

ACSI

*American Communications  
Services, Inc.*

ACSI

# ACSI's Markets

**Mission:** To be the premier alternative full-service local phone company to businesses in our markets.



# *Product Introduction*

## Products & Services

- Special Access
- Dedicated

- Retail Switched Services

- PBX Trunk
- 1FB
- ISDN PRI
- Operator Services
- CLASS Features
- Local Service Resale

- e.spire
- 1+LD
- Access
- Calling Cards
- Audio Conf.
- Measured Service
- Voicemail

- 800
- Carrier
- COCOTs
- Video Over ATM
- ISDN BRI
- Centrex

**1<sup>st</sup> Half  
1996**

**2<sup>nd</sup> Half  
1996**

**1<sup>st</sup> Half  
1997**

**2<sup>nd</sup> Half  
1997**

**1<sup>st</sup> Half  
1998**

**ACSI**

# *ACSI's Customer Value*

- **Choice**
- **Reliable SONET Fiber Optic Networks**
  - **State of the art technology and innovation**
  - **Lucent 5ESS Switches**
  - **Newbridge Frame Relay/ATM Switches**
- **Full Service Voice**
- **Data Solutions**
- **Focused Sales and Marketing Effort**
- **Differentiated Customer Care**
- **Competitive Pricing**

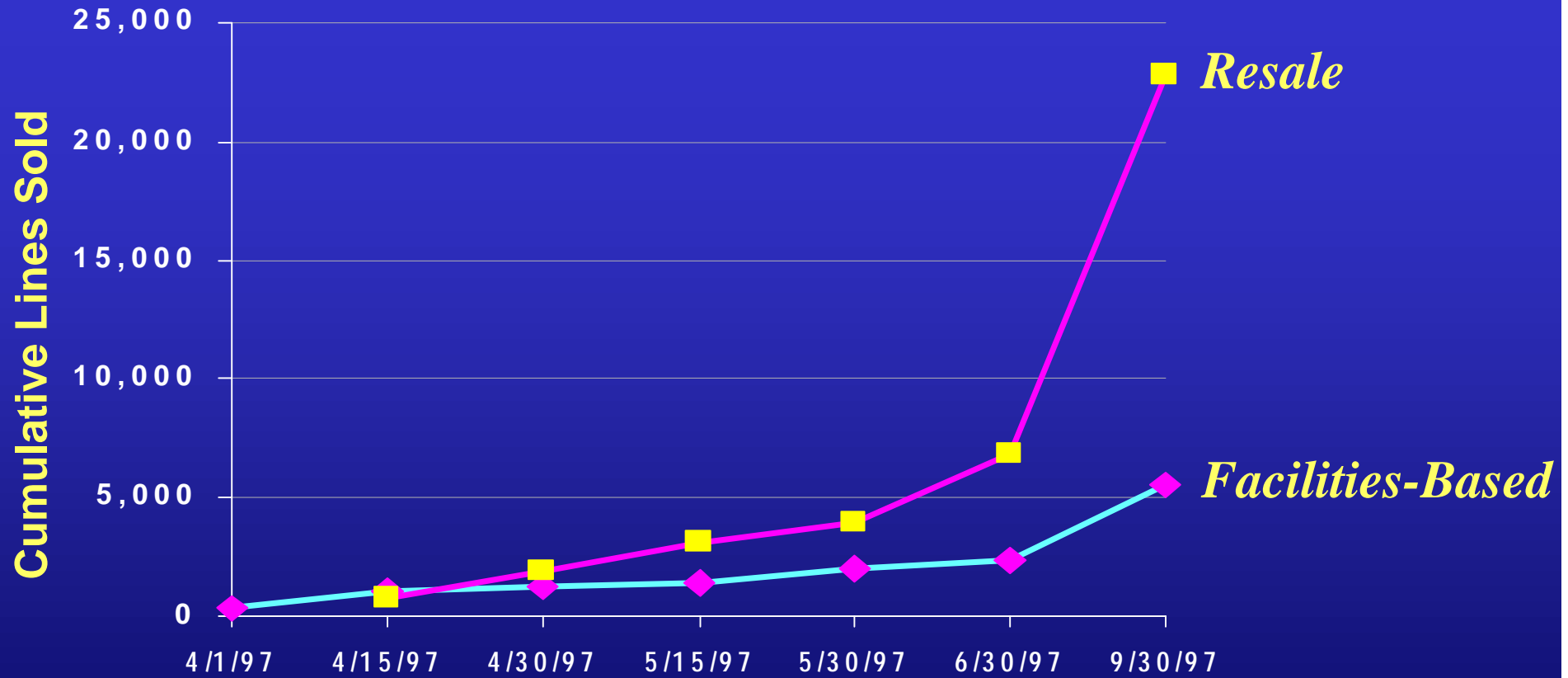
# *Facilities-Based Competition*

- ACSI builds facilities that challenge the efficiency of every function of ILEC local service
- Facilities-based competition leads to:
  - Increased efficiency
  - Lower prices
  - Higher quality service
  - Increased innovation

# *ACSI's Data Strategy*

- To offer business customers fast, easy and economical options for a total customer network solution
  - Network transport
    - Internet Access
    - Frame Relay
    - Asynchronous Transfer Mode (ATM)
  - Interface solutions -- i.e., web hosting
  - e.spire bundling
  - Proactive network management

# Access Lines



Cum. Lines Sold

360

1,802

3,139

4,553

5,929

9,177

28,394

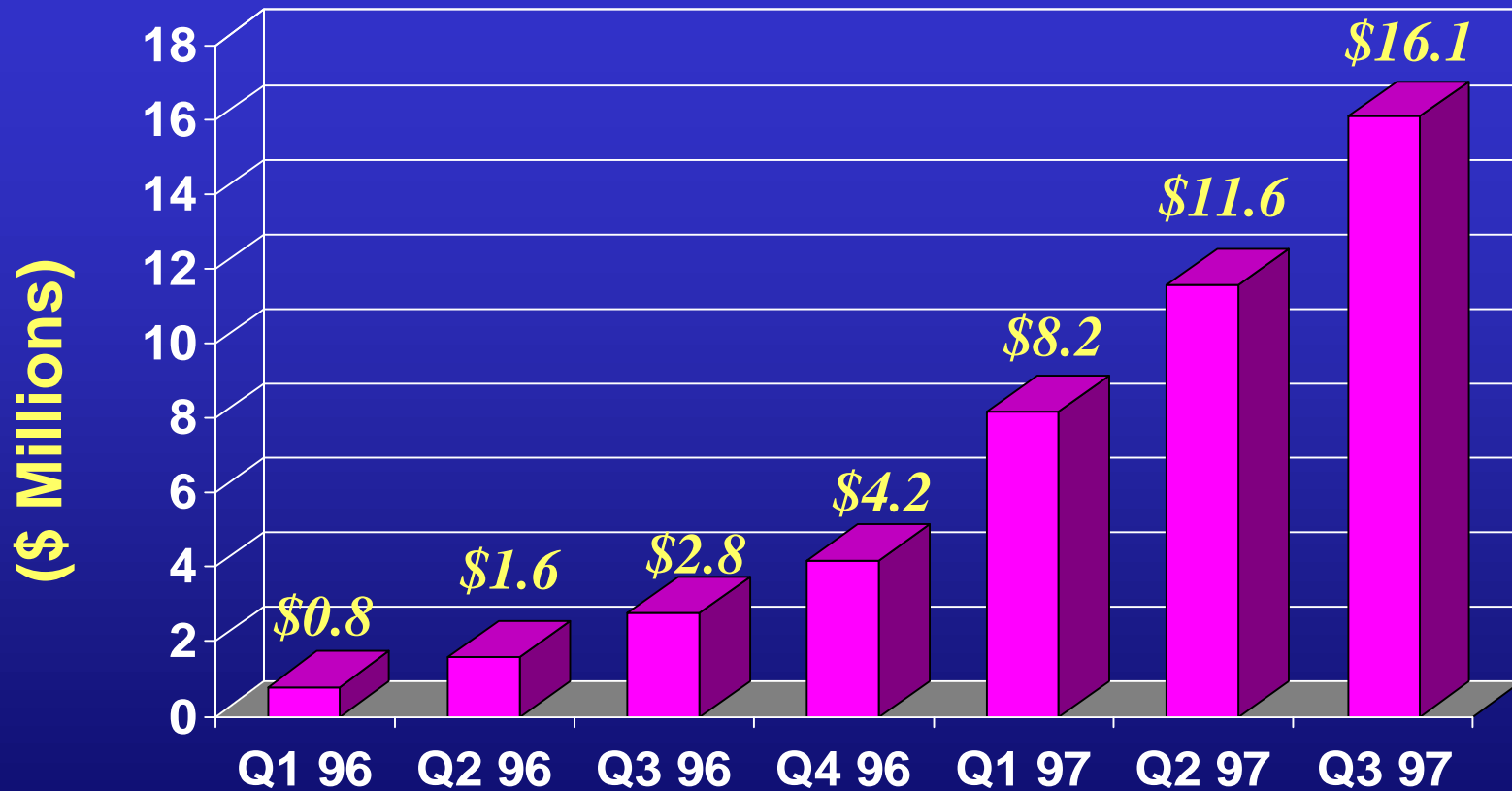
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# *Growth in Operations*

<b>KEY OPERATING DATA</b>	<b>1Q '97</b>	<b>2Q '97</b>	<b>3Q '97</b>
<b>Customers</b>	<b>484</b>	<b>1,505</b>	<b>2,477</b>
<b>Gross PP&amp;E (000)</b>	<b>186</b>	<b>220</b>	<b>250</b>
<b>Access Lines</b>	<b>360</b>	<b>9,177</b>	<b>28,394</b>
<b>Employees</b>	<b>502</b>	<b>559</b>	<b>669</b>
<b>NETWORK STATISTICS</b>			
<b>Networks in Operation</b>	<b>28</b>	<b>32</b>	<b>32</b>
<b>Voice Switches</b>	<b>5</b>	<b>8</b>	<b>9</b>
<b>Data Switches</b>	<b>30</b>	<b>44</b>	<b>44</b>
<b>Buildings Connected</b>	<b>858</b>	<b>1,083</b>	<b>1,239</b>
<b>Route Miles</b>	<b>908</b>	<b>957</b>	<b>977</b>
<b>Fiber Miles</b>	<b>75,867</b>	<b>82,693</b>	<b>85,976</b>
<b>VGEs</b>	<b>554,883</b>	<b>886,375</b>	<b>989,285</b>



# Revenue Growth



# *Prospects For Growth: 1997 Fund Raising Activities*

- Raised gross proceeds in 1997 of approximately \$485 million:
  - \$40 Million public equity offering (April 1997)
  - \$75 Million private Redeemable Preferred Stock offering (July 1997)
  - \$220 Million private Senior Note offering (July 1997)
  - \$150 Million private Junior Redeemable Preferred Stock Offering (October 1997)

# *Obstacles To Continued Growth*

- Continued access to capital
- Limited access, quality and pricing of ILEC unbundled elements
- Insufficient ILEC Operations Support Systems (OSS)
- Lack of performance measurements to assess ILEC parity
- Discriminatory and unreasonable municipal rights-of-way fees
- Discriminatory building access

# *Final Overview*

- **Untapped and expanding market opportunity**
- **Aggressive local market strategy**
- **Consistent growth of revenues, customers and network infrastructure**
- **Success in driving financial results**
- **Management team has demonstrated abilities to achieve and exceed business objectives**

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