



Competitive Carriers Challenge Telecom Mergers

Washington, DC (March 15, 2005) — Six of the nation's largest competitive carriers and customers today announced the formation of a working group whose purpose will be to challenge the Verizon/MCI and SBC/AT&T mergers, which threaten the significant benefits enjoyed by consumers and businesses as a result of competitive choice. At present, the group includes XO Communications, SAVVIS Communications, Eschelon Telecom, Cbeyond Communications, Covad Communications, and Broadwing Communications. The expert team assembled by the group include former FCC Chief Economist Simon Wilkie, antitrust litigator Gary Reback, former FCC General Counsel Christopher Wright, and Brad Mutschelknaus, founder of The Telecommunications Practice Group, Kelley Drye & Warren LLP.

"This is an extraordinary time that calls for extraordinary efforts," said Carl Grivner, CEO of XO Communications. "These combinations produce less, not more competition. By removing AT&T and MCI from the market, the Bell companies have removed their major competition in business markets as well as the mass market for local voice and data services."

"These two deals represent a tectonic shift in the telecommunications ecosystem and require the highest level of scrutiny by the government officials reviewing them" said Jim Geiger, CEO of Cbeyond. "AT&T and MCI, the largest national competitive carriers, provided vigorous competition to SBC and Verizon at every level of the telecommunications landscape and provided the strongest check on the continued local monopoly power of these companies. In many cases, AT&T and MCI provided wholesale services to new, cutting edge carriers serving the small business and consumer markets. Strong oversight is necessary to ensure continuing checks on the use and potential abuse of monopoly local facilities," said Geiger.

"We are especially concerned with the potential for price increases and service deterioration in the local markets, where AT&T and MCI have provided meaningful competition to Verizon, SBC and the other dominant RBOCs," said Grier Raclin, Chief Legal Officer for SAVVIS. "We must take steps to insure customers are protected from the likely adverse effects from these combinations," he continued.



Today's announcement brings together the leading voices in the competitive community to take action in response to the mergers and recent regulatory developments. The FCC recently granted relief from requirements that Verizon and SBC provide local network access to competitors. This decision was premised in large part on the now ill-founded assumption that SBC and Verizon would face meaningful competition from large carriers such as AT&T and MCI as well as newer entrants, including the working group's members. The working group intends to present information and analyses to the Department of Justice and the FCC as the government agencies evaluate the consequences of the mergers.

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