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**THE CLEC REPORT™ CHARTS CONTINUING INDUSTRY GROWTH,
WITH DATA GAINS OFFSETTING SWITCHED DIAL TONE**

***Competitors Leveraging Data Strengths as Industry “Hunkers Down” in
Darwinian Contest for Survival of Fittest***

CHICAGO, NOVEMBER 27, 2000 – The competitive local exchange carrier industry grew by one-third this year, according to the latest edition of the *CLEC Report™*, published by New Paradigm Resources Group, Inc. (NPRG), the nation’s leading competitive telecom analyst organization. Despite the suppressive effects on growth expectations caused by a handful of outright company failures and consolidations, the sector posted healthy growth benchmarks overall.

Among key findings, the *CLEC Report™* shows that total CLEC revenue grew 34 percent from \$29.2 billion in 1999 to \$34.1 billion in 2000. CLECs raised more than \$4.5 billion in new financing to fund their business plans and network expansions, and today provide 16 million access lines in 1,500 cities. While switched local service was flat in 2000, data services grew more than 61.4 percent, from \$10.2 billion in 1999 to \$16.5 billion in 2000 – comprising nearly half of total industry revenue.

“There is no question that the CLECs entered a new phase of development in 2000, but this is not the first time, and the industry will evolve into a stronger position than before,” said Terry Barnich, NPRG President. “Unfortunately, investors are often impatient and categorical, so many good companies are paying for the sins of the few with well-documented problems. The fact is: No industry can grow at triple-digit rates indefinitely – and the CLECs’ 34 percent expansion is more than respectable.”

According to NPRG, Wall Street has become more selective about the CLECs it funds – but investment remains strong. Major capital investments totaling \$4.5 billion were made this year in companies including RCN, FiberNet, CoreComm, McLeod, Net2000, Actel, Ionex, Omniplex, TelePacific and Integra. In the majority of cases, CLECs used the new funds to extend their networks, furthering industry growth, and exploit opportunities in data services.

“CLECs emphasizing data are making the best use of their technology resources, and leveraging strengths that the incumbents are ill-equipped to match,” said Craig Clausen, NPRG Senior Vice President. “We expect CLECs to continue to grow through data services, an area in which they have a solid technological upperhand.”

“The competitive switched local services market felt the brunt of a double-whammy – ongoing provisioning problems due to the difficulties of integrations, and the challenge of going head-to-head with entrenched competitors,” said Clausen. “The inevitable result has been a fall-off in local switched services for competitive providers.”

The latest edition of the *CLEC Report™*, the most comprehensive review of the competitive local telecom industry, provides extensive coverage of: Industry Financials; Wireless Broadband; Cable TV in the U.S.; Asia-Pacific Developments; CLEC Network Parameters and Revenue; Markets Served by CLECs; Profiles of more than 159 facilities-based CLECs; and a Competitors’ Watchlist. The 2000-page report is available from NPRG for \$3,850, by calling 312-980-4796, or by ordering through NPRG's new e-commerce site at <http://ecom.nprg.com> which will be available in December.

New Paradigm Resources Group, based in Chicago, is a research and consulting firm supporting the investment community, equipment vendors and competitive carriers on a range of matters from due diligence review to business planning and market assessment, as well as project development. NPRG publishes *CLEC Report™*, a semiannual multi-volume review of the trends and future of the competitive local telecom industry. It also publishes the *ISP Report™*, *ASP Report™* and *BLEC Report™*. For more information, call 312-980-4796 or visit NPRG on the Web at www.nprg.com