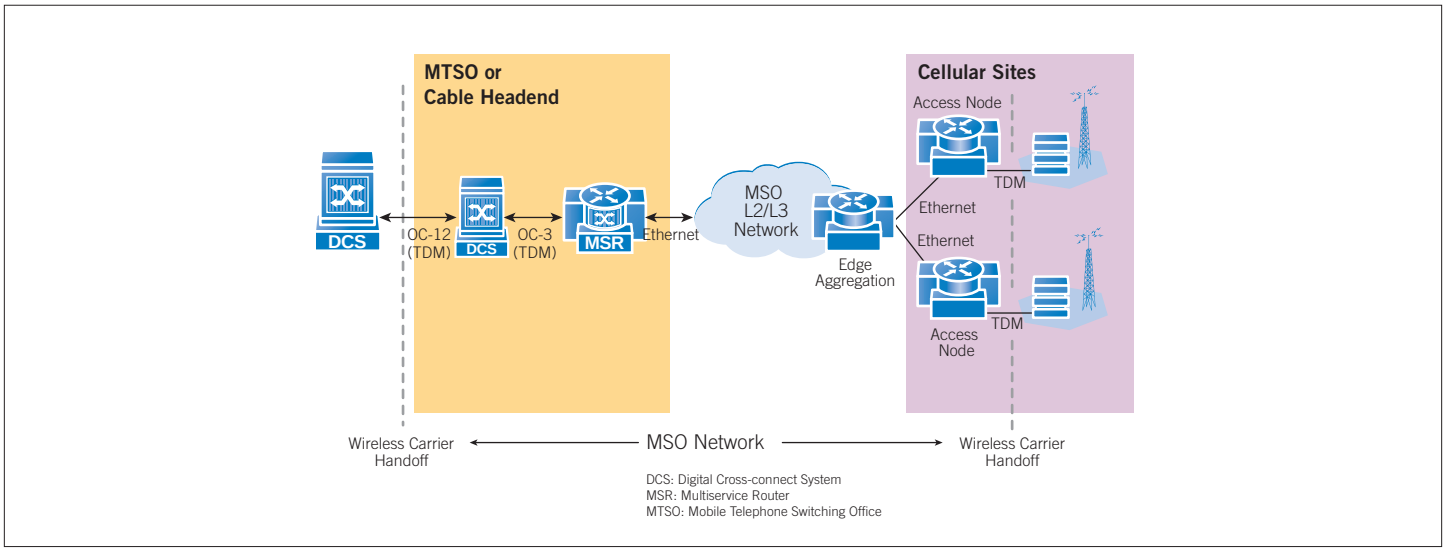


Figure 2. Ethernet backhaul network

"There is no question that wireless carriers are looking to grow revenue-generating service offerings while curbing OpEx, thereby increasing profitability," said Iyad Tarazi, vice president of network development at Sprint Nextel. "The amount of bandwidth required will, in many cases, require an alternative to traditional T-1 leased lines in order for this to make sense."

Most wireless carriers have identified backhaul as an important area in which to reduce expenses, by considering alternatives to leased T-1 backhaul lines, such as native Ethernet service. The wireless backhaul network currently is "up for grabs," says Peter Jarich, principal analyst for wireless infrastructure with Current Analysis, a research firm. Jarich believes MSOs are capable of capturing a significant share of the wireless backhaul market.

To do that, MSOs must have the facilities in place and be able to match the service-assurance capabilities and reliability that wireless operators currently get from the telcos, Jarich says. "They're in a pretty good competitive spot. It's something they're going to have to show they can do, but if they can, then clearly it's a nice market opportunity [for them]."

That opportunity coincides with a major strategic objective on the part of many MSOs: They have invested heavily in their fiber or Hybrid Fiber-Coax (HFC) infrastructures over the past several years to provide broadband and voice services to residential customers. Now, with these networks upgraded and enhanced, they are looking to leverage this base and utilize it to offer Ethernet services to enterprise customers, carriers and wireless providers.

The majority of wireless operators today seek more affordable T-1 services for their backhaul, while others prefer to buy native Ethernet services to handle backhaul. MSOs can readily position themselves to satisfy both requirements with fiber and/or coax facilities in place near many cell sites. Oftentimes, MSOs only need to build short spurs to certain towers and deploy Ethernet access interfaces to create a unified data network to provide scalable backhaul service. In fact, many of the largest MSOs already are making forays into the market.

An example is Cox Business Services, a subsidiary of Cox Communications, the third-largest U.S. cable operator. Cox Business Services has been providing fiber-based wireless backhaul for more than a decade to most major wireless carriers. Additionally, Comcast, Time Warner Cable and other major MSOs offer Ethernet-based services today and are tailoring them to meet the demand of wireless carriers.

Putting it All Together

An MSO can provide T-1-over-Ethernet services by deploying a multiservice edge device that offers both TDM and Ethernet interfaces at the cell site (see Figure 2). Using circuit emulation, this TDM traffic can be transported over an MSO's Layer 2/Layer 3 network. Additionally, an MSO can offer native Ethernet backhaul from the same device as Ethernet interfaces become more prevalent at the cell site. By pairing this multservice edge device with a carrier-class multiservice router, MSOs can also offer guaranteed Quality of Service (QoS) for any type of access traffic over a Multiprotocol Label Switching (MPLS) network, along with verifiable Service Level Agreements (SLA). These factors help deliver the availability, reliability and scalability that wireless operators require.

Because wireless operators want to protect their embedded investments, they will continue to require an OC-3/12 handoff from the cell site. The MSO can address that need by deploying a Digital Cross-connect System (DCS) to function as an efficient, centralized headend. The DCS offers a central location to manage and troubleshoot T-1 circuits and collect statistics for SLA reporting.

"As long as we can get carrier-class Ethernet, using an Ethernet-based backhaul is a great solution," said Tarazi. "This goes a long way toward solving both the backhaul cost issue and migrating toward a more IP-based network, and companies that can offer that Ethernet pipe will be well-positioned."

Depending on its infrastructure, an MSO can pursue the wireless backhaul market right away by using its SONET-based network, or it can leverage its embedded Ethernet investments with incremental upgrades to edge devices that support T-1-over-Ethernet service. Either way, by implementing solutions that support guaranteed Ethernet and/or MPLS, MSOs have a significant opportunity to capture a share of the booming wireless backhaul market and generate significant new revenue streams. By leveraging the flexible solutions that Tellabs offers, MSOs can tap into these revenue streams with the efficiency and carrier-class reliability that wireless providers have come to expect.

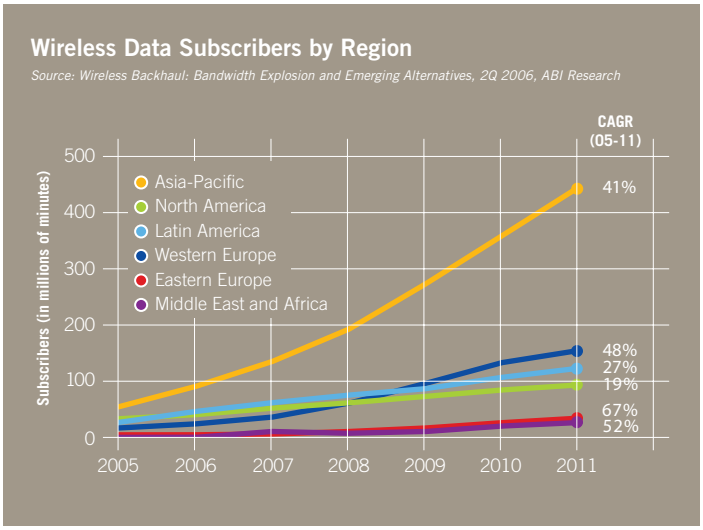


Figure 3. Wireless data subscribers by region

North America

Tellabs
One Tellabs Center
1415 West Diehl Road
Naperville, IL 60563
U.S.A.
+1 630 798 8800
Fax: +1 630 798 2000

Asia Pacific

Tellabs
3 Anson Road
#14–01 Springleaf Tower
Singapore 079909
Republic of Singapore
+65 6215 6411
Fax: +65 6215 6422

Europe, Middle East & Africa

Tellabs
Abbey Place
24–28 Easton Street
High Wycombe, Bucks
United Kingdom
HP11 1NT
+44 870 238 4700
Fax: +44 870 238 4851

Latin America & Caribbean

Tellabs
1401 N.W. 136th Avenue
Suite 202
Sunrise, FL 33323
U.S.A.
+1 954 839 2800
Fax: +1 954 839 2828

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