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1999 ANNUAL CLEC REPORT™ SEES CONTINUING EXPLOSIVE DATA GROWTH IN COMPETITIVE LOCAL TELECOM INDUSTRY

**Internet, DSL and Other High-Speed Data Services Seen Driving
“Triple Digit” Growth to \$83 Billion in Total Industry Revenue by 2001**

CHICAGO, APRIL 15, 1999 – Advanced data services such as DSL are expected to fuel triple-digit growth of the competitive local telecommunications market, propelling overall industry revenue from nearly \$10 billion today to more than \$83 billion by 2001. With anticipated gains of 500% over the next four years, the competitive data service segment will become a \$40-\$50 billion industry that far outstrips traditional business lines such as switched voice and dedicated access, becoming the dominant service of the competitive local exchange carrier (CLEC) industry.

These findings and other insights on the CLEC industry highlight the newly-released *1999 Annual CLEC Report™* published by New Paradigm Resources Group, Inc., the leading market analysis and intelligence firm of the CLEC industry. This year’s *Report* portrays a rapidly growing industry that is driving, and at the same time benefiting from, insatiable demand for data services, including dial-up Internet, DSL and broadband.

“The CLECs have established a new competitive model based on sophisticated data infrastructures that can integrate all forms of communication – dial tone, access, Internet, Frame Relay, ATM – as distinct bit streams over high-speed backbones,” said Terry Barnich, President, New Paradigm Resources Group. “By leveraging their infrastructure investments to deliver bandwidth, CLECs have positioned themselves to rule the data market. By 2001, CLEC data services will be valued at \$44 billion or more – twice the size of competitive switched voice and representing more than half of the total estimated \$83 billion CLEC marketplace.”

The *1999 Annual CLEC Report™* this year covers some 160 facilities-based CLECs, providing detailed company-specific analysis, as well as industry overviews and growth forecasts. New Paradigm's *Annual CLEC Report™* is widely regarded as the most thorough and exhaustive study of the CLEC industry.

"This year's *Annual CLEC Report™* is the largest and most comprehensive ever," said Craig Clausen, Senior Vice President, New Paradigm Resources Group. "We have expanded our coverage to include more than 50 new companies, reflecting the explosive growth of the industry. Incredibly, even with recent consolidation, the CLEC market has experienced 50% growth in numbers of participants, 100% growth in revenue, a tripling of access lines, and a six-fold increase in buildings connected."

Among this year's highlights:

- Industry Consolidation. With WorldCom's acquisition of Brooks Fiber and MCI, and with AT&T's absorption of Teleport and TCI, 1998 was a year of significant consolidation. Consolidation can be expected to continue.
- CLEC Expansion. A simultaneous expansion of the CLEC industry occurs as seasoned executives of acquired companies spin-off to set up new CLECs.
- New Models. The CLEC business model continues to evolve as competitive carriers grow more sophisticated and seek to provide service integration.
- End of the ISP "Wannabes." The cost and technical difficulties of deploying Class 5 switches have dampened ISPs' enthusiasm for the telecom market.
- Electric Utilities – Low Watt Entry. Utilities have not made as big a foray into competitive telecom as previously anticipated by some analysts.
- Death of a Resalesman. The bankruptcy of USN, and exit of e.spire and WinStar from resale, signaled the end of this strategy.

Industry Metrics – from the *1999 Annual CLEC Report™*:

	1997	1998
Facilities-based CLECs	110	160
Total CLEC Telecom Revenue	\$4.6 billion	\$9.5 billion
Fiber Route Miles	73,600	108,229
Voice Switches Installed	315	579
Voice Switches Planned	218	250
Buildings Served	63,290	104,097
Competitive Access Lines	1,606,794	5,619,479

The *1999 Annual CLEC Report* may be ordered from New Paradigm Resources Group, Inc. by calling (312) 980-7848. Individual copies are \$2,950 and for additional copies the cost is \$1,450 per unit.

New Paradigm Resources Group, based in Chicago, is the nation's leading research firm focused on the competitive local exchange carrier (CLEC) industry.