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NEW PARADIGM RESOURCES GROUP'S CLEC REPORT™ 2002 FINDS COMPETITION WILL OUTLAST DOWNTURN

Industry Now Comprises Multiple Segments and Business Models with Aggregate 10-Fold Revenue Growth to $53 Billion Since 1997

CHICAGO, NOVEMBER 26, 2001 – Though struck by a severe downturn in recent months, the competitive local telecom industry is far from dead and many participants will ultimately survive to enjoy a successful future, according to a new report from New Paradigm Resources Group, Inc. (NPRG).

In a departure from the current downbeat outlook on local competition, NPRG's *CLEC Report™ 2002*, 15th Edition, offers a fresh look at an industry in transition and finds a complex and diverse marketplace. Rather than one homogeneous industry, NPRG has discerned numerous industry segments, each with its own unique business models, operational capabilities and strategic strengths – and tools for survival and success. Given that in aggregate these companies have experienced 10-fold revenue growth in five years, and that total revenue will likely double by 2005, the *CLEC Report™ 2002* concludes that local competition has a strong pulse that will see a core set of companies through today's hard times.

The *CLEC Report™ 2002* examines 71 such carriers in one segment of the CLEC industry – voice focused, facilities-based carriers. This segment alone is responsible for generating more than 86 percent of the $53 billion all CLEC categories rang up in 2001 – including independent operating companies, utilities in telecom, data exchange carriers and gigabit-Ethernet providers. Additionally, the report looks at 45 other companies poised to enter the voice CLEC business.

"In 1997, CLECs constituted a $5 billion industry," said Terry Barnich, President of NPRG. "Despite the current doldrums that have slowed momentum and investor enthusiasm, the CLEC industry's 1,000 percent growth since its inception cannot be disputed, and all sectors will continue to gain momentum as the economy performs its selection process."
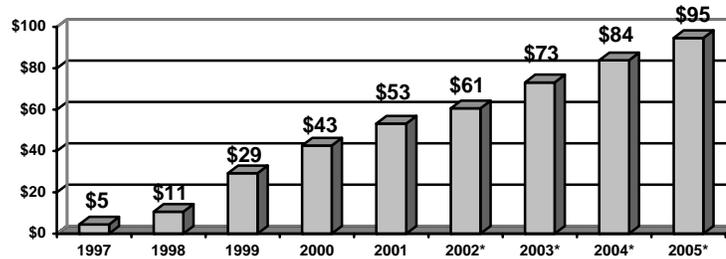
CLEC Revenue 1997 – 2005
* Projected

Along with the companies that make up the voice segment of the CLEC industry, the *CLEC Report™ 2002* examines current trends that affect them. Overall, and unsurprisingly, access line growth is not as fast, coming in at just 18 percent between 2000 and 2001 compared to 54 percent growth between 1999 and 2000. At the same time, the move towards packetized networks is picking up. Of the 71 CLECs profiled in the report, 25 percent have a softswitch initiative in place, promising lower infrastructure deployment costs and redirecting capital expenditures to revenue generation.

"While some play "Taps" for the CLECs, many of the companies are retrenching, retooling and reorganizing to emerge from the current downturn stronger than ever," said Craig Clausen, Senior Vice President for NPRG. "The *CLEC Report™ 2002* serves as an invaluable tool for anyone seeking comprehensive analysis and understanding of the changing, yet promising, CLEC industry."

The *CLEC Report™ 2002*, 15th Edition, is available from NPRG for $4,250 by calling 312-980-4796, or by ordering through NPRG's e-commerce site at http://ecom.nprg.com.

About New Paradigm Resources Group

New Paradigm Resources Group, Inc. is a research and consulting firm monitoring and analyzing developments in the competitive telecommunications industry. NPRG maintains an extensive array of proprietary databases that support our foundational industry reports, which, in turn, fuel our client-specific expert consulting work. NPRG publishes the *CLEC Report™*, a biannual multi-volume review of the state, trends and future of the competitive local telecom industry, as well as the *ASP Report™*, *BLEC Report™, Broadband Last Mile Report™*, *Competitive IOC Report™*, *DSL Report™, GIG-E/MAN Report™, ISP Report™, and Utilities in Telecom Report™.*